

2020

China Merchants Bank

Sustainability Report

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March 2021

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About this Report

China Merchants Bank Co., Ltd. (“CMB”, the “Bank”, our “Bank” or “We”) started to periodically publish non-financial information since 2007. Till 2019, we have published 14 corporate social responsibilities (CSR) reports. In 2020, to better communicate with stakeholders on sustainability topics and our CSR measures and achievements, we changed the name of our CSR Report into Sustainability Report (the “Report”). The Report features CMB’s efforts in promoting sustainable development of the economy, society and environment.

Reporting Scope

Organizations covered by the Report: The Report is primarily about CMB and covers the Head Office, branches at home and abroad, CMB Wing Lung Bank Group, CMB Financial Leasing, CMB International Capital, CMB Wealth Management, China Merchants Fund, Cigna & CMB, Merchants Union Consumer Finance, MBCloud, CMB Network Technology and other CMB subsidiaries^{*}.

Reporting Period: From January 1, 2020 to December 31, 2020. Part of the Report is beyond the reporting period in order to ensure consistency.

Release Cycle: This is an annual report. The previous report was released in March 2020.

^{*}: In 2020, we prepared the report based on information collected from all subsidiaries that CMB owns 50% or more stake or indirectly owns 100% stake. Disclosures were made as per our annual sustainability priorities and practices & performances of certain subsidiaries.

Reporting Standards

This Report is prepared in accordance with the “core” disclosure guidelines under Global Reporting Initiative (“GRI Standards”) issued by the Global Sustainability Standards Board (GSSB). For details about indicators described in this report, please see pages 130 to 134.

CMB is a listed company (stock code: 03968) on the main board of the Hong Kong Stock Exchange (“HKEx”). The Report also references Appendix 27 *Environmental, Social and Governance Reporting Guide* of the Main Board Listing Rules of the HKEx. For details about indicators described in the Report, please see the pages 126 to 129. As a company listed on the main board of Shanghai Stock Exchange (SSE) (Stock Code: 600036), we also made reference to related disclosure proposals that were set forth in the *SSE Notice regarding the Improvement of Listed Companies’ Performance of Social Responsibilities and Issuance of SSE Guidelines for Listed Companies’ Disclosure of Environmental Information*.

Data and Information Disclosure

The data and information disclosed in the Report is derived from:

- CMB’s internal data collection system and related statistical statements
- Excellent sustainability practice cases
- Qualitative and quantitative information collected under the reporting framework

All financial data disclosed in the Report is derived from the *2020 Annual Report* of CMB (the “Annual Report”). Should there be any inconsistencies between the Report and the Annual Report, the Annual Report shall prevail. Unless otherwise indicated, the currency used is RMB.

Report Assurance

To ensure its accuracy and reliability, the Report has been submitted to Ernst & Young Hua Ming LLP (Special General Partnership) for third-party assurance. The assurance was conducted in accordance with *International Standard on Assurance Engagements 3000 (Revised) (ISAE3000): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and *AA1000 Accountability Principles*. In addition, an independence assurance report was provided and can be found on pages 121 to 125.

How to Get the Report

The Report is released in both print and electronic versions. The digital version of the Report can be downloaded from our website: <http://www.cmbchina.com/>.

Chairman's Message

2020 was a very special year when global economy was hit hard by the COVID-19 pandemic, and global capital market underwent high volatilities. Almost all things in the society were moving online at faster paces due to the pandemic. In this year, China achieved its goal of building a moderately prosperous society in all respects. The banking industry was also facing great changes and challenges in this year. CMB adhered to the strategic goal of becoming a “Light-operation Bank” and the strategic positioning of “One body with Two Wings”. We have also actively performed our social responsibility and promoted the sustainable development of the economy, society and environment.

In this year, we focused on our core business and injected impetus into the economy. Under the guideline of building a new “dual circulation” development pattern that takes the domestic market as the mainstay and allows the domestic and foreign markets to boost one another, we continued to give full play to the role that the financial industry has played in boosting the real economy. We have taken various measures to address difficulties faced by small businesses in obtaining credit. We stepped up support for China’s regional development strategy. We particularly focused on “new momentum” sectors and facilitated industrial transformation and upgrade. We also leveraged our advantages in offshore finance to support the “Belt & Road” initiative and development of free trade zones. In face of the pandemic in 2020, we leveraged our strong fintech capabilities to move our operations online and make our services smarter. We actively responded to customers’ demand for contactless financial services, and introduced innovative financial products and services to help companies, particularly those micro, small and medium-sized enterprises facing great difficulties. We implemented the “Six Stability” work, and performed our duties regarding “Six Guarantees”. We surrendered a reasonable part of our profits to customers, in order to accelerate the economic recovery. We also further enhanced the efficiency in using our financial services to support the development of real economy.

In this year, we focused on our services to deliver the best experiences to customers. We adhered to the principle of “we are here just for you”, which reflected CMB’s ultimate purpose of being customer-centric, timely understanding customers’ needs and consistently improving its offerings. In 2020, guided by the principle of “we are here just for you”, we embarked on the retail finance 3.0 strategy, and increased our investment in fintech. While innovating our financial products, we also explored more financial application scenarios, in order to deliver best customer experiences across the entire processes online and offline. Moreover, we also carefully protected customers’ rights and interests by optimizing customer complaint management system, and defining clear policies and administrative rules for information security and user privacy protection. By doing these, we strived to build a bank that delivers the best customer experiences in all aspects.

In this year, we continued to contribute to livelihood improvement and helped build a better world. Upholding the responsibility concept of “Gaining from society and contributing to society”, we helped Wuding and Yongren counties in Yunnan Province for 21 years. By constantly adjusting our measures in poverty alleviation, we helped Wuding and Yongren counties eliminate poverty as scheduled. We also promoted the development of “More Pleasure from Monthly Donations (月捐悦多)” and “Points for Micro Charity (小积分 微慈善)”, and encouraged our employees and members of the public to participate in volunteer services. We adhered to the “human-oriented” development direction, and took measures to ensure that we select, develop, use and retain right talents. We strived to provide wide career development space and growth opportunities for employees. Amid the epidemic, we worked hard to ensure the health and safety of our employees. We also put in place sound anti-epidemic measures in our outlets and office spaces. Our Head Office and branches actively donated money and anti-epidemic materials, in order to extend warmth to businesses and individuals impacted by the epidemic.

In this year, we continued with the efforts of protecting environment, and made contribution to ecological civilization. Climate change has become one of the major crises threatening the survival and development of mankind. As China has set a clear schedule to realize “carbon peak”

at 2030 and “carbon neutrality” at 2060, we stepped up efforts in helping form ecological civilization. While strengthening our researches on climate change-related risks and opportunities, we fully implemented the *Guidelines on Promoting Investment and Financing to Tackle Climate Change* that were promulgated by the Ministry of Ecology and Environment. We also introduced the *CMB Green, Social Responsibility and Sustainability Bond Framework*, considered investees’ ESG performance in our investment decision-making process, and guided and encouraged more investors to invest in sustainability-related investment and financing activities. Through the above works, we helped the society mitigate, deal with and adapt to climate changes, and joined hands with others to build China into a beautiful place with blue sky, green land and clear water.

In 2021, we will embark on a new development stage, adopt new development concepts, actively listen to stakeholders, strengthen sustainability management, and implement sustainability practice, in order to provide strong support to help achieve a good start in the “14th Five-Year Plan”.

Miao Jianmin
Chairman of China Merchants Bank Co., Ltd.

President's Message

The sudden outbreak of COVID-19 in 2020 has dealt a heavy blow to economic and social development of the world. In the face of pandemic, CMB continued to uphold the responsibility concept of “Gaining from society and contributing to society”, and joined hands with stakeholders to overcome various challenges. We leveraged our advantages to fully perform our responsibilities in terms of poverty alleviation, customer service, facilitating economic development, green finance, employees’ talent development, charity and other aspects.

We demonstrated a strong sense of responsibility with respect to poverty alleviation. Since CMB was designated to help Wuding and Yongren counties in Yunnan in 1999, we have built a multifaceted poverty alleviation system, and kept innovating the methods for poverty alleviation. In 2020, we pushed ahead with our work in poverty alleviation through education, poverty alleviation through cultural development, poverty alleviation through industrial support, and poverty alleviation through consumption. We invested RMB 44.3661 million in 2020 in financial assistance for these two counties. We also helped introduce RMB 1.9811 million in 2020 in financial assistance for the two counties. We bought RMB 12.5060 million agricultural products from these two counties and helped them sell RMB 3.9307 million agricultural products.

We further developed fintech to provide new customer experiences. We aim to become the bank that delivers the best customer experience. We have used artificial intelligence, big data, cloud computing and other fintech to innovate financial products and reform our service procedures. In the meanwhile, we spared no efforts in protecting consumers’ money and information. We also actively popularized financial knowledge and carried out various investment education activities to ensure sound protection of customers’ rights and interests. By the end of 2020, monthly active users of CMB App reached 61.2638 million, and monthly active users of CMB Life hit 46.0317 million. We organized 11,170 activities to publicize financial knowledge, reaching out to 1,041.076 million people.

We achieved new success in serving the real economy. We focused on inclusive finance, national regional development strategy, social & livelihood construction and “Belt & Road” initiative. We particularly supported economic and social areas that were hit hard by the pandemic. We also helped address difficulties faced by micro, small and medium-sized businesses in obtaining credit. We actively promoted industrial transformation and upgrade, and consistently injected impetus to drive development of the real economy. As of the end of 2020, balance of our inclusive finance loans to small and micro-sized businesses amounted to RMB 530.65 billion, balance of loans made by CMB to small and micro-sized businesses has reached RMB 474.528 billion, increasing 17.12% from the end of prior year. Balance of loans made to small businesses (defined as per domestic banking industry’s standards) has reached RMB 113.412 billion, increasing 71.03% from the end of prior year. Balance of loans made to strategic and emerging industries reached RMB 171.415 billion, increasing RMB 25.668 billion from the end of prior year.

We made further progress in green finance development. We gave full play to the role of finance in coping with climate change, and built a sound climate change risk management system covering green credit, green bonds and green investment. In 2020, our green loan balance reached RMB 207.133 billion, representing an increase of RMB 30.36 billion from the prior year. We issued US\$1.1 billion green and sustainability bonds, and actively underwrote green bonds. Our subsidiary China Merchants Fund fully incorporated ESG into its investment framework, and actively performed the United Nations-supported Principles for Responsible Investment, in order to create long-term sustainable returns for investors.

We shared success with our employees. We have attached great importance to talent cultivation, retention and development, and expanded channels for introducing talents. We have built dual career paths for employees. One path is for employees who pursue managerial roles, while the other is for employees who look to develop in-depth technical expertise. We further strengthened the development of our excellent talent pool and cadre team. Through comprehensive training

system, we helped employees further enhance their common knowledge and professional capabilities. Moreover, we fully protected employees' rights and interests. We cared for our employees' life and strived to build an inclusive and diversified workspace where employees can achieve healthy and upward personal development. In 2020, females accounted for 55.6% of our employees. We also carried out 7,452 rounds of trainings for employees, with per-employee studying time hitting 85.11 hours.

We opened a new chapter for our charitable activities. We donated RMB 200 million to Wuhan via the Wuhan Charity Federation immediately after the outbreak of COVID-19 pandemic. We continued to develop our “More Pleasure from Monthly Donations” plan and “Points for Micro Charity” platform. We encouraged our employees to participate in various volunteering activities in charitable areas such as poverty alleviation, education and environmental protection. In 2020, our charitable donations totaled RMB 288 million. In this year, donations made via “More Pleasure from Monthly Donations” reached RMB 3.6295 million, while 24.17 million points were donated via “Points for Micro Charity”.

Looking ahead, we are now at a new starting point. We will adhere to the original aspiration and focus on our core business. We will also accelerate the integration of sustainability concepts into our business and operation, and actively perform our economic, social and environmental responsibilities in order to create a beautiful future in partnership with all stakeholders.

Tian Huiyu
President of China Merchants Bank Co., Ltd.

Our Achievements in 2020

Economy

Indicator	2018	2019	2020
Total assets (RMB million)	6,745,729	7,417,240	8,361,448
Net profit (RMB million)	80,819	93,423	97,959
Non-performing loan rate (%)	1.36	1.16	1.07
Number of retail customers (100 million)	1.25	1.44	1.58
CMB App transaction volume (RMB 1 trillion)	30.76	33.20	40.91
95555 hotline customer satisfaction (%)	99.69	98.02	98.03
Number of customer recognitions obtained	31,073	47,423	56,042

Society

Indicator	2018	2019	2020
Value of social contribution per share (RMB)	11.70	12.40	13.10
Total amount of charitable donations (RMB 100 million)	0.36	0.85	2.88
Total financial assistance provided to Yongren and Wuding Counties (RMB 100 million)	1.17	1.69	2.13
Number of permanent employees that have signed labor contracts with CMB	77,064	79,282	85,883
Number of female permanent employees that have signed labor contracts with CMB	44,102	45,443	47,748
Permanent employee turnover rate (%)	8.73	7.71	7.24
Number of employees participating in online studies (ten thousand)	491.00	420.30	3,103

Environment

Indicator	2018	2019	2020
Total greenhouse gas emission of Head Office (Scope 1 + Scope 2) (tons of CO ₂ equivalent)	8,546.83	10,059.62	9,592.69
Paper saved by using e-bills (100 million pieces)	15.48	17.91	19.04
Power usage effectiveness (PUE) of data centers	1.72	1.65	1.62
Green loan balance (RMB 100 million)	1,660.33	1,767.73	2,071.33

Energy savings and carbon emission reduction achieved through green loans	2020
Water (ten thousand tons)	893.65
Standard coal (ten thousand tons)	975.22
Carbon dioxide (ten thousand tons)	2,185.8

About CMB

Company Profile

Founded on April 8, 1987 and headquartered in Shenzhen, CMB was the first joint-stock commercial bank wholly owned by business entities in Chinese mainland. It is also the first pilot bank (other than a state-owned bank) for enacting financial reforms in the Chinese banking sector as promoted by the Chinese government. CMB was listed on the Shanghai Stock Exchange in 2002 and the Hong Kong Stock Exchange in 2006.

Development strategy: Becoming the top Chinese commercial bank for driving business through innovation, maintaining a leading position in retail banking, and providing characteristic services.

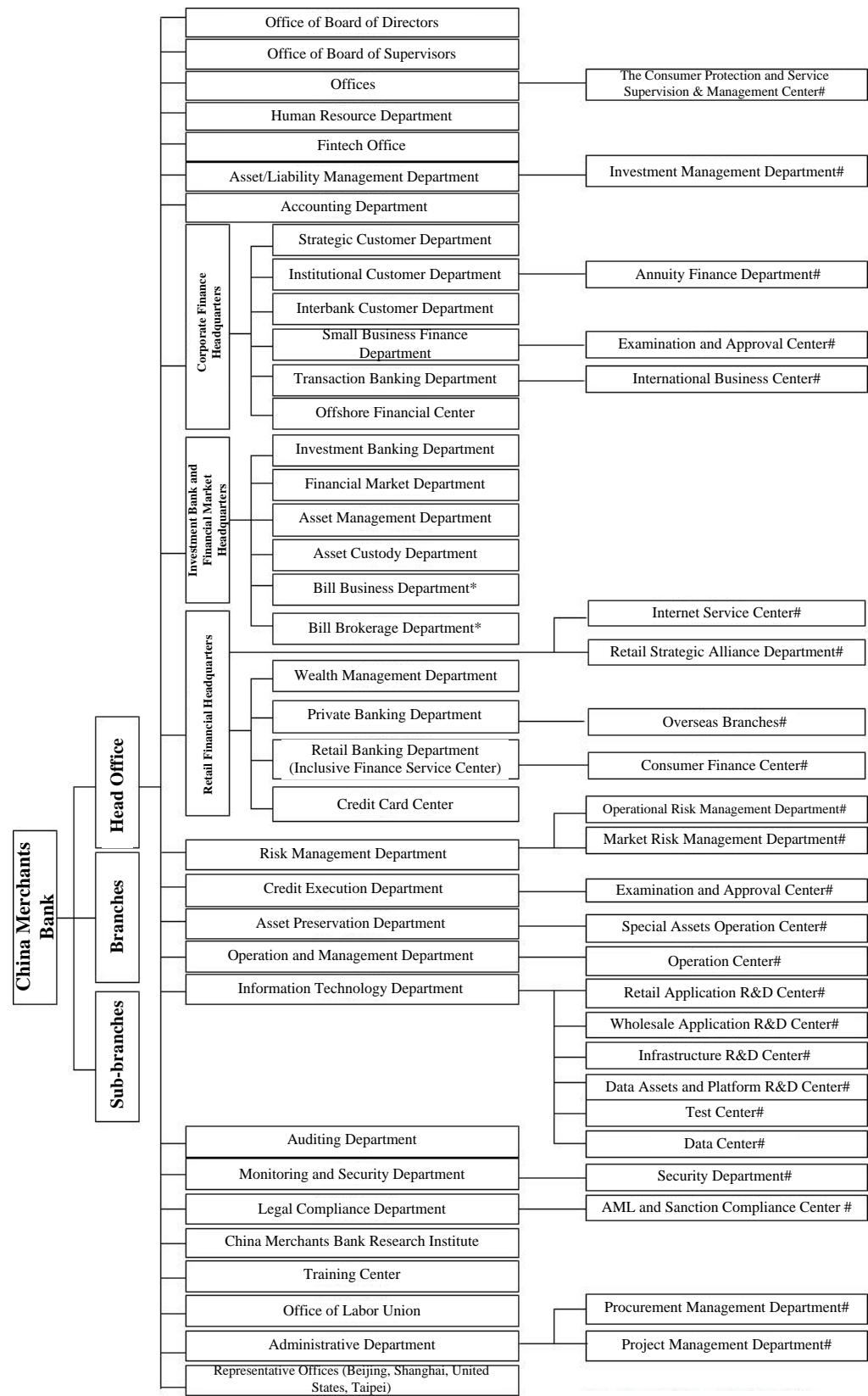
Strategic goals: Adhering to the strategy of transiting to a “light-operation bank”, further promoting the building of a “light-operation bank”, pursuing the “Balanced Development of Profits, Quality and Scale”, striving for a qualitative breakthrough on the path to becoming a fintech bank, further expediting the risk management shift toward the “fundamentals-based” mode, actively building the bank that delivers the best customer experiences, and further enhancing the abilities for providing international and integrated services.

Over the past 33 years, we have kept adapting to the changes in customers' needs and the internal and external financial markets, and abiding by the principle of “we are here just for you”. We changed our business strategies, transformed our business model, accelerated innovation in products and services, and strived to provide customers with better financial services. By virtue of continuous financial innovation, high-quality customer service, prudent operations, good business performance and a strong sense of social responsibility, CMB has become one of the best brands in China's banking industry.

In 2020, we adhered to the strategic positioning of “One body with Two Wings”, while pushing ahead with our development strategy of “becoming the top Chinese commercial bank driving business through innovation, maintaining a leading position in retail banking, and providing characteristic services”. In our core retail banking business, we considered MAU (monthly active users) as the most essential performance indicator, and embraced “customer + technology” to form a new competitive advantage in the time of mobile Internet, and create the new 3.0 digital mode for retail finance. In our wholesale banking business, we differentiated our services, built systematic wholesale banking capabilities, sped up digital transformation and achieved high quality development in the wholesale finance business. We were also fully performing our social responsibilities by supporting poverty alleviation, creating a platform for promoting charity, and developing green finance in innovative ways. By doing these, we incorporated the sustainability concept into business development. We joined hands with stakeholders to create and share values, and contribute to sustainable development of the economy, society and environment.

- Ranked **No. 189** on the **Fortune Global 500** list for nine consecutive years.
- Ranked **No. 38** on **Fortune China 500** list
- Ranked **No.17** in the “2020 Top 1,000 World Banks” list published by the British magazine *The Banker*, with **US\$83.610 billion** in tier-1 capital
- Ranked **No.9** on the “2020 Top 500 Banking Brands” list published by the British magazine *The Banker*, with a brand value of **US\$22.884 billion**.

Organizational Structure



Accolades

Granted by	Awards
<i>Fortune</i>	Named on Fortune Global 500 list for 9 consecutive years, ranking No.189 Named on Fortune China 500 list, ranking No.38
<i>The Banker</i>	Ranked No.17 on the “2020 Top 1,000 World Banks” list, with US\$83.610 billion in tier-1 capital Ranked No.9 on the “2020 Top 500 Banking Brands” list, with a brand value of US\$22.884 billion “The Bank of the Year” award for 2020
<i>Institutional Investor</i>	“Most Respected Enterprise in Asia” “Best CEO” “Best Investor Relations” “Best ESG”
<i>Euromoney</i>	“Best Bank in China”
<i>The Asian Banker</i>	“Best Retail Bank in Asia Pacific” “Best Wealth Management Bank in Asia Pacific” “Best Retail Bank in China” “Best Joint-stock Retail Bank in China” “Private Bank of the Year in China” “Achievement in Credit Risk Management Award”
<i>Asiamoney</i>	“Best publicly-listed Chinese company in the financial industry” “Best corporate and investment bank in China” “Best national joint-stock bank” “Best bank for financial advisory” “Best bank for credit cards”
<i>Securities Times</i>	“Tianji National Bank Award” “Tianji Bond Underwriting Bank Award” “Tianji Asset Custody Bank Award” “Tianji Private Bank Award” “Tianji Bill Financing Bank Award”
<i>ThePaper.cn</i>	“Financial Innovation Enterprise of the Year” “Credit Card Center of the Year”
<i>21st Century Business Herald</i>	“Outstanding Asian Commercial Bank in 2020” “Bank of Brand Building in 2020”
<i>The Chinese Banker</i>	“Best Joint-stock Bank of the Year”
<i>Financial Times</i>	“Best Private Bank in China”
China Customer Satisfaction Index Awards Organizing Committee	No.1 in the 2020 China Customer Satisfaction Index No.1 in the 2020 China Net Promoter Score

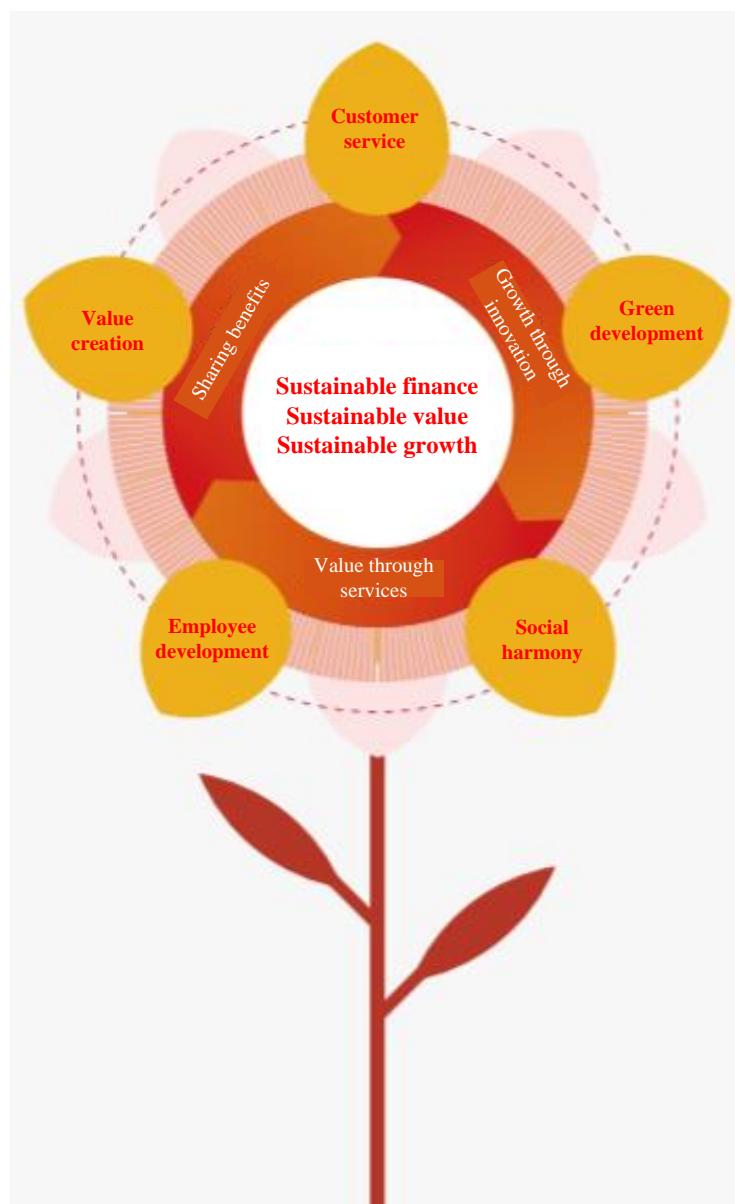
China Banking Association	“Achievement Award for Implementing “Belt & Road Initiative”
<i>Southern Weekly</i>	“Anti-Pandemic Leader in 2020”
Zhitongcaijing.com, 10jqka.com.cn	“Best ESG”
<i>Global Finance</i>	“Best Bank for Corporate Social Responsibility”
China's Insurance Quote	"Review and Communication Cases during the 20th Anniversary of Poverty Alleviation Work" are were selected as the 2019-2020 Excellent Cases for Targeted Poverty Alleviation “Add Red to China” marketing campaign that celebrated the 70 th anniversary of PRC was selected as an Innovative Brand Marketing Case for the year 2019-2020
<i>The Economic Observer</i>	“Leading Enterprises Paying Tribute to the 40 th Anniversary of Shenzhen Special Economic Zone”
<i>Shenzhen Economic Daily</i> , “Duchuang” app	“Financial Institution with Special Contribution to Shenzhen Special Economic Zone in Past 40 Years” “Financial Institution with Special Contribution to Initiative of Stabilizing Enterprises and Projecting Jobs” “Bank of the Year for Financial Innovation”
Zhaopin, The Institute of Social Science Survey of Peking University	“Employer with Outstanding Achievements in China” “Top 3 Employers in China” “Most Socially Responsible Employer” “Best-performing Employer in Fighting Pandemic” “Employer Most Favored by Female Employees”

Strategy and Management

As a financial service provider, CMB dedicates itself to creating long-term value for stakeholders. Facing the challenges and opportunities presented by the new normal in economic and social development, we have integrated sustainable development with our social responsibility concept of “Taking root in society and giving back to society” which eventually gave rise to the Sunflower responsibility concepts with CMB characteristics. Moreover, we have further deepened our sustainability practices to continuously create more value for stakeholders.

CSR Strategy

The sunflower represents optimism, loyalty and positive spirit, which is the unchanged core of CMB's company culture. We related our social responsibility concepts with the United Nations' Sustainable Development Goals (SDGs) by exploring our Sunflower responsibility concept model. We also reinforced our processes and management systems for performing social responsibilities.



Ways to fulfill responsibilities	Relations with UN's SDGs
<p>Driving growth through innovation: We pursue growth through innovation, and constantly adapt to changes in stakeholders' demand. This improves our capability for growing sustainably and achieving SDGs.</p>	
<p>Creating value through services: We deliver only the best financial services, and use our services to support economic growth, promote social harmony and stability, and protect the environment to create value for stakeholders to the greatest possible extent.</p>	
<p>Sharing and balancing values: We always pay close attention to the demands and expectations of stakeholders and share values with stakeholders to drive sustainable development in enterprise, economy and society.</p>	

CSR Management

We integrate the Sunflower responsibility concepts into our development strategy and operating activities. The sustainability management system has been implemented in each department and every branch to put our concept of responsibility into practice and fulfill promises to stakeholders. In 2020, after studying ESG (environmental, social and governance) and sustainability trends as well as related popular topics at home and abroad, we renamed the CSR Report into the Sustainability Report, in order to better communicate with stakeholders on sustainability topics and our CSR measures and achievements, and comprehensively demonstrate our ability to create value.

Sustainability Management Infrastructure

- **Decision-making level:** Members of the Board of Directors and Board of Supervisors participate in deliberation and decision-making on major CSR and sustainability issues, including formulation of related strategies and policies, regular progress assessments for CMB's sustainability matters, and special deliberations for the annual sustainability report.
- **Organization level:** The Head Office established a sustainability management team to coordinate daily management work. This includes the review and study of sustainability policies, standards and trends, learning about concerns of stakeholders, identifying sustainability issues that will have significant impact on CMB, reporting CMB's sustainability work results to the decision-making level and giving related advice, managing and guiding sustainability work at execution level, carrying out CSR and sustainability activities, preparation of the sustainability report, carrying out training, knowledge publicity and guidance activities, collecting sustainability indicators and providing excellent sustainability practice cases.
- **Execution level:** Functional departments and operating departments of the Head Office and branches shall be responsible for the centralized management of all sustainability issues, regularly submit related management measures, performance indicators and excellent cases= In 2020, CMB took the opportunity of preparing the annual sustainability report to carry out sustainability training for the execution level, publicize the sustainability and ESG development trends to the Head Office and all branches, and deepen all functional and

operating department's understanding of sustainability work. In addition, interviews and investigations were conducted in key functional and operating departments of the Head Office, with the goal of understanding annual priorities, communicating the sustainability risk and opportunity management situations in addition to the concerns of relevant parties, to help these departments better integrate sustainability concepts into their future work.

Materiality Analysis

We identify, assess and screen sustainability issues based on the materiality analysis model, and confirm material issues of great importance for us and our stakeholders. There are important disclosures and replies addressing these issues in the Report.

Identification

Analyzing and acquiring in-depth understanding of macro-economic policies and industry hotspots; understanding the ESG areas that have captured attention of institutional investors and capital market; identifying policy directions and opportunities for fulfilling responsibilities in the banking industry; comprehensively analyzing relevant research outcomes and related Sunflower responsibility concept models based on CMB's development strategy and inherent characteristics, and identifying 21 materiality issues.

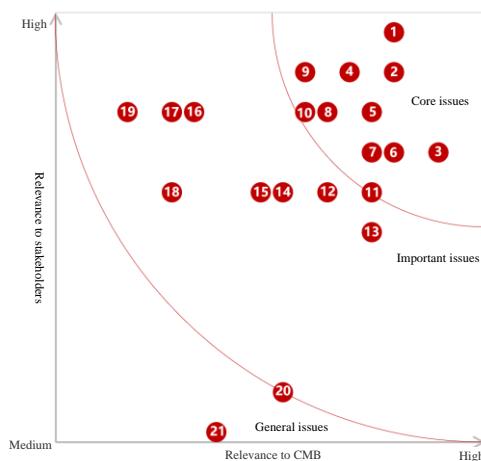
Compared with 2019, five new issues were added this year, including "Information security and privacy protection", "Tackling climate change", "Addressing pandemic challenges", "Business ethics and anti-corruption" and "Stakeholder participation". Two issues were deleted: "Accelerating digital transformation" and "promoting industrial development". "Optimizing training and career path" was changed to "Human capital development", while "Developing innovative fintech" was changed to "Further developing fintech" to better reflect corporate practice this year.

Assessment

We invited external sustainability experts and consultants, employee representatives as well as other stakeholders to assess the importance of the above issues. Based on the assessment results, a two-dimensional system was generated showing the relative importance of the issues.

Screening and Reporting

After constructing a materiality analysis matrix (see picture below), the Report focused on core issues that are displayed in the matrix.



No.		Sustainability Issues	Page No.
Core issues	1	Avoiding financial risks	42-47,106-107
	2	Serving the real economy	21-26,71-85
	3	Enhancing customer experience	52-70
	4	Information security and privacy protection	60-62
	5	Further developing fintech	86-89
	6	Protecting customer rights and interests	62-70,110-111
	7	Developing inclusive finance	21-24,72-77
	8	Improving corporate governance	103-104
	9	Addressing pandemic challenges	20-29
	10	Tackling climate change	40-48
Important issues	11	Promoting green finance	40-51, 116
	12	Supporting national strategy	77-79
	13	Business ethics and anti-corruption	107-108
	14	Protecting employees' rights and interests	96-97,113
	15	Stakeholder participation	18-19
	16	Human capital development	92-95,113-114
	17	Practicing green operation	116-119
	18	Promoting financial education	66-68
	19	Caring for employees	96-97,113
General issues	20	Facilitating poverty alleviation	30-39
	21	Participating charity work	98-102

Stakeholder Engagement

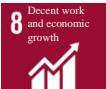
We sought more ways to communicate with stakeholders in our daily operations, and carefully listened to the voices and feedback of customers. We built a standardized communication system and used digital technologies to enhance our communication with stakeholders.

Stakeholders	Expectations and Demands	Communication Channels
Government and regulators	<ul style="list-style-type: none"> Serving the real economy Facilitating poverty alleviation Supporting national strategy Avoiding financial risks Developing inclusive finance Protecting customers' rights and interests Improving corporate governance Information security and privacy protection Business ethics and anti-corruption Stakeholder participation 	<ul style="list-style-type: none"> Studying and complying with related financial policies Facilitating the formation of industry policy Related research and discussions Submitting statistical statements Complying with regulatory policies Taking part in research and studies Daily approval and regulation Submitting statistical statements
Shareholders and investors	<ul style="list-style-type: none"> Improving corporate governance Avoiding financial risks Stakeholder participation Tackling climate change 	<ul style="list-style-type: none"> Periodic reports and announcements Roadshows and reverse roadshows Investor visits and meetings General meeting of shareholders
Customers	<ul style="list-style-type: none"> Further developing fintech Enhancing customer experience Protecting customer rights and interests Promoting financial education Information security and privacy protection Stakeholder participation 	<ul style="list-style-type: none"> Customer research Customer satisfaction research 95555 customer service platform Customer care activities WeChat, Weibo and other digital platforms
Employees	<ul style="list-style-type: none"> Protecting employees' rights and interests Human capital development Caring for employees Stakeholder participation 	<ul style="list-style-type: none"> Employee representative conference Employee satisfaction research Employee recreation and sports activities Complaint and reporting mechanism
Suppliers and partners	<ul style="list-style-type: none"> Business ethics and anti-corruption Stakeholder participation 	<ul style="list-style-type: none"> Day-to-day communication Interbank communication and cooperation Bidding and tender Supplier research; visits to suppliers
Environment	<ul style="list-style-type: none"> Tackling climate change Promoting green finance Practicing green operation Stakeholder participation 	<ul style="list-style-type: none"> Complying with energy saving and emission reduction policies Forums and meetings on green finance Collection and disclosure of environmental protection-related data Non-profit environmental protection activities
Communities	<ul style="list-style-type: none"> Developing inclusive finance Facilitating poverty alleviation Supporting charities Stakeholder participation 	<ul style="list-style-type: none"> Targeted poverty alleviation Building social projects Cardholder donation platform Employee volunteering Social services

01 Fighting the Pandemic Together

Introduction

The sudden coronavirus outbreak hit China in early 2020. Everyone was worried about the outbreak. With a strong sense of responsibility, CMB established the coronavirus emergent response management taskforce at the Head Office immediately after the outbreak. Its purpose was to organize bank-wide anti-pandemic work, and make comprehensive deployment and arrangements for financial services provided amid the pandemic. We have strictly complied with anti-pandemic rules in all jurisdictions where we operate. On the back of our strong fintech, we further moved services online and made them more intelligent. This move met customer demand for contactless financial services and enhanced our abilities to serve small and needy businesses accurately. Through these efforts, CMB performed its duties regarding Chinese government's initiatives of "Six Stability" and "Six Guarantees", and joined hands with stakeholders to overcome challenges amid the pandemic.

Relation with SDGs   	<h3>Our management approaches</h3> <ul style="list-style-type: none">• We immediately donated RMB 200 million to Wuhan via the Wuhan Charity Federation to help the city fight the virus.• We issued <i>CMB Notice on Increasing Financial Support for Pandemic Prevention and Control</i>. We strengthened financial support for sectors related to pandemic prevention and control, and offered differentiated financial services with preferential terms to businesses and individuals that were heavily impacted. We also boosted the efficiency of financial services.• We promoted online services. We served corporate and retail customers in a considerate, specialized and "contactless" mode, ensuring that customers have uninterrupted access to financial services amid the pandemic.• We safeguarded health and safety of our employees in a holistic manner. We strengthened sanitization in public facilities and spaces. Through working remotely, staggered work schedules and shift-based working hours, our employees' health was protected.• We actively donated money and materials, and provided volunteer services, sending our help to the key regions and people that were hardest-hit.
	<h3>Our achievements</h3> <ul style="list-style-type: none">• Provided 110 pandemic prevention loans for a total amount of RMB 5.231 billion.• Underwrote 33 pandemic prevention bonds, with a total issue amount of RMB 20.65 billion. We acted as the lead underwriter for RMB 12.51 billion worth of bond issues.• Invested a total of RMB 5.106 billion into 43 pandemic prevention bonds.• Provided 1,275 loans to customers by remote lending, with a total amount of RMB 28.7 billion.• Donated RMB 200 million to Wuhan via the Wuhan Charity Federation.• CMB set up a special channel for charitable donations on the online corporate banking and corporate app. RMB 760 million in donations were collected from the online corporate banking channel.

1.1 Helping Customers Overcome Difficulties

CMB actively responded in the wake of the coronavirus outbreak. The bank issued *CMB Notice on Increasing Financial Support for Pandemic Prevention and Control*. We also opened a green channel for financial services, in order to offer differentiated financial services with preferential terms to businesses and individuals that were heavily impacted. In addition, we have boosted our work efficiency to ensure consistent provision of specialized, efficient and safe financial services.

Increasing financial support

Following the outbreak, we immediately provided a dedicated credit line of RMB 10 billion to support pandemic prevention-related enterprises. We offered loans with preferential pricing to meet the emergent financial needs of these enterprises. We also opened a green channel for loan applications from enterprises that manufacture, transport and sell medical supplies and important lifesaving materials, as well as enterprises that are engaged in public health infrastructure construction, medical science research and related technical upgrades. For our existing small and micro-sized loan customers, we regularly revisited them online, and implemented a grid-based system to ensure their access to our services. We have actively studied difficulties faced by small and micro-sized enterprises as well as their financial needs, and clarified that we will not unduly take back loans from or stop lending money to small and micro-sized enterprises.

In 2020, we issued 110 pandemic prevention loans for RMB 5.231 billion. The average interest rate of pandemic prevention loans was 71 basis points lower than an average business loan rate issued during the same period. Our rough data showed that we spent an average of 1-2 workdays processing loan applications from pandemic prevention-related enterprises, and the Head Office spent an average of one workday processing these loan applications via the green channel system.

In terms of bonds, we have helped 31 enterprises issue 33 pandemic prevention bonds for RMB 20.65 billion. Among these bonds, we acted as lead underwriter for RMB 12.51 billion worth of bonds. In this year, we underwrote RMB 313.4 billion worth of central and local government bonds, including RMB 2.33 billion central government bonds dedicated to pandemic prevention. We underwrote RMB 1 billion worth of specially tailored pandemic prevention bonds for China Development Bank, and credit bonds for pandemic prevention. We also invested RMB 5.106 billion into 43 pandemic prevention bonds, providing financial support to key enterprises that directly engaged in anti-pandemic production, transportation and marketing activities, as well as the construction of pandemic prevention facilities.

Lowering financing costs

In view of the special needs during this difficult period, we actively guided a reduction of loan rates, and implemented policies to lower integrated financing costs for enterprises. Additionally, we increased the supply of loans and boosted product innovation which enabled businesses to borrow at a lower rate.

- We posted a series of notices on lowering the integrated financing costs of enterprises, in order to explicitly define related business financing costs and terms. For clients meeting applicable regulatory requirements, we bore or shared certain costs arising from corporate financing.
- For small business clients of our inclusive finance unit that still have outstanding loans (excluding bills), we have consistently adjusted profit assessment metrics and offered VAT discounts and concessions.
- From June 2020, we gradually increased support in terms of pricing of quality corporate banking assets. We offered subsidies to key customers and key loan recipients who have

performed well in profit assessments. In particular, we offered extra subsidies regarding extra loan demand from quality manufacturing clients.

- We exported credit for core enterprises to the supply chains by actively developing orders, warehouse receipts, inventory, accounts receivable-based financing and other supply chain financial products. We helped small, medium and micro-sized enterprises in the upstream and downstream of the industrial chain to solve problems such as the shortage of working capital.
- Discount pricing was cut and actively gave full play to the role of bills in supporting small, medium and micro-sized enterprises fighting the pandemic and resuming work and production. Based on business characteristics of small and micro-sized enterprises, we researched and developed “Easy Turnover”, a characteristic loan that can be borrowed and repaid at any time. It charges interest on a daily basis and exempts borrowers with zero loan balance from interest payments.
- Holistic policies were introduced to cut fees for public 3A hospitals and other utilities expense collection merchants (including electricity, water, gas and heating). We waived service fees for over 5,000 hospitals and daily life fee collection merchants.

Alleviating repayment pressure

We designed customized policies for every customer. For enterprises who were temporarily unable to repay loans due to the pandemic, we allowed them to defer repayment, exempted them from payment of loan default interests, and ensured that their credit status would not be tarnished. In strict accordance with applicable regulatory requirements, we actively considered enterprises' request for deferrals in loan interest repayments.

When an enterprise's business was temporarily impacted by the pandemic, CMB conducted an in depth consultation with the enterprise, and made various provisional loan and interest deferral arrangements in the principle of market-oriented operation and rule of law while ensuring that risks are controllable. Such arrangements include loan renewal with no principal repayment, adjustment in repayment and interest payment modes, and rollover, among others. Customer rating and classification remained unchanged following the repayment deferral.

We also formed a credit card loan repayment consultation team to intervene at the early stage and handle related requests from impacted customers. We increased investment regarding financial and risk resources for consultation with customers on installment repayments. We offered reasonable repayment deferrals to customers, and cut or waived certain fees, in order to address their actual problems.

[Case] Opening green channel for anti-pandemic cross-border remittance

On January 27, 2020, the State Administration of Foreign Exchange (SAFE) issued the *Notice on Forex Policies of Opening Green Channels and Supporting the Prevention and Control of Novel Coronavirus Pneumonia*. After that, we swiftly launched an emergency plan, and opened a green channel for cross-border remittance dedicated to COVID-19 prevention. Through the green channel, we provided specially designed financial services to facilitate domestic enterprises' cross-border purchasing of anti-pandemic supplies. This ensured that customers could efficiently complete all outbound remittance processes in a timely manner.

In the morning of January 29, 2020, an account manager of Wuxi Branch received an urgent call from his client at home, hoping that CMB could help his company quickly remit US\$200,000 to Dubai for purchasing protective clothing, masks and other medical supplies. After the account manager relayed the situation to the Head Office, a taskforce we quickly formed with members spanning four locations during the holiday. Within less than twelve hours, all processes from remittance initiation to settlement by depository bank were completed

and an urgent need of the customer was efficiently and quickly handled. We used GPI (Global Payment Innovation) information service to meet customer requirements for monitoring the full remittance process, and successfully completed the first services after the opening of the green channel.

[Case] Shenzhen Branch launched financing products dedicated to pandemic prevention

In order to further strengthen the support in terms of credit resources for COVID-19 prevention, Shenzhen Branch launched a series of financial products to support pandemic prevention financing and improve the precision and accuracy in financial support.

- Medical guarantee loans: We cooperated with Shenzhen High-tech Investment Group Co., Ltd. and Shenzhen Credit Guarantee Group Co., Ltd. to focus on supporting companies that manufacture pandemic prevention-related materials. We provided up to an RMB 20 million credit line, along with rapid approval as well as preferential guarantee fees and loan rates.
- Medical purchaser loan: We provided credit loans of up to RMB 5 million via the green channel and preferential interest rates for enterprises producing anti-pandemic materials such as medical face masks, protective clothing, sanitizer and medical instruments that are centrally purchased by governments and hospitals.
- Annually audited loans without annual principal repayments: We provided working capital loans of up to three years (audited annually) to small and micro-sized enterprises with temporary difficulties in capital turnover. The maximum amount was RMB 10 million.

[Case] Changchun Branch joined hands with the medical sector in fighting pandemic

In February 2020, the pandemic situation became increasingly serious, further exacerbating the shortage of medical supplies. Changchun Branch took the initiative to learn about related work arrangements and operational progress of related enterprises. The branch timely responded to the credit demand of pharmaceutical enterprises by optimizing business process and opening a green channel.

- On February 1, after learning that China Resources Jilin Pharmaceutical Co., Ltd. was seeking RMB 50 million in short-term financing for procurement of pandemic prevention medicines, the Changchun Branch immediately responded and promised to offer preferential loan interest rates. The branch quickly addressed the financial needs of the customer and assuaged their fears of not being able to withdraw money due to a delay in resuming work.
- On February 4, Sinopharm Medicine Holding Jilin Co., Ltd., which had fully resumed work and invested all their money in procurement of anti-pandemic materials beforehand, was facing a capital shortage for fulfilling the follow-up financial arrangements. Since their credit line from CMB had been used up, the branch actively provided a credit increment service. On February 7, the branch approved a special anti-pandemic credit increment of RMB 200 million which ensured their normal operations.
- On February 10, while providing services for pharmaceutical companies, the branch found that pharmaceutical logistics companies have not opened their canteens. As a result, employees of these enterprises could only eat fast food, bring food from home, or get daily meals in other ways. It was quite inconvenient for the hardworking

employees, so the branch purchased light wave stoves and donated them to these enterprises to show our strong support to the frontline pharmaceutical companies in pandemic prevention in Jilin Province.

[Case] Shanghai Branch launched “Shanghai Film Support Loans” to help local cinemas

In the first half of 2020, most cinemas were hard-hit. A considerable number of small and medium-sized cinemas are facing challenges such as having few assets, high debt and only expensive financing available. To help cinemas overcome difficulties and resume operation, the Shanghai Branch, after conducting field research, launched “CMB Shanghai Film Support Loans” to address the key financing demands of cinemas. The product created a bridge between cinemas and financial capital, and offered a new channel for cinemas to get bank loans.

The CMB Shanghai Film Support Loan has two major modes. For cinema operators that have operated for a certain period of time and have a certain box office base, the branch can lend a certain amount of credit/quasi-credit based on box office and other metrics with an upper limit of RMB 5 million. For cinemas with high capital requirements, they may use relevant projection equipment as collateral, and the branch will grant the corresponding credit line according to the intended buyback price from the Shanghai Film Technology Factory. For small and medium-sized cinema operators applying for CMB Shanghai Film Support Loans, the Branch has opened a green channel for loan approval. As of the end of 2020, four cinema operators have received financial support from CMB Shanghai Film Support Loans”, with a total financing amount of RMB 7 million.

1.2 Vigorously Growing Online Business

Minimizing contact of people and avoiding crowds are core measures for preventing COVID-19. Thanks to the rapid development of fintech in CMB in recent years, most of our wholesale and retail banking operations can be processed online. During the pandemic, we strengthened the promotion of online operations and services, and ensured uninterrupted provision of online services.

Corporate customers	<ul style="list-style-type: none">Through online corporate banking, corporate apps, WeChat, AI and other online methods, we encouraged enterprises with short-term financing needs, daily account management, fee payments and salary payments to use online tools for discounting, self-service loan applications, account inquiries, fund transfers, mobile payments, mobile agency payments and other services.In account opening, due diligence, vetting and approval, underwriting, lending, post-loan management and other processes, we adopted remote online processing, and appropriately simplified and optimized certain processes, in order to minimize customers' needs of going out, and boost business processing efficiency.
Retail customers	<ul style="list-style-type: none">We launched “Ten Heartwarming Mobile Banking Services”. We also opened “Pandemic Zone” on CMB App immediately after the outbreak, and made it accessible from CMB App homepage and other prominent positions. The aim was to encourage customers to top up, make enquiries and pay online and by doing so the customers could finish related operations from home.After the People's Bank of China increased the small payment system operation limit and extended the large-sum payment system work hours, we immediately adjusted our internal systems accordingly to ensure efficient and smooth capital flow at home and abroad.

	<ul style="list-style-type: none"> For services that must be handled on site, the CMB App provided functions such as location enquiry, business reservation, and current waiting list enquiry. This encouraged customers to avoid going out during rush hour and minimized on-site queuing and wait time, which in turn lowered the risk of cross-infection. We strengthened the support from the 95555 manual service and visual counter service. We also provided a convenient home service channel and intelligent customer service on a 24/7 basis. Consequently, customers with special needs were assisted in online loss reporting, fund transfers, financial management, clinical appointments and other remote services.
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[Case] Remote lending to support the anti-pandemic efforts

The remote lending model we launched in 2019 is a contactless operation that is entirely processed online, and is very safe and efficient. To reduce human contact amid the pandemic, we fully implemented this model throughout the bank from the first day of work after the Chinese New Year holiday on February 3, 2020. We also extended the remote operation model from high-frequency business under the credit granting to all corporate credit granting business.

Under the remote lending model, the account manager doesn't need to visit customers before lending, and the prospective customer doesn't need to submit materials at any physical branch. Customers only need to take photos of required lending materials and upload them via the customers' online banking terminal or account managers' phones. The lending center will provide loans based on the electronic image information. Customers only need to file the original lending materials within a required period of time.

Amid the period of pandemic and isolation, 35 branches of CMB provided 1,275 loans worth RMB 28.7 billion under the remote lending model.

[Case] Ten Heartwarming Mobile Banking Services bring our financial services closer to your life

We opened “Pandemic Zone” on CMB App immediately after the outbreak. The zone has included all services that are offered to bring convenience to individuals and businesses in their fight against COVID-19. Through these services, we provided timely online services and access to information that allow users to enjoy basic financial services such as large-sum fund transfers, credit card loan repayments, loan applications, utilities payments, investment and wealth management, fund redemption and allocating insurance.

We also teamed up with many institutions to provide services under the theme of “fighting the pandemic with you”. These services included real-time pandemic data, online consultation, pandemic-hit community inquiry, passenger inquiry, designated hospitals inquiry and real-time information, among others. We also joined hands with Guokr to produce nine scientifically based episodes on pandemic prevention entitled “Health is wealth - epidemic prevention knowledge”. These episodes gave practical advice on topics such as virus prevention at home, preparing to resume work, and disseminated other pandemic prevention scientific knowledge to our customers.

Ten CMB App Heartwarming Mobile Banking Services

- App anti-pandemic/pandemic prevention, online consultation
- App transfer: real-time transfer of funds with no service fees
- App repayment: repayment of credit card loans at any time with no service fees

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|--|---|--|
| | 4. App wealth: multiple options, starting from RMB 0.01
5. App loans: online application, mortgages instantly provided
6. App social security: issued for free in 384 cities
7. App payment: telephone, water, electricity and gas fee payment are all enabled
8. App life: take-outs from restaurants, swiftly delivered to homes
9. App payroll card: provides Payroll Service exclusive benefits
10. App customer service: intelligent customer service available online on a 24/7 basis | |
|--|---|--|

[Case] Initiate the "Transcender Alliance" to help revive the industry

The pandemic severely disrupted production activities of society and the daily life of the public. In particular, offline consumption activities were subdued. To help partners cope with the crisis, we raised RMB 700 million in special funds and set up the “Transcender Alliance”, with CMB Life being the main carrier. We focused on the catering, automobile and e-commerce sectors, and joined the forces of capital, traffic and platforms, in order to support offline markets with online operations, and help partners recover as soon as possible.

- **Catering:** We cooperated with big-name merchants to develop delivery services, and locked in user demand for merchants in advance through pre-sales. “A must for Saturday” was launched to meet the consumption needs of weekend users and increase the frequency of merchant promotions.
- **Automobile:** We launched thematic marketing campaigns such as “CMB Life Cloud Auto Show” and “CMB Life Car Purchase Subsidy Season”, in which more than 2,000 original short car promotion videos were uploaded to the internet throughout the year. These campaigns connected 50 key automobile brands and more than 5,000 high-quality partner dealers, generating over 1.06 million lists of prospective car buyers.
- **E-commerce:** We adopted the strategy of “offering monetary subsidies + solving pain points”. A special fund of RMB 100 million was added to subsidize merchants. Reduced fees and waivers, refund advance payments, loan assistance, and other preferential policies were introduced to help partner merchants enhance capital flow efficiency.

1.3 Ensuring Employees’ Health and Safety

Fighting the pandemic through preventative measures is an obligation for everyone. CMB attaches great importance to the physical and mental health of our employees. In its pandemic prevention work, CMB always prioritizes the health of employees, and took measures such as working remotely, staggered shift hours, and shifts system to protect the health of all employees. In 2020, the Head Office distributed a total of 17,027,600 face masks. We put in place with sound pandemic prevention measures.

Outlet management	<ul style="list-style-type: none"> We issued the <i>Retail Service Handling Requirements of CMB amid Pandemic, Q&A Guidelines for Handling of Special Retail Services amid Pandemic Version 1.0</i>, and <i>10 Questions and 10 Answers for Retail Service at Outlets amid Pandemic</i>. The branches are required to flexibly arrange the opening hours of outlets according to the actual situation, carry out thorough sanitization of outlets, and distribute anti-pandemic supplies such as face masks, gloves and disinfectant hand sanitizers to employees. We diligently sanitized equipment and facilities in the office space and business areas, and equipped outlets with sufficient amounts of anti-pandemic materials. We also implemented proper temperature measurement practice in outlets and put in place other mechanisms for handling emergencies. We have managed to test every person, inspect every car and examine every special case round the clock. In 2020, we completed over 52 million temperature measurements at the entrances and exits of more than 1,800 business areas and office spaces. We have built a double defense line of “once outside the door and twice at the workplace” for pandemic prevention, and resolutely stemmed any potential spread of the virus.
Head office shuttle bus and official car management	<ul style="list-style-type: none"> We have supervised buses on site to ensure effective sanitization and passenger temperature checks before boarding buses. Every bus route is equipped with thermometers to ensure that all shuttle buses can resume on time operation. In the Head Office, a designated sanitization workshop for official cars has been set up for pandemic prevention. All official cars are required to be cleaned, sanitized and ventilated in the designated sanitization workshop before being used, and the air conditioning filters are cleaned on schedule. All drivers in the Head Office are required to wear face masks, gloves and other safety protective gear when driving, and to inquire about the health of passengers. They are also required to politely avoid physical contact with passengers and keep a safe distance.
Head office property management	<ul style="list-style-type: none"> Given the sanitization and cleaning requirements for this special period, the elevator car and buttons were sanitized every 2 hours, while door handles, chair armrests, meeting rooms and public areas were sanitized twice a day. The air conditioning filters were cleaned regularly to ensure good ventilation. Dedicated employees were appointed to monitor and measure body temperature of people entering and leaving buildings. People with an abnormal temperature were required to register immediately and leave. At all times, abnormal situations were reported. Implementation of rules on wearing face masks was monitored at building entrances, and people who did not wear face masks were not allowed to enter buildings.
Head Office dining management	<ul style="list-style-type: none"> We issued a <i>Notice on Implementing a Separate Dining System in the Staff Canteen at the Head Office</i>. We adjusted staff rotation, set up a temporary packing line, adopted staggered working and dining in groups, and separated diners with dividers between seats to ensure employees’ safety when eating.

1.4 Donating Money and Materials to the Needy

All employees of CMB, while performing their duties and ensuring sound self-protection during the pandemic, took the initiative in the spirit of love to donate money and materials to areas greatly affected by COVID-19. Additionally, they did their absolute best to contribute to prevention efforts.

On January 25, 2020, the first day of the Chinese New Year, at the critical moment for pandemic prevention in China, CMB donated RMB 200 million to the city of Wuhan via the Wuhan Charity Federation. The donation was used by the Wuhan New Pneumonia Control Directorate exclusively for pandemic prevention to support the city's fight.



Anti-epidemic charitable advertisement



Donation certificate issued to CMB

CMB set up a special channel for charitable donations on the online corporate banking and corporate app, allowing enterprises to make donations to designated recipients with zero service fee. Amid the pandemic, RMB 760 million in donations were collected from the online corporate banking channel.

[Case] Dongguan Branch sent “warmhearted” face masks to companies resuming operation

In the wake of the outbreak, the Dongguan Branch did its best to prevent the pandemic, actively contacted enterprises, learned about difficulties faced by enterprises in production and operation, and provided strong support for enterprises to help them resume work and production. On February 10, 2020, enterprises in Dongguan started to resume work and production. However, many enterprises faced shortage of protective materials such as face masks. The Dongguan Branch actively contacted face mask suppliers and donated more than 20,000 face masks to enterprises to help protect their employees, and alleviate the shortages faced by enterprises.

[Case] Wuhan Branch used online discounting to help enterprises make donations

At 9 pm on January 31, 2020, a customer contacted the Wuhan Branch and said that he hoped to donate money to a charity organization. However, it was the Chinese New Year holiday and the company's account was short of cash. He asked whether the branch could provide bill discounting service for him so that he can raise money for charity donation.

Upon learning a customers' needs, the branch quickly formulated service plans, established an online working group, and guided customers to handle online discounting through online banking. Moreover, while ensuring safety, the branch arranged for a few employees to return to the office to open relevant functions for the company. On February 2, thanks to help from the branch, the company got a bill discounting loan of RMB 500,000 in only 5 minutes.

[Case] New York Branch helped the community to fight the pandemic

New York has become the epicenter of the global pandemic quickly after the virus started to spread in the United States. Mount Sinai Hospital hospitalized a large number of coronavirus patients, and was in desperate need of medical supplies. The New York Branch immediately contacted the hospital on March 26, 2020 and donated 5,300 surgical face masks to the hospital on the same day to support local medical workers in fighting the virus.

The Wharton School of the University of Pennsylvania is a strategic partner of CMB. The Hospital of the University of Pennsylvania admitted a large number of coronavirus patients during the pandemic and ran short of medical supplies. In order to support hospitals in their fight, employees from the New York Branch traveled more than 400 kilometers to Philadelphia to deliver 6,000 surgical face masks and 100 pairs of goggles.

In March, when the pandemic in the US was escalating and masks were scarce, the branch and the Head Office jointly formed a volunteer group called the “Flying Tigers” for donating face masks. The volunteer group overcame difficulties in transportation and logistics, and sent face masks to nearly a thousand tourists and overseas students in the US.



“Young Commandos” from the Shanghai Branch carried out community pandemic prevention volunteering activities

02 Outstanding Achievements in the Critical Battle against Poverty

Introduction

The year 2020 marked the end of the battle and a decisive victory against poverty, as well as the year of achieving the goal of building a moderately prosperous society in all respects. CMB has firmly implemented the strategic deployment of the CPC Central Committee and the State Council on winning the battle against poverty. We adhered to our solemn commitment of “making unremitting efforts to alleviate poverty” and continued to dispatch poverty alleviation cadres to Wuding and Yongren Counties in Yunnan Province. We leveraged bank-wide quality resources to drive our poverty alleviation efforts, and introduced innovative and targeted alleviation measures. We optimized and adjusted the combination of our alleviation measures, and supported the two counties in expanding distinctive industries with large scales and advantages. By doing this, we helped local people further strive toward the goal of a prosperous economy, ecological livability, a more enlightened local lifestyle, effective governance and a richer life.

Relation with SDGs	Our management approaches	
 1 No poverty	<ul style="list-style-type: none">We formulated the <i>CMB 2020 Poverty Alleviation Work Plan</i> to improve the poverty alleviation system and lay a solid institutional foundation for the successful completion of alleviation work.In Wuding and Yongren Counties in Yunnan Province where we are designated to help eliminate local poverty, a multi-layer and full-coverage poverty alleviation model was established to eliminate poverty through education, consumption and healthcare.We encouraged local branches to carry out special poverty alleviation activities based on local characteristics and constantly enrich their practices.	
 2 Zero hunger	 3 Good health and well-being	

Our achievements

- Both counties we were designated to help in Yunnan Province were lifted out of poverty; Yongren County on April 30, 2019 and Wuding County on May 16, 2020.
- In the past 21 years, we invested a total of **RMB 213 million** in financial assistance for Wuding and Yongren counties in Yunnan Province. We donated a total of **RMB 139 million** to the two counties.
- We helped around **26,000** students (including students from primary schools, secondary schools and universities) and **168** teachers that lived in poverty.
- In 2020, we bought **RMB 12.5060 million** worth of agricultural products from poverty-stricken areas and helped these areas sell **RMB 3.9307 million** worth of agricultural products.

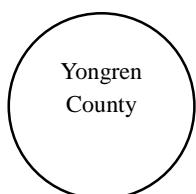
2.1 More Robust Poverty Alleviation Mechanisms

In 1999, the first group of poverty alleviation cadres of CMB came to Wuding and Yongren counties in Yunnan, which are located in mountainous areas that features a high percentage of Yi people and red soil. This marked the beginning of CMB's ongoing 21 year journey on the road to alleviating poverty. In the past 21 years, we have selected and dispatched 73 poverty alleviation cadres, and three village first secretaries to these two counties, and sown the seeds of hope in Yunnan for the people of these two counties. In our initiatives of eliminating poverty through education, cultural development, industry support, consumption, specialization and job creation, as well as freeing poor people from “two worries (worries about food and clothes) and realizing three guarantees (guarantees for education, basic healthcare and housing security)”, we have worked hard, fought tough battles, expanded our thinking and innovated our methods. After 21 years, this place once described as “overgrown with wild grass, dimly lit and full of ragged people”, has undergone tremendous changes thanks to efforts of numerous groups of cadres from CMB.

Gradually polishing CMB's poverty alleviation system	We set up a poverty alleviation leadership team in the Head Office. Our president is the team leader, the branch president is deputy team leader, and heads of major departments are team members. Poverty alleviation workshop is established under the Office of Labor Union to be dedicated to carrying out targeted poverty alleviation work.
Optimizing poverty alleviation mechanism	A special poverty alleviation project vetting committee was established under the poverty alleviation leadership team. The committee has formed a scientific vetting mechanism to standardize the vetting processes for poverty alleviation projects and ensure proper use of poverty alleviation funds. Moreover, a poverty alleviation cadre work meeting mechanism was established to help us get in-depth understanding of difficulties in poverty alleviation work in the two counties. The mechanism also follows up on progress in poverty alleviation projects, and ensures poverty alleviation cadres are taken good care of.
Enhancing system building for poverty alleviation	CMB formulated the <i>Rules governing the CMB Cadres for Poverty Alleviation in Wuding County and Yongren County (the 5th edition)</i> , and the <i>Rules governing CMB Special Poverty Alleviation Fund</i> . These rules ensured that poverty alleviation cadres were properly selected, dispatched, managed, encouraged and taken good care of. They also set nine directions in targeted poverty alleviation.
Coordinating the Head Office and branches' efforts in targeted poverty alleviation	We formulated the <i>CMB 2020 Poverty Alleviation Work Plan</i> to clearly define our guiding principles, main goals, increased investment and specific measures for bank-wide annual poverty alleviation work.

Since China started the nationwide critical battle against poverty, CMB has accomplished the following for Wuding and Yongren counties:

- Invested a total of **RMB 129,6691 million** (RMB 44.3661 million in 2020) in financial assistance. We helped introduce **RMB 9.2677 million** (RMB 1.9811 million in 2020) in financial assistance.
- Helped the two counties train **2,412** grassroots cadres and **6,404** technicians.
- Purchased **RMB 33,790,200** worth of agricultural products from poverty-stricken areas and helped these areas sell **RMB 10,081,500** worth of agricultural products.



Yongren
County

In 2014, 6,265 families, including 22,245 people, were registered as poor with a poverty ratio of 28.16%.

Lifted out of poverty on April 30, 2019



Wuding
County

In 2014, 25,857 families, including 101,524 people, were registered as poor with a poverty ratio of 38.7%.

Lifted out of poverty on May 16, 2020

2.2 More Innovation in Poverty Alleviation

Since starting targeted poverty alleviation in Wuding County and Yongren County, CMB has been constantly exploring how to carry out alleviation work more effectively and precisely. Over the years, we have adhered to the policy of adjusting measures based on local conditions, accurately identifying the constraints and strengths of local development. We introduced various resources for the two counties, and vigorously promoted the elimination of poverty through education, consumption, financial innovation, cultural development, healthcare and other measures, thus enabling the two counties to advance increasingly more smoothly on the road to prosperity.

Poverty alleviation through education: creating a “2+6 holistic help” model

Poverty alleviation begins with encouraging people, and must be done in ways that enlighten people and boost their knowledge. Education is not only an important measure to improve the self-sustaining ability of the poor population, but also an important way to block the intergenerational transmission of poverty. Adhering to the principle of “poverty alleviation by inspiring and enlightening people”, we provided both material and spiritual assistance. Through the “2+6 Holistic Help” Model, we integrated poverty alleviation with inspiring and enlightening people, and boosted their confidence and abilities to poverty behind and become more prosperous.

Two types of people	Through “1+1” pairing support for students and a teaching enhancement program for teachers, CMB has given financial assistance to about 26,000 poverty-stricken students and 168 teachers in primary and secondary schools as well as universities. Among these students, 2,759 were admitted by various technical colleges and universities, cultivating a big talent pool to drive local economic and cultural development.
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Six major aspects	CMB has donated money to support “CMB schools of care”, school canteens, robotics and innovation labs, dream classrooms, computer rooms, and Sunflower choruses, install solar water heaters, build libraries, provide computer supplies and install solar street lamps. Moreover, CMB donated clothes and slickers, covering all needs of local teachers and students in terms of “food, clothing, housing, daily necessities, transportation and education”.
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Apart from paying attention to the environment for studying and the educational quality of local teachers and students, we also actively trained grassroots cadres and technical talents. In 2020, we helped trained 1,168 grassroots cadres and 3,625 technicians in Yongren and Wuding Counties (Covering the county, township and village levels).



On the eve of Children’s Day 2020, China Merchants Bank, together with CMB Hope Schools in Wuding and Yongren, carried out activities to celebrate Children’s Day.

Poverty alleviation through consumption: explore the new path of “internet + agricultural industrialization”

Poverty alleviation through industrial support is the most direct and effective way. It’s also the long-term solution of enhancing the self-sustaining capability and job creation in poor areas. By doing this, we gradually formed a unique “Internet + Agricultural Industrialization” model. Thanks to this model, walnuts and vegetables grown in Wuding, as well as pomegranate, chestnuts and other agricultural products grown in Yongren were transported out of the mountainous areas to reach consumers across the whole nation. The sales of quality agricultural products in the two counties were greatly boosted as a result. In 2020, we have purchased RMB 12.506 million worth of agricultural products from the two counties, and helped the two counties sell RMB 3.9307 million worth of agricultural products.

[Case] Join hands with “Field of Hope” to publicize the “New Agricultural Tide” from a young perspective

In 2020, together with Mango TV and other partners, we launched a variety show called “Field of Hope” to help farmers. In the show, entertainment stars were invited to form a “hope group” to explore local agricultural products and create regional business cards through livestreaming. They have visited places including Chuxiong in Yunnan, Heishui and Wenchuan in Sichuan, Fenghuang in Hunan, Poyang in Jiangxi, among others.

During their visits to Yongren County and Wuding County, these star members of Hope Groups leveraged their professional livestreaming expertise and product selection experience. Through the “Countryside Livestreamed Selection”, these stars encouraged farmers to speak for their own products. Song Jun, a girl from Yunnan Province gave a talk show in the selection activity. Wang Tianjie performed singing and dancing. Lei Songlin combined haircutting with livestreaming, which was very funny. The Countryside Livestreamed Selection showed the public the “New Agricultural Tide” in the new era.

In the livestream, stars stayed in the villages, performed their respective duties and finally selected local characteristic agricultural products with a long history of cultivation and a certain industrialization basis, such as Wuding walnuts, and Yongren chestnuts and black truffles. Combining online and offline activities, the livestream sale of agricultural products became a meaningful variety show that helped more people understand and pay attention to rural development, discover beauty in countryside, and contribute to rural revitalization.



Scenes of “Field of Hope” variety show

[Case] Exploring supply chain-based poverty alleviation and upgrading the “Love Guava” project

In 2016, “Love Guava” was launched to eliminate poverty through consumption. Love Guava gave us the opportunity to explore the cooperation mode of “high-quality agricultural products + government policy support + efficient e-commerce platform + CMB employee purchasing” to realize the win-win situations of “farmers + government + enterprises + CMB employees”.

In 2020, the system for supply chain-based poverty alleviation was further developed. We fully optimized it through industrial support in terms of brand operation, products, marketing, services and talents. We changed the name to “Sunshine City Guava”. We also used block chain technology for the first time to realize traceability of consumption-based poverty alleviation products, thereby building “Sunshine City Guava” into a competitive brand in the market. For each gift box of “Sunshine City Guava” and “Old Tree Walnut” sold, China Merchants Food Co., Limited donates RMB 2 to this fund to train high-quality rural revitalization talents for the two counties.

In 2020, we received absolutely no consumer complaints from sales of “Sunshine City Guava” gift boxes, and sales revenue reached RMB 8.89 million. At the same time, the creative cultural products of the “CMB Blind Bag”, which were included in the gift box, have helped about 1,300 Yi embroidery workers in Yongren County to find employment.

[Case] A new way for consumption poverty alleviation – “Wuding Small Clean Vegetables” are sold out of Yunnan in “T+1” Mode

During the pandemic, to address the problem of unsalable agricultural products in Wuding County and further extend care to employees, we launched the “CMB Love Vegetable Pack”, a move to explore and practice the “T+1” mode of delivering “Wuding Small Clean Vegetables” which are picked up on the same day and delivered the next.

- **By using the “four selected” system, we systematically solved the difficult in selling agricultural products:** In the “four selected system”, we only used the selected Wuding vegetable packs. Next, we worked with the selected national demonstration cooperatives, chose high quality e-commerce platforms and express delivery services to systematically address problems in supply, sales and transportation, and thereby helped promote sales of agricultural products produced in the counties we are designated to help.
- **We deployed industrialized procedures to boost sales efficiency:** We applied the industrial assembly line operation experience to the collection, storage, sorting and transportation of

“Wuding Small Clean Vegetables”. This helped us realize the goals of building a clean vegetable processing line from scratch within 5 days; picking 12 varieties and 40 tons of vegetables, as well as storing and sorting them on the same day, and delivering them from farm to table in ten cities across the country the next day.

By the end of 2020, through the “Wuding Small Clean Vegetables” project, we have directly helped 160 farmers from two cooperatives in Wuding County (including 150 registered poverty-stricken households) sell vegetables. The average agricultural income of each household increased by about RMB 600, and 85 poor farmers got jobs. We have extended the operation mode of “Wuding Small Clean Vegetables” to “Golden Onions”, another Wuding-grown vegetable that was difficult to sell. To date, 17,500 boxes of Golden Onions have been sold.



Farmers pick small clean vegetables on the production line



Production line of “Golden Onion”

Poverty alleviation through innovative financial products: Boosting efficiency in use of capital

Since 2019, Wuding County has renovated dilapidated housing with RMB 30 million thus far spent on the project. This has involved the construction of four “Sunflower Miao Villages” and the renovation of 1,334 dilapidated houses and is characterized by a strong urgency from the government, large demand for funds, high management requirements and multiple involved parties.

Since direct donations cannot ensure effective control of the poverty alleviation effect of the project, CMB adopted the financial credit terminology and combined the attributes of donation and quasi-loans to invent the “direct donation + entrusted loan” model. Direct donation reflects the charitable attribute of the money donated for poverty alleviation, while the entrusted loan management mode ensures that requirements are satisfied under applicable lending for quasi-loans. This model has ensured that Wuding County government owns the capital, but the use and overall circulation of the capital are managed by CMB. Moreover, certain basic elements of credit products, such as principal and interest payments, have been embodied in the model, which has improved the repayment restraints on the capital user, the motivation to eliminate poverty and the efficiency in capital use.

Alleviating poverty through cultural development: pick up an embroidery needle and be lifted out of poverty

More than 64% of the population of Yongren County are ethnic minorities, and there are more than 14,000 Yi women in the county, among whom 9,500 have mastered Yi embroidery skills. We fully tapped the potential of Yi embroidery in the county, and stepped our efforts in exploring and developing Yi embroidery culture. We have supported Yongren County in building 4 major cultural brands, namely Fangshan Mountain tourism, Yi costume festival, Yi embroidery, and Zuoquo ink stones. We also helped Yongren County build a Yi embroidery exhibition hall, carry out Yi embroidery skills training and establish Yi embroidery associations or cooperatives. These

efforts laid a solid foundation for promoting “the home of Yi embroidery”, and formed a model of poverty alleviation through cultural development that combined “festivals + activities + exhibition halls + training + associations/cooperatives”. By doing this, we helped solve other problems in the process of developing agriculture, rural areas and farmers as well as transferring jobs. Given the high popularity of Blind Box, we designed a full set of 12 “CMB Blind Bags” in 2020 that combined the manually drawn pictures of CMB Building, canvas bags with CMB’s logo and embroidery art made by Yi woman. Gift boxes that contain local characteristic agricultural products were included in the bags randomly.

Driven by our work, Yi embroidery is now not limited to traditional products such as clothes, hats and shoes. Many enterprising merchants have begun to expand Yi embroidery from daily clothing products to household articles and ornaments. Various Yi embroidery products have been sold to customers in Beijing, Shanghai, Kunming and other places. Some Yi embroidery products are even exported. Yi embroidery has become a leading industry that helps Yi women increase their income locally.



“New Year Greetings from CMB” embroidered bag made by Yi embroidery woman from counties that CMB is designated to help

Poverty alleviation through healthcare: Make quality medical services reachable

Rural clinics, which play an irreplaceable important role in the rural medical and health systems, have functioned as the gatekeeper of public health, the safety net for farmers' health, the control valve for medical expenses and the stabilizer of rural society. In 2020, we gradually pushed ahead with the “CMB Smart Rural Clinic” project based on the operation experience of the “CMB Rural Clinic” (funded by our donations) as well as the actual situation of rural medical resources in the two counties.

Combining online hospital resources and the advantages of intelligent medical service technologies, the “CMB Smart Rural Clinic” aims to effectively solve problems such as resource shortages faced by grassroots doctors, low income of rural doctors, limited self-development opportunities for medical staff and the low completion rate of basic public health systems. The project enhanced the ability of rural clinics in first diagnosis and facilitated graded diagnosis and treatment. Through medical big data analysis, the focus of rural medical services was shifted to disease prevention from disease treatment, which greatly benefited the common person in the countryside.

By the end of 2020, we have piloted and operated a CMB Smart Rural Clinic in both Wuding and Yongren Counties. Sixty-eight CMB Rural Clinics have been built to effectively address the basic medical insecurity problem of more than one hundred thousand people in the two counties. We also paid attention to health demand of the disabled. We have set up community medical stations for the disabled in the two counties, in order to help as many disabled people as possible.

2.3 More Diversified Practices for Alleviating Poverty

In combination with policy requirements and actual conditions of the locations where they operate, each branch has carried out a variety of supportive measures, laying a foundation for timely poverty alleviation and formation of a moderately well-off society in an all-round way in each region.

[Case] Nanning Branch was designated to help Baise Jialong Village and cut the poverty rate to zero

In November 2020, a special evening party was held in Jialong Village, Tiandong County, Baise City, Guangxi Province. The evening party aimed to express appreciation for the efforts of the Nanning Branch that took root in Jialong Village and helped poverty-stricken people in the village for five years.

From 2016 to 2020, senior executives of the branch have conducted much field research in Jialong Village, dispatched three groups of poverty alleviation cadres (six people in total) to Jialong Village, and invested nearly RMB 500,000 in local poverty alleviation funds. Based on local situation of the village, the cadres from the branch guided villagers to increase their income by developing pork production and planting crops with local characteristics. In 2020, there was a public announcement of full poverty elimination for the last registered poverty-stricken households in Jialong Village. All 175 previously registered poverty-level households in the village were lifted out of poverty and the poverty incidence rate has been reduced to zero from 35.16%. With the support of the branch, Jialong Village achieved the goals of “being free from two worries (worries about food and clothes) and realizing three guarantees (guarantees for education, basic healthcare and housing security)”. The participation rate of the new rural social pension insurance and the endowment insurance reached 100%, and the dilapidated houses of registered poor households were all renovated successfully.

[Case] Taiyuan Branch fulfills the responsibility of poverty alleviation through financial innovation

Taiyuan Branch attaches great importance to poverty alleviation. The branch established a leadership team for targeted poverty alleviation, improved relevant policies, and innovated products and services, thereby consistently enhancing the service level of financial products. The branch effectively supported the development of enterprises in poverty-stricken areas and promoted the employment and income of poor households through various means, including poverty alleviation for individuals, industries and projects.

- Through fintech, the branch explored characteristic credit products for poverty alleviation, aiming to meet the lending requirements for poor households while ensuring commercial sustainability.
- The branch promoted the industry-driven model for poverty alleviation. Through supporting industrial development, the branch enhanced efficiency in poverty alleviation.
 - Model of “large projects + urban construction”: When planning for granting credit lines, the branch focused on construction of industrial parks and major infrastructure projects such as transportation, energy, supply of utilities (water, electricity and gas), and water engineering. These projects can exert positive impact on nearby regions and help get rid of poverty.
 - Model of “goods circulation markets + merchants”: The branch introduced the innovative guarantee model of “merchants + market-side guarantee”. Under the model, the branch granted credit based on operational status of merchants in the markets and

- small and medium-sized enterprises in the upstream and downstream of the industrial chain. By doing this, the branch boosted the employment of poor households, which further alleviated poverty and enhanced prosperity.
- Model of “company + base + farmer household”: the branch supported the development of distinctive agricultural resources and production bases to increase the incomes of poverty-level people.
 - The branch identified the right credit direction, formulated pre-loan survey plans, and endeavored to meet the loan needs of enterprises and registered poverty-level households that meet applicable policy requirements. Additionally, the branch emphasized supporting the development of green ecological farming, leisure agriculture, rural tourism and other industries that can create jobs and increase the income of poor people.

[Case] Fuzhou Branch took multiple measures to promote rural revitalization in eastern Fujian

Situated in the mountainous area of eastern Fujian Province, Zherong County in Ningde City is relatively short of economic and cultural resources. In order to help Zhirong further solidify the county's achievements in poverty alleviation, the Fuzhou Branch built a “Zhaofu Library” in Lingbianting Village, Zhirong County, in 2020.

Zhaofu Library was converted from a local house called Sanluo Cuo. While maintaining the original rammed earth structure, the poverty alleviation team of the branch built a rural library that integrates the old with the new by combining the local humanistic concept and CMB's “light culture”. The library has two floors. The first floor showcases local culture, humanistic stories and the development of rural revitalization. The second floor is a reading area and computer room, with nearly 2,000 new books and ten computers donated by the branch. After its completion, villagers and children can study and read in the library for free. We believe the library will become a veritable “golden house” in the village.

In addition to poverty alleviation through cultural development, the branch also set up a special taskforce that visited Zhirong County many times to carry out training and guidance on special bonds. Such move helped ensure the successful issuance of RMB 239 million worth of special bonds.



“Zhaofu Library” in Zhirong County



Chongqing Branch helped small businesses and farmers in various ways, boosting sales via “livestreamed marketing + street fair”



Volunteer families of the Changsha Branch participated in the parent-child sports meeting together with paired poverty-stricken families in Liushahe Town, Ningxiang City



Then president of the Xi'an Branch helped sell agricultural products from poverty-stricken villages by livestream

03 Promoting Green Development and Ecological Construction

Introduction

Climate change is a significant global challenge facing all of humankind. On September 22, 2020, Chinese President Xi Jinping solemnly announced to the world at the General Debate of the UN General Assembly that China would strive to achieve carbon peak by 2030 and carbon neutrality by 2060, demonstrating to the world that China is a big country that is actively responding to climate issues. The financial sector plays a key role in tackling climate change and achieving carbon neutrality. CMB focused on the national strategic objectives, and earnestly implemented the *Guidelines on Promoting Climate Change Investment and Financing* issued by the Ministry of Ecology and Environment. We also seized the tremendous green and low-carbon investment and financing opportunities brought about by the transformation of the real economy, and vigorously developed green credit, green bonds and other green finance businesses. In addition, CMB strived to prevent transitional and physical risks, gradually explored the formation of relevant mechanisms for preventing and managing climate risks, and provided operational plans for climate change mitigation and adaptation.

Relation with SDGs	Our management approaches
 6 Clean water and sanitation	<ul style="list-style-type: none">Establishing a climate change risk management framework based on proposals of the Task Force on Climate-Related Financial Disclosure (TCFD), covering governance, strategy, risk management, metrics and targets.Improving the green credit policy system, and increasing support for industrial energy conservation, transportation energy conservation, and clean energy sectors; carrying out classified management over existing customers in sectors that we plan to exit or reduce exposure to; minimizing exposure to or terminating dealings with enterprises that have poor environmental performance and huge social risks, and applying a one-vote veto mechanism to these enterprises.Releasing <i>CMB Green, Social Responsibility and Sustainability Bond Framework</i> to provide guidelines for green, social responsibility and sustainability bonds issued by CMB, and to finance/refinance qualified assets/projects with environmental or social benefits.China Merchants Fund, a subsidiary of CMB, has joined the United Nations-supported Principles for Responsible Investment to integrate the ESG concept into its investment activities.
 7 Affordable and clean energy	 13 Climate action

Our achievements

- Identifying and assessing climate change risks and opportunities faced by CMB.
- Green loan balance reached **RMB 207.133 billion**, an increase of **RMB 30.36 billion** from a year ago.
- Green loan projects helped reduce water consumption of **8.9365 million tons**, consumption of **9.7522 million tons** of standard coal, and emission of **21.858 million tons** of carbon dioxide.
- CMB supported **69** energy conservation and environmental protection projects, with **RMB 8.227 billion** in outstanding loans for these projects, up **109.13%** year on year.
- CMB issued **US\$1.1 billion** worth of green and sustainable bonds as well as other similar bonds.
- CMB underwrote **five** green bonds, with a total issuance amount of **RMB 8.3 billion**. CMB was the lead underwriter for **RMB 5.4 billion** worth of green bonds.

3.1 Tackling Climate Change

Carbon emission and environmental pollution are main factors leading to global climate change. Based on China's "14th Five-Year Plan" and the development goals of attaining peak carbon and reaching carbon emission neutrality, CMB adhered to the concept of green development and studied the risks and opportunities brought about by climate change. We conducted in-depth research in environmental protection and energy conservation industries closely related to climate risks, and deepened our efforts in green finance such as green credit, green bonds and green investment to help build an eco-friendly society. Based on the TCFD recommendations, we disclosed details of our practices for managing risks and opportunities related to climate change in 2020.

Governance

All members of the board of directors review the sustainability report every year. They also consider, assess and give advice for improving sustainability performance including climate change risk and response. In addition, the board of directors has a risk and capital management committee which oversees the management of various key risks by senior executives; regularly assesses our risk policies, risk tolerance and capital management status, and proposes methods for improving our risk and capital management.

Strategy

We have attached great importance to climate related risks, and identified key climate risks and opportunities for CMB based on their actual and potential impact on CMB's business, strategy and financial planning in the context of CMB's development situation.

Climate-related risks and opportunities faced by CMB

Risks

Transition risks

- **Existing and potential policy risk:** Since 2016, the Chinese government has released a series of policies related to green finance, such as the *Guidelines on Building a Green Finance System*, the *Guidance on Green Investment (Trial)*, and the *Guidelines on Promoting Investment and Financing to Tackle Climate Change*. In 2020, China further released goals of reaching "carbon peak" by 2030 and "carbon neutrality" by 2060, demonstrating the country's strong determination to tackle climate change. If CMB fails to follow up on or study national macro policies, or formulate corresponding implementation measures in a timely manner, its operation may come under pressure.
- **Legal risk:** In the field of environmental protection, China has enacted the *Environmental Protection Law of People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution from Solid Waste*, among others. If CMB fails to judiciously comply with these legal and regulatory requirements, it may be exposed to litigation risks that result in costly fines and judgements.
- **Technology risk:** CMB is vigorously promoting its fintech and digital transformation strategy, which can significantly reduce the greenhouse gas emissions generated by paper use and customers traveling to and from physical outlets. Conversely, the growing online traffic has led to increased energy consumption in the back office, such as data centers. If CMB does not invest sufficient manpower and resources in time to master the latest technology in terms of digital transformation, energy conservation and emission reduction, it may face risks such as increased operating costs.

- **Market risk:** CMB's valuation highly depends on its ability to develop sustainably in the long run. If a company has strong ESG performance, customers may be impressed by such company's achievement in performing social responsibilities, and thus be more willing to pay premiums for such company's products, which will boost such company's market share and profitability. Along with the market's growing awareness of climate change, it is expected that more and more customers will favor products and services that can bring social and environmental benefits. They will consider ESG as a selection criterion when choosing wealth management products. If CMB fails to develop relevant products in time, there could be a loss of customers and falling demand for products and services.
- **Reputation risk:** Issues such as green finance and environmental protection are gradually being recognized by increasingly more people. If CMB's operations and business processes have a long-lasting destructive impact on the climate and environment, it may face reputational risks and have difficulties in attracting and retaining customers, employees, investors and other stakeholders.

Physical risks

- **Acute risk:** The company's main operations cover all of China. In recent years, with the gradually rising average temperature, emergent and extreme weather disasters such as typhoons and floods have become increasingly frequent in China. As a result, CMB's physical business outlets and the back office of online business services might be damaged which would affect CMB's business continuity and damage financial stability.
- **Chronic risk:** Chronic natural disasters such as drought and rising sea levels will gradually affect China's interior and coastal areas. CMB has a relatively high proportion of operations in economically developed coastal areas, and the potential impact of rising sea levels could affect business continuity and undermine financial stability in these areas.

Opportunities

- **Resource efficiency and energy sources:** CMB adopts low carbon principles in its operations, and uses energy saving and emission reduction technologies to lower risk of greenhouse gas emissions and operating costs.
- **Products and services:** Ongoing progress in related policies such as "carbon peak" and "carbon neutrality" will present new opportunities for CMB to expand our green finance business. Exploring and issuing climate-change products, such as carbon neutrality bonds and climate change-themed bonds, will boost the role that is played by finance in promoting green development. Such products will guide investors to promote the shift toward a greener and more low-carbon industrial and energy structure. They also facilitate the alignment between domestic and international green finance standards, which helps attract overseas green finance investors.
- **Adaptability:** Aggressively investing in climate adaptation actions can avoid future losses, generate positive economic gains and bring extra environmental and social benefits.

Risk management

In face of climate change risks, we have built a sound green financial system and fully integrated ESG concepts into the risk management processes of our main businesses.

Green credit

Industrial research	<ul style="list-style-type: none"> • From 2018 to 2020, we conducted in-depth research on green and eco-friendly industries, such as water pollution treatment, new energy vehicles, biomass power generation, wind power, air pollution, solid waste treatment, soil pollution prevention and control. • In the form of industry self-organization, we began research in photovoltaic manufacturing, new energy vehicles, environmental protection and other industries, which deepened our understanding of relevant industries and laid a solid foundation for further development of green finance services.
Due diligence	<ul style="list-style-type: none"> • For granting general conventional credit <ul style="list-style-type: none"> ■ We conducted background checks to understand prospective borrowers' governance and business qualifications. We investigated whether their equity structure, internal management and decision-making mechanism are reasonable, and whether the business model is sustainable. ■ For enterprises whose operation requires special certifications due to the use of dangerous materials or discharging pollutants, we thoroughly check the validity periods of their licenses. ■ With respect to enterprises whose operation involves core patents, technologies and other intellectual property rights, we conducted checks to verify that these enterprises have obtained clear and valid patent authorization, or have the undisputed source of intellectual property rights. ■ Through on-site interviews and financial checks, we fully understand an enterprise's employment situation, business environment, information disclosure, etc. ■ Through third-party verification, we learn about whether an enterprise is subject to a legal dispute, regulatory punishment or other negative actions. ■ We carried out compliance risk assessment on industrial regulatory policies applicable to enterprise, with the goal of ensuring that the reported customers, businesses or products comply with laws in terms of entry, use, etc. • Project loans <ul style="list-style-type: none"> ■ We further evaluated the feasibility of project technologies and resources, such as intellectual property, resource endowment, social impact, etc., and review various compliance approvals for projects, such as environmental impact assessment, etc.

Supportive credit policies	<ul style="list-style-type: none"> We formulated and enhanced credit policies such as <i>Green Credit Policy</i>, <i>Credit Policy for Energy Conservation and Eco-friendly Industries</i>, <i>Credit Policy for Photovoltaic Industry</i> and <i>Credit Policy for the New Energy Vehicle Industry</i>, as well as credit audit guidelines such as <i>Power Battery Industry Credit Audit Guidelines</i>, <i>Wind Power and Equipment Manufacturing Industry Credit Audit Guidelines</i>, <i>Atmospheric Pollution Treatment and the Equipment Industry Credit Audit Guidelines</i>, <i>Photovoltaic Products and Production Equipment Manufacturing Industry Credit Audit Guidelines</i>, <i>Biomass Credit Audit Guidelines</i>, <i>Waste Incineration to Power Project Credit Audit Guidelines</i> and so on. These policies and systems helped us tilt credit resources toward industries and enterprises with low energy consumption, low resource consumption, low pollution and low emissions. Used differentiated credit policies under which we maintain exposure to certain sectors while reducing exposure to other sectors. We have supported industrial energy conservation, transportation energy conservation, as well as energy conservation and environmental protection industries. We revised environmental protection requirements and energy and material consumption requirements for manufacturing, construction and other industries. We also increased support for key areas such as application of energy conservation and emission reduction technologies in traditional manufacturing and developing green manufacturing systems. While ensuring the overall stability in policy and strategic direction, we appropriately adjusted industrial classification and entry standards of credit policies, in order to strengthen support for clean energy industries such as hydropower and nuclear power.
Credit policies for key sectors where we have stringent control of exposure	<ul style="list-style-type: none"> In industries that we plan to exit or minimize exposure to, we have implemented list-based classified management. While ensuring risks are controllable, we gave priority to leading enterprises in the industries and enterprises with regional advantages. For these enterprises, we offered appropriate extra credit lines. For enterprises with relatively stable risks and sound operational status, we maintained existing credit exposure and gradually shifted credit resources to those publicly-traded enterprises, core enterprises within groups, and customers with strong operational results, thereby optimizing our asset structure. We actively promoted absorption, consolidation, transfer and removal of capacities in industries suffering from overcapacity. We strictly controlled new loans made to industries with high pollution rates and high energy consumption. While conforming to general credit granting policies, we required enterprises to meet national environmental protection standards in terms of site selection, production process, resource consumption, pollutant emission and other aspects, and effectively prevented and controlled credit and environmental risks. We minimized or eliminated exposure to enterprises that have poor environmental performance and huge social risks, and applied a one-vote veto mechanism to the enterprises.

CMB's credit granting policies for coal and mining industries

Credit granting policy for the coal industry

- Overall credit granting principle: Control over total volume, structure adjustment, and list management
- Specific credit granting policy:
 - We actively adjusted the credit structure, strictly implemented the requirements of the State Council's *Opinions on Eliminating Overcapacity, Overcoming Difficulties and Achieving Development in the Coal Industry, Key Points for Reducing Coal Overcapacity in 2019* and other documents. We resolutely eliminated exposure to coal enterprises that fail to meet standards in terms of safety, technology, scale, environmental protection and operation.
 - We stopped providing new lending to coal mining enterprises which were reported by provincial coal mine safety supervision and administration authorities for unsafe operation with injurious accidents, or having failed to remedy major environmental hazards. We also took timely measures to mitigate related risks, and gradually eliminated or reduced exposure to the enterprises.

Credit granting policy for the mining industry^{*}

- Overall credit granting principle: Risk prevention, focus on environmental protection, selected customers and structure adjustment
- Specific credit granting policy:
 - The target customers were large mining enterprises with advanced production technology, satisfactory performance in energy saving and emission reduction, superior production cost control as well as standardized operation and management.
 - Customers were required to obtain pollutant discharge permits, and their pollutant discharge indicators shall be in line with the national industrial policy and standards issued by related departments and commissions regarding energy consumption and clean production. They were also required to obtain the environmental inspection reports for the same year issued by the environmental protection agencies of the prefecture-level cities (or higher-level authorities) where they operate.
 - We limited our exposure to mining enterprises with insufficient investment in environmental protection and safety. We firmly eliminated exposure to enterprises with deficiencies in protection and safety.
 - We required that the main extraction work of mining projects be designed, constructed and put into use at the same time as their supporting facilities for environmental protection and safe production.

^{*}: In terms of mining, our customers mainly engaged in mining and beneficiation of metals, including the mining of ferrous metal minerals (iron ore, manganese, chromium, vanadium, and other auxiliary materials for the iron and steel industry, as well as raw material minerals), commonly used non-ferrous metal minerals and rare metal minerals.

Green bonds

We have made full use of bond instruments. We used green bonds as a new financial instrument to support the financing of green industries, and provide a new financing channel to fuel development of Chinese green industries.

Issuance of green bonds	We launched <i>CMB Green, Social Responsibility and Sustainability Bond Framework</i> (hereinafter referred to as the “Framework”) in September 2020 to finance/refinance qualified assets/projects with environmental or social benefits. Each green social responsibility and sustainability bond issued under the Framework is in line with the International Capital Market Association (ICMA)’s <i>Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines</i> . At the same time, green projects in mainland China must meet the <i>Green Bond-Supported Projects Catalogue</i> formulated by the Green Finance Committee of the People’s Bank of China and relevant industry standards issued by other competent ministries and commissions. In 2020, we issued a US\$800 million green bond and a US\$300 million sustainable bond under the framework. Please refer to CMB’s official website for details of the Framework and its annual progress (https://www.cmbchina.com/cmbir/ProductInfo.aspx?type=info&id=ssb).
Green bond underwriting	We actively underwrote green bonds to help eco-friendly and low-carbon enterprises directly finance and expand their business development potential.

Green investment

The principles of environmental, social and governance (ESG) have been fully integrated into our investment activities by building an ESG investment framework to direct capital to areas with environmental and social benefits.

At the end of 2019, our subsidiary China Merchants Fund officially joined the United Nations-supported Principles for Responsible Investment, becoming one of the first groups of Chinese mutual fund managers to sign on to the principles and pledge to practice the six major Principles for Responsible Investment.

Since its establishment, China Merchants Fund has always adhered to the investment philosophy of “long-term investing, value investing and responsible investing” and taken the initiative to prevent and defuse risks, and prioritize investor protection. China Merchants Fund has fully considered ESG factors in the process of investment decision-making. The fund has also promoted the public interest to the greatest extent, continuously promoted the creation of social value and enhancement of welfare, and helped realize the value of asset management industry. Driven by ESG concepts, China Merchants Fund has launched China Merchants Medical and Health Equity Fund, China Merchants Asset Management Hong Kong-Agricultural Development Bank Bond Connect - iBoxx Investment Grade Bond Index Fund and other products.

ESG investment framework of our subsidiary China Merchants Fund

For underlying assets	China Merchants Fund actively promoted ESG development in listed companies, improved the quality of underlying assets in China's capital market, spurred new technological drivers for economic growth, and encouraged listed companies to fulfill social responsibilities as corporate citizens.
For investment tools	China Merchants Fund established an ESG investment evaluation system for mutual funds, gave full play to the buy side's advantage and expertise, and made investment decisions based on investees' improvement in ESG obligation performance and long-term value creation, thereby boosting long-term returns.

For asset allocation	China Merchants Fund actively participated in the third pillar pension formation supported by tax deferral benefits, converted short-term wealth management funds into publicly offered FOF products that aim to make long-term investments, followed ESG principles in long-term asset allocation, and restricted the investment behavior of asset managers from the capital end.
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In addition, our subsidiary CMB Wealth Management compiled and released the CSI CMB Wealth Management Satellite Luminous ESG Index (index code: 931565) in 2020. CMB Wealth Management calculated the ESG scores of listed companies using ESG assessment methodology and selected 100 securities with higher ESG scores and larger market value as index samples. The index provided a new and objective data perspective for corporate ESG scores, and was an effective way for investors to contribute to environmental protection. In terms of environment, CMB Wealth Management used satellite remote sensing data to consider temperature, greenness, brightness and other factors in the vicinity of listed companies. In terms of social performance, CMB Wealth Management mainly considered factors such as job creation, social contribution and scientific research contribution. In terms of governance, CMB Wealth Management mainly considered factors such as quality of board governance, quality of financial statements and equity structure.

Metrics and targets

By the end of 2020, CMB's green loan balance had reached RMB 207.133 billion, increasing by RMB 30.36 billion from a year ago. These green loans were mainly used in energy conservation and environmental protection, clean energy, green transportation, among others. We issued US\$1.1 billion worth of green and sustainable bonds, and underwrote five green bonds issued by four enterprises, with a total issuance amount of RMB 8.3 billion. Among these underwriting activities, we acted as the lead underwriter for RMB 5.4 billion worth of green bonds, which strongly promoted bond financing of green industries. Going forward, we will further innovate and promote green financial products and services, and provide more diversified green financial products for green investment and financing activities as well as green projects. We will improve the convenience and availability of green finance, promote the linkage between inclusive finance and green finance, and provide green financial services for consumption, agriculture as well as small and micro-sized enterprises.

Investment in energy-saving and eco-friendly projects		
Number of supported energy-saving and eco-friendly projects	Balance of loans made to energy-saving and eco-friendly projects (RMB 100 million)	Year-on-year growth in loans made to energy-saving and eco-friendly projects (%)
69	82.27	109.13

Breakdown of green loans		
Balances of loans made to industrial energy-saving, water-saving and eco-friendly projects (RMB 100 million)	Balances of loans made to energy-saving and green buildings (RMB 100 million)	Balances of loans made to eco-friendly transportation projects (RMB 100 million)
82.27	66.95	876.91

Energy saving and emission reductions achieved by green loan projects (Unit: ten thousand tons)	
Water	893.65
Carbon Dioxide	2,185.8
Sulfur Dioxide	4.48
Standard Coal	975.22
Chemical Oxygen Demand	63.72
Ammonia-Nitrogen	7.14
Nitrogen oxide	0.49

Indicator	2020
Total greenhouse gas emission of the Head Office (tons of CO ₂ equivalent)	9,592.69
Direct greenhouse gas emissions (Scope 1) of the Head Office (tons of CO ₂ equivalent)	1,393.71
Indirect greenhouse gas emissions (Scope 2) of the Head Office (tons of CO ₂ equivalent)	8,198.98

3.2 Supporting Green Industries

CMB vigorously supported the development of China's green industries, with a focus on energy conservation and environmental protection, clean production, clean energy and other related sectors; spurring an adjustment and upgrade in industrial structure, and China's shift toward the new economic drivers from old ones.

In 2020, we provided credit support to a number of nuclear power projects, wind and solar power projects in Central and East China, as well as clean energy power generation projects at outgoing power sources under the support of "12 major corridors". We also offered financial support to numerous onshore and offshore wind power projects as well as photovoltaic projects of many companies.

[Case] Hong Kong Branch issued the first overseas USD-denominated green bond

On September 10, 2020, US\$800 million worth of green bonds issued by Hong Kong Branch were successfully listed on the HKEx. This was the first green bond issued by CMB after our release of the *CMB Green, Social Responsibility and Sustainability Bond Framework*. The final pricing made breakthroughs in terms of issuance yield rate and interest spread. The issuance yield of the bond was the lowest among fixed-rate USD bonds issued by CMB across all tenors, while green investors accounted for over 50% of all investors who were allocated bonds.

The green bond will support low-carbon transport assets as the main qualified green projects, and help cities build efficient, eco-friendly, safe and affordable green transport systems, thereby promoting development of low-carbon cities, and helping the world achieve the goals of the Paris Agreement.

[Case] Luxembourg Branch assisted in issuance of sustainability bonds

In 2020, the Luxembourg Branch helped the Head Office issue US\$300 million worth of sustainability bonds in the Luxembourg Stock Exchange. The bond is the first sustainability bond issued under *CMB Green, Social Responsibility and Sustainability Bond Framework*, and also the first sustainability bond of a Chinese financial institution listed on the Luxembourg Stock Exchange.

The final order book for the US\$300 million three-year fixed-rate sustainability bond exceeded US\$570 million, representing an oversubscription of 1.9 times. Green investors accounted for 20%. Proceeds from the bond issuance will be used for clean transportation and health services that meet basic service demand, including one metro project worth about US\$240 million and five public health infrastructure projects with a total value of around US\$100 million.

[Case] Harbin Branch offered green credit to support clean energy power generation

In 2020, the Harbin Branch vigorously supported development of a green circular economy in the province, providing RMB 488 million worth of green loans throughout the year. By the end of 2020, the balance of green loans from the Harbin Branch reached RMB 692 million according to standardized statistics from the China Banking and Insurance Regulatory Commission.

Biomass thermoelectricity

Biomass power generation projects, which mainly recycle biological straw materials and combustible waste, can effectively help improve the environment. In 2020, the branch provided RMB 110 million in a domestic seller factoring loan to Qitaihe Xingfa Biomass Thermoelectric Co., Ltd. and Tailai Xingfa Biomass Thermoelectric Co., Ltd. to satisfy the working capital requirements for normal operation from biomass thermal power plant projects.

Wind power

Wind power is a safe and reliable way of power generation. It does not consume resources or pollute the environment and has great development potential. In 2020, the branch provided RMB 203.83 million in a fixed asset loan to Datang Huachuan Wind Power Co., Ltd., in order to help the company expand their business scale.

Cogeneration of heat and power

Huaneng Daqing Cogeneration Co., Ltd. is a newly built cogeneration company. Its heating service is the only heat source in the Daqing Economic Development Zone, as well as the north Xicheng District in Daqing City. Moreover, its heating service can effectively relieve the pressure and provide heat in the Xicheng District. In 2020, the branch offered a working capital loan of RMB 100 million to the company, which met the company's short-term capital needs for production and operation, and ensured a normal supply of heat.

3.3 Helping to Protect the Environment

Sound governance and development of environment and ecology is an earnest demand from the public with ever-growing needs for a better life. CMB focused on air pollution control, water pollution control, land pollution control, and waste disposal, among others. We are committed to winning the critical battle against pollution and making the sky bluer and the water cleaner by providing high-quality financial offerings for sound environmental governance.

[Case] Wenzhou Branch provided financial support for sewage treatment

Zhejiang Guoshui Environmental Protection Technology Co., Ltd. (hereinafter referred to as “Guoshui Environmental Protection”) planned to develop the “Reconstruction and Extension Project of Donghai Sewage Treatment Plant in Pingyang County”, which can handle the treatment and discharge of excessive sewage in the park from the source, as well as address problems arising from low penetration and the disarray of local drainage facilities. Between December 2020 and February 2021, the Wenzhou Branch provided a total of RMB 91.1 million in a 11-year loan to Guoshui Environmental Protection, in order to support the construction of a hydrolytic acidification pool, improvement of the A2/O biochemical pool and the ozone workshop, as well as renovation and expansion of electrical and automation equipment. The loan will further enhance sewage treatment work in the plant.

[Case] Tianjin Branch supported the coordinated development of ecological management in Beijing, Tianjin and Hebei

The main purpose of sewage treatment projects, which constitute an important part of urban infrastructure, is to serve and benefit the public. Sewage treatment facilities generates evident social and environmental benefits. Langfang is an important prefecture-level city located at the center of Beijing-Tianjin-Hebei region. Along with the accelerated development in Beijing-Tianjin-Hebei integration, the sewage volume in Langfang also increased rapidly. If the sewage is left untreated, the water quality of the Longhe River, the final destination of the sewage, will be seriously impacted.

Tianjin Branch actively supported the Originwater Langfang Wanzhuang New Town Water Recycling Plant Project. By the end of 2020, the branch had RMB 74.65 million in outstanding fixed-asset loans that funded development of the project. The branch’s support is of great significance in reducing the discharge of pollutants into surface water systems and improving the water environment around Wanzhuang New City in Langfang.

[Case] Nantong Branch increased lending for waste disposal and pollution prevention and control projects

Domestic waste incineration power generation is an important way to rationally utilize resources and improve the environment and ecology by incinerating domestic waste to generate power. It can not only achieve disposal of waste with minimal harms, but also the heat generated can be used to produce electricity or provide heating services.

Tianying Environmental Energy Co., Ltd. (hereinafter referred to as “Tianying Environmental”, stock code: 000035) specializes in operating domestic waste incineration power generation projects. From 2012, the branch provided basic financing services and innovative fintech products to environmental protection projects of Tianying Environmental’s subsidiaries in Nantong, Yangzhou and Pucheng. As at the end of 2020, the branch lent RMB 1.248 billion in project loans to Tianying Environmental, in order to help the company expand the scale and scope of power generation, and better promote improvement of local environment.

04 Upgrading Services to Deliver the Best Customer Experience

Introduction

The coronavirus outbreak in 2020 has restricted service provision in offline financial scenarios. While testing the abilities of banks to provide services in a contactless and precise manner, the outbreak also accelerated shifts in the behavioral patterns of financial consumers, presenting unprecedented opportunities for banks to deepen digital transformation. Adhering to the principle of “we are here just for you”, and centering around customer demand and experiences, we focused on the customer and technology, further explored the online and offline financial service scenarios, and accelerated our shift toward the 3.0 version of retail finance, thereby becoming the bank that delivers the best customer experiences. Moreover, we strictly abided by laws and regulations to protect customer rights and interests, as well as their money and information. We built a robust consumer protection framework, and actively communicated financial knowledge to the public. We also strived to know what customers want and need to consistently create better products and services, and to offer more professional and warm service experiences to customers.

Relation with SDGs 	Our management approaches <ul style="list-style-type: none">We launched the 9.0 version of CMB App and further enhanced service experiences on CMB Life. By developing fintech apps, we make affordable and low-cost financial services accessible to all walks of life.We promoted digitalization of outlets and further advanced the integrated development of online and offline services.We provided investors with various financial products, and formed a strategic, branded and comprehensive lineup of financial products to meet investment needs of people with different risk preferences. We also took various measures to ensure security of financial products.We ensured information security and protected customer privacy by making efforts in terms of organizational structure, data security governance, employee awareness promotion, customer knowledge and other aspects.We further enhanced consumer protection mechanism and kept popularizing financial knowledge and educating consumers.We adhered to the principle of “prevention in advance, blocking in the middle and neutralizing risks afterwards”. We enhanced prevention against and efficiency in neutralizing external fraud risks, and thus better protected customer wealth.
	Our achievements <ul style="list-style-type: none">145 million customers have downloaded the CMB App. Monthly active users reached 61.2638 million, and CMB App transaction volume hit RMB 40.91 trillion.Total users of CMB Life hit 110 million. Monthly active users of CMB Life reached 46.0317 million.Average queuing time across all CMB branches was 2.26 minutes shorter than year-beginning level, significantly boosting customer satisfaction.We organized 11,170 publicity activities, reaching out to 1,041.076 million consumers. We distributed 359.419 million pieces of promotional materials.No major information security or customer privacy leakage took place within the year.

4.1 Further Optimizing the Service System

Operating in a service industry and always placing customers above everything, CMB insisted on adhering to the principle of “we are here just for you”. We have identified customer needs in a timely manner, and closely monitored the changes and trends in customer behavior. We aim to become the bank that delivers the best customer experiences. We also accelerated digitization to allow customers access to excellent and considerate services online and offline.

Strengthening online service capabilities

We further promoted the retail finance 3.0 strategy. Driven by our ultimate service proposition of “being customer-centric” and “user experience first”, and “we are here just for you”, we made it part of our genes. In 2020, on the back of our strong fintech capabilities, we used CMB App and CMB Life as the main conduits to deliver great user experience. In this way, we truly make affordable and low-cost financial services accessible to more people.

Credit report enquiry	We introduced the CMB App personal credit report enquiry service, becoming the first commercial bank to cooperate with the credit investigation center of the People's Bank of China to provide this service on a mobile customer terminal. By the end of 2020, the number of personal credit report queries had reached 2.2 million.
Upgrade in receipt and expenditure record	Through machine learning and massive data cleaning, we systematically translated the counterparty information in transaction messages of CMB App. For example, “Didi Chuxing” replaced “Beijing Xiaoju Technology Co., Ltd.”, and “Meituan Waimai” replaced “Beijing Sankuai Online Technology Co., Ltd.”, so that users can see where every yuan goes at a glance.
Promoting the livestreaming feature	We produced CMB's proprietary livestreaming brands and top shows on the CMB App. Amid and after the pandemic, we provided various financial and non-financial livestreaming services to customers, and attracted many fund houses and merchants to enter the livestream rooms. More than 1700 livestream shows were held throughout the year, attracting 28.78 million views and an audience of more than 10 million.



Credit report



Receipt and expenditure record



Livestream page

[Case] CMB App 9.0: building master wealth management accounts for 100 million people

In December 2020, CMB launched the 9.0 version of CMB App, marking our entry into the deep-water zone of digital transformation toward retail finance 3.0. CMB App 9.0 focused more on our advantageous resources and businesses as well as user mentality. The new version strengthened value creation via fintech, and has helped 100 million users build their master wealth management accounts.

Upgrading content and introducing “Wealth Companion”

We launched the innovative, content-oriented and full-journey “Wealth Companion” service. Through 197 user tags, detailed portraits of wealth management customers were made by analyzing various indicators such as position holdings, investment returns and behavioral characteristics. In more than 20 core places, we sent targeted allocation reminders or messages as part of the “companion” services. By doing this, we helped users analyze more calmly and rationally, and make more reasonable decisions. We also put in place a sound data review mechanism to examine the effectiveness of our “companion” services.

We optimized services and introduced the “same screen commentary” feature online

We equipped account managers with “same screen commentary” black technology that enabled account managers to demonstrate online their specialized wealth management capabilities that were once presented only in offline advisory services. Same screen commentary supports texts, pictures, voice calls and other functions. In the process of wealth management, the feature enables customers that have questions to contact account managers with only one click. Using the feature, account managers can demonstrate online while explaining, which makes the interaction process clear, efficient and warm.

Moreover, we made further efforts in ecosystem building and intelligent operation. We enhanced our “10+N” digital middle office for CMB App. We delivered unparalleled experiences to users through a digital, intelligent, platform-based and intensive middle office.

By 2020, 145 million customers downloaded CMB App. Monthly active users reached 61.2638 million, and transaction volume hit RMB 40.91 trillion.

[Case] Improving payment experience by making payment more convenient and providing special offers for payment services

Being a customer-centric bank, we are committed to continuously improving the payment experience. We made payment more convenient and provided special offers for payment services.

Making payment more convenient

We launched the “CMB Life One-stop Bundling Platform” which is the first of its kind in the banking industry. The goal is to provide customers with a convenient, safe and fast payment card bundling experience. We cooperated with UnionPay and Quick Pass to launch the “one-click card bundling” feature, becoming the first bank to realize exemption of the CVN2/validity period requirement. Users can use the feature to bundle their cards with Quick Pass by selecting cards in one click. Thanks to the feature, users can finish card bundling even if they have not carried cards with themselves. While ensuring customer card safety, we simplified the card bundling process, optimized card bundling experiences, and improved the success rate of card bundling. We also

teamed up with NetsUnion Clearing and Alipay to launch the feature of “one-stop contract-signing with Alipay” for the first time, which enables users to complete card bundling in CMB Life without jumping to external platforms, thereby delivering excellent payment experiences.

Providing special offers for payment services

In order to fully facilitate post-pandemic consumption recovery, we launched the “CMB Life Rebate for Every Deal” activity, providing Internet-level interactive experiences of “joining in scratch lucky draws easily and getting real-time rewards”. In 2020, we held various activities during the period of recovery from the pandemic in March and April, as well as major Internet promotional festivals such as “618”, “Double 11” and “Double 12”, providing special offers to nearly 10 million mobile payment customers.

[Case] Nanjing Branch’s “QUICK” enabled light account opening service for businesses

“QUICK” provides customers with services of immediate online pre-generation of business accounts, thereby meeting customer demand in various scenarios such as withholding of taxes and other fees.

In 2020, Nanjing Branch, together with Jiangsu tax authorities, launched the “QUICK -- Smart Identification Function” service based on “QUICK -- Real-time Account Opening Function”. It incorporates an intelligent online identification system for companies into the account opening procedures of QUICK. In addition to the traditional double entry, the intelligent online identification system for companies utilizes artificial intelligence technology and enables remote identification of legal representatives of enterprises. Moreover, dedicated account manager services can free enterprises’ staff from queuing for a long time and manually filling in the account opening materials. The system not only saves valuable time, but also boosts account opening efficiency for customers.

By the end of 2020, “QUICK” has realized full coverage for 130 branches in the province, serving nearly 25,000 corporate customers. It has been presented the “Jiangsu Provincial Financial Innovation Award” by the Jiangsu Provincial Finance Department and “Jiangsu Banks’ Top Ten Good Things Benefiting the Public” by the Banking Association of Jiangsu Province.

[Case] Shenzhen Branch visualized the credit granting procedures

To enhance public understanding of a bank’s credit business and further boost transparency in our credit granting procedures, Shenzhen Branch became the first bank to launch the “credit granting procedures visualization” system by using fintech. The system allows customers to track and make enquiries about the approval procedures for business loans, thereby boosting customer experiences in business lending operations. The system allows customers to track and make enquiries about the approval procedures for business loans, which enhances customer’s knowledge about and experiences in borrowing business loans.

In the process of system development, the branch invited various customers of different sizes and from different industries to exchange ideas and have a discussion. We carefully listened our customers and adopted their pertinent advice. Up to now, the system includes eight processes, including customer application, files collection, application acceptance, application approval, approval completion, materials preparation for granting credit lines, credit line granting request acceptance, and credit line granted. Upon application acceptance, customers can check progress in

approval procedures for corresponding loan applications, as well as required materials on a real-time basis via mobile phones. In case of any change in credit granting procedures, the system will send short messages to customers. In 2020, the branch was presented the exemplary award of “2020 China Quality Technology and Innovation Achievements” by *China Quality* magazine.



“Credit granting procedures visualization” system

Enhancing service level at outlets

We advanced the integrated development of online and offline services. While steadily promoting the building of new physical outlets, we also enhanced management and services at outlets to create a business space with sound facilities and quality services.

Laying a sound foundation for outlet construction	<ul style="list-style-type: none"> • We upgraded our Visualized Counter to the 3.0 version. The new version provides a new interface and interaction mode, which has reformed business procedures and optimized customers' experiences in using the Visualized Counter. • We developed a Bluetooth-powered multi-in-one device. The wireless Bluetooth connection eliminated the problem arising from USB cables that can easily become loose. • In order to simplify the complex processes of collecting cards with family photos and other kinds of customized cards at outlets, we developed new smart card library equipment that realizes connection between the smart card library with account-opening, customized card collection, card replacement and other services on visual counters.
Integrated development of online and offline services	<ul style="list-style-type: none"> • “3+3” model for business areas: Using three online functions of “Business Area Channel”, “Business Area Co-branding Member” and “Small Clocking-in App” on the CMB App, as well as the three offline roadshow models, we introduced the new integrated service model of “business area + outlet”. In 2020, the “3+3” model has been piloted in 28 branches, delivering one-stop and integrated financial and non-financial services to users. • Nearby Community Group Serving Project at Outlets: We created a system that is centered around operations in sub-branches to boost the rights and interests of customers who are located within three kilometers away. Through the system, we helped outlets build active WeChat-based community groups. By the end of 2020, 22 branches and 159 sub-branches have participated in the pilot project, and a total of 472 community groups have been established, covering 34,617 people. • Online store platform of outlets: Using the online store platform of outlets, we carried out projects that involve joint efforts of the Head Office, branches and sub-branches. We added new functions such as release review and sensitive word filtering, to ensure smooth operation of branches and sub-branches. At the end of 2020, the online store platform of outlets covered 44 branches and 1,595 outlets, with 68.7811 million users.



Providing professional and thoughtful services to pregnant customers

[Case] Wuxi Branch set up “The Most Beautiful Meeting Room” to make business hall experiences unique

Wuxi Branch outlets have created characteristic spaces with various themes, such as Wu culture, the charms of regions south of the Yangtze River, purple sands, leisure and entertainment, among others. Outlets have chosen themes based on local cultural characteristics, customer group characteristics, network layout, customer flow and actual service needs of customers. These spaces have created safe, comfortable and pleasant outlet atmosphere, and delivered environment experience that features more interaction and humanistic care.



The vinyl record player in Hubin Subbranch has offered classic albums for different times. Customers can choose from these albums and play them with the help of subbranch employees. Wireless Bluetooth headsets were also offered in waiting area for customers' use.



In combination with the characteristics of Wu culture, the Meicun Branch installed a Chinese lute table, futon, etc., in the waiting area. Moreover, Han Chinese clothing for adults and children, as well as customized human-shaped signs were provided in the waiting area so that customers can play with these items while waiting.

[Case] Nanjing Branch enhanced services for elderly customers

With the continuously expanding application of smart technology in the banking industry, elderly customers are having increasingly more difficulty using intelligent technology. Nanjing Branch has taken multiple measures to effectively solve the practical difficulties faced by elderly customers in using intelligent technology, thereby enhancing the service experience for elderly customers.

- Based on the actual needs of elderly customers, the branch enlarged the font sizes of content on the

reading and writing pads and provided reading glasses with different degrees of magnification.

- The branch made marks on the electronic pens of the writing pads to make it easier for elderly customers and enhance business handling efficiency.
- The branch pasted small paper stickers next to cameras of high-speed photographic devices. This, coupled with the language and gestures of tellers, can help elderly customers quickly identify the locations of cameras.
- Since many elderly customers have difficulty in using ATMs and other self-service equipment, the staff has endeavored to assist as many elderly customers as possible in operation, in order to avoid incidents such as cards or banknotes being retained by the equipment.
- Based on elderly customers' needs, we gave lectures on how to use technology from time to time, with the goal of guiding elderly customers in using various smart products.

[Case] Yinchuan Branch provided services with care and brought conveniences to the public

Yinchuan Branch strived to promote the humanistic features of services provided by outlets, with a focus on customer demand, in order to deliver high-quality services to customers.

Addressing requirements of special customers for financial services

The branch has established standardized procedures for providing special services. In the business hall, certain windows were opened to special customers so that they can enjoy priority services. Moreover, barrier-free passages, wheelchairs, reading glasses and baby carriages were also provided. For customers with hearing impairment, the branch issued entry slips that enable them to enjoy non-verbal services, as well as equipment such as tablets for barrier-free communication and for use as a writing pad for silent translation. The branch also provided training on daily sign languages, and arranged staff that can provide services in sign language.

Opening characteristic convenient service area

All outlets of the branch were equipped with convenient service areas to provide drinks, pastries, mobile phone charging facilities, first-aid medicine boxes and other services. The branch's business department also set up baby care rooms in the business halls, which were furnished with cribs, tables, and tissues, etc. These comfortable rooms have protected privacy of nursing mothers and delivered warm experience to them.



Yinchuan Branch baby care rooms

4.2 Providing Quality Financial Products

CMB is committed to continuously enriching the supply of financial products and improving investment channels. We innovated financial products to meet different risk preferences and investment needs of customers.

Our Own products	<ul style="list-style-type: none">• Our subsidiary CMB Wealth Management has built a research system integrating investment and research. It enhanced in-house investment ability and boosted investment returns on assets. In 2020, CMB Wealth Management introduced a comprehensive lineup of strategic and brand-oriented products, which includes five major product lines, namely “CMB Winning”, “CMB Wisdom”, “CMB Intelligence”, “CMB Excellence” and “CMB Superior”. These product lines correspond to cash management, fixed income, multi-asset, stock, alternative assets and other products. Together, they provide wealth management solutions with differentiated risk-return features, enabling them to satisfy mainstream investment demands of basic customers, pension customers, institutional customers, among others.• We invented a cash wealth management product with a low threshold. We introduced the “CMB Wealth Management Zhaoying Kaixinbao Cash Wealth Management Plan”, which has a minimum investment amount of only RMB 0.01. By the end of 2020, total assets under management of the product exceeded RMB 40 billion with 900,000 customers. The product has helped customers from all walks of life manage wealth prudentially and make sound plans for growing wealth.• To support the building of the three pillars in pension system, CMB has teamed up with its subsidiary CMB Wealth Management to introduce the brand-new “fixed income+” pension wealth management products. They formulated the “Fengrun” wealth management product series to serve pensioners that have medium risk preference and low liquidity demand while seeking enhanced fixed income.
Products from other institutions	<ul style="list-style-type: none">• On June 30, 2020, we started to sell a wealth management product supplied by a wealth management subsidiary of another bank. We were one of the first group of Chinese banks to do so. By selecting outstanding asset managers and high-quality products, we gave customers access to high-quality products available in the whole market and created an open product platform to meet diversified financial needs of customers. By the end of 2020, we have issued 27 products on an agency basis for other banks’ wealth management subsidiaries, serving 1.036 million customers.

[Case] Introducing “Index Pass” special area

The stock market is always volatile. However, in overseas developed markets, index funds generally reported stronger performance than other types of funds, and thus became first choice for customers pursuing low-cost investment. For ordinary investors, index fund investment can save time while requiring minimum management and features simple operation.

In 2020, we launched the “Index Pass” special area on the CMB App, and became the first bank to introduce “90% discount on subscription fee”. The index funds provided in the special area are all selected ones. We tracked the top 20% performers in every index fund category, and also carefully assessed non-financial factors such as product management fee, custody fee, fund size and establishment time. Through multi-dimensional tracking and evaluation, we strictly selected the best-performing index funds delivering high value for money. Through investor education and identification of undervalued index funds and investment opportunities, we helped investors understand index funds. We used the mobile internet financial ecosystem to help investors better invest in indexes.

[Case] The launch of “Sunflower Fengrun Life” service system for elderly customers

China's population aging will be one of the fastest in the world. To provide effective services, we have studied the needs of the elderly in depth. In July 2020, we officially released the “Sunflower Fengrun Life” service system for elderly Sunflower customers, aiming to provide comprehensive financial and non-financial services that meet elderly customers' needs.

Financial services that meet needs of elderly customers

We teamed up with our subsidiary CMB Wealth Management and Cigna & CMB to introduce a multi-tier portfolio of pension products, with the goal of serving elderly customers with different risk preferences and different investment and financial goals.

For customers that are prudential and have liquidity needs	We introduced the “Monthly Money” wealth management product series, which features low risks, low volatility and regular income payments to cover needs in everyday life.
For customers with annuity needs	Cigna & CMB issued Fengrun annuity products, which are available to customers as old as 70. A short-term investment can generate lifelong annuity income payment and allows participation in a dividend distribution plan.

To bring more convenience to elderly customers, we launched the service hotline for elderly Sunflower customers (40088-95555) and wealth connection services, which allow one-stop remote transactions.

Multiple benefits to help elderly customers live a better life

In addition to sound financial services, the Fengrun Life service system also includes value-added services, gifts, offline activities and other benefits, covering high-frequency life scenarios such as shopping malls, travel, health, and social functions, among others. We also built a service platform that focused on caring for and accompanying elderly customers.

Going forward, we will further enrich our pension product lineup. We will also enhance the Fengrun Life comprehensive service system by developing financial services such as cash flow planning and wealth management stewardship, as well as providing more non-financial benefits. Through these efforts, we will deliver more comprehensive care and become a better companion for our elderly customers.

4.3 Ensuring Information and Privacy Security

CMB has strictly implemented the *Cybersecurity Law of People's Republic of China* and other laws and regulations, as well as the *Security Management Code for Mobile Finance Customer Application Software* and other requirements. CMB formulated *CMB Measures for Management of Retail Finance Personal Information (Fourth Edition)*. CMB has clearly defined the basic principles for personal information protection: protection according to law, responsibility at different levels, information confidentiality, authority management, system management, and accountability for breaches. CMB strengthened the life-cycle management of employee behavior concerning personal information inquiries, use, sharing, transmission and storing, and adopted a supervision and management mechanism to ensure strict implementation of related systems.

In 2020, CMB App and CMB Life became the software to complete filing for mobile finance customer application software with the National Internet Finance Association of China. No major information security and customer privacy leakage incidents took place during the year.

Improving organizational structure

We set up the Information Technology Management Committee (hereinafter referred to as “the Information Committee”). Our Chief Information Officer was appointed chairman of the Information Committee. The Information Committee is mainly responsible for reviewing information technology-related matters, including the bank's overall information security strategy and major information security incidents. In 2020, the Information Committee held two information security-related meetings to review the special management plan for information security and progress in implementation of such plan.

Strengthening data security governance

We have formulated *CMB Implementation Rules for Data Security and Safety Management (Second Edition)* to explicitly define requirements for data security management in the entire data lifecycle of collection, use, transmission, storage, archiving and destruction. In 2020, we further strengthened the data security governance from various aspects, such as hierarchical management of data security, special governance of information security, and scope of authorized use of data.

- **Hierarchical management system for data security:** As one of the main drafting units, we participated in the compilation of *Financial Data Security: Data Security Grading Guide* by the National Technical Committee of Financial Standardization, and formulated *CMB Hierarchical Data Management Measures* on the basis of this guide. Based on object and degree of impact generated by data security breaches, CMB classified the structured data of information system into five grades with different levels of importance. Proper control measures were put in place for data at different security grades.
- **Special governance of information security:** We improved the user management system to realize unified management of important application systems. Security management of important data was strengthened and data security risks minimized. Additionally, user terminal risk monitoring tools were optimized, and security control measures were reinforced while ensuring good user experience.
- **Scope of authorized use of data:** We standardized the review and approval management of important processes in data use, strengthened the supervision and inspection on management of daily use of database, regularly evaluated and managed data risks, and strictly prevented data leakage risk. In addition, a sensitive data protection system based on encryption technology was implemented. We realized direct systematic transmission for sensitive data forwarding and transmission to curtail manual intervention.

Raising employee awareness

To improve employee awareness of information security and customer privacy confidentiality, we carried out a bank-wide confidentiality and information security monthly promotion activity themed, “Taking effective measures to ensure confidentiality and security” to regulate the behavior of all employees as well as staff on key positions. We used typical warning cases and special training to publicize harm that could arise from violations of citizens' personal information and the damage caused to enterprises and individuals. In this way, we strengthened the professional ethics and knowledge of employees on key positions.

In terms of new employee training, our Fintech College took “Information Security” as a special topic for new employee training, and ensured that employees received necessary information security training during the onboarding process. In 2020, the *Employee Information Security Awareness* training courses had over 92,000 students and was clicked on over 250,000 times on the CMB University platform.

Ensuring that customers are informed

We put a User Privacy Policy on the settings page for users, or in other conspicuous places of all major apps. This helps consumers understand how we collect and use personal information, how cookie technology is used, how to share, transfer and disclose personal information, how to store and protect personal information, as well as third party collection and use of information, among others. Privacy policies in relation to CMB’s personal online banking services can be found on the official CMB website. Privacy policies in relation to other mobile terminals can be found in all mobile apps.

4.4 Actively Protecting Customer Interests

CMB has always worked hard to protect rights and interests of financial consumers, and build a sound consumer protection mechanism. Under the closed-loop mechanism, we carefully listened to customers’ voice and understood their needs, in order to improve our services. In the meanwhile, we actively held financial knowledge popularization activities, and carried out in-depth anti-fraud precautions, in order to build a safety net for our customers’ money, and allow financial development to better meet the ever-growing public need for a better life.

Consumer protection mechanism

We have clearly defined the organizational structure, operation mechanism and specific duties of functional departments that involve financial consumer protection. Moreover, we put in place standards for financial consumer protection-related work, in order to provide general guidance for our financial consumer protection work.

Management Structure for CMB’s Consumer Protection Practice

The Board of Directors	The Board of Directors is the highest decision-making body for consumer protection. It is responsible for integrating consumer protection into our business development strategies, corporate culture building and corporate governance assessment, as well as overseeing and ensuring effective implementation of consumer protection strategies and policies as well as sound progress toward consumer protection objectives.
The Committee on Management of Related Party Transactions and Protection of Consumers’ Rights and Interests	This is a special committee under the Board of Directors. It reports to the Board of Directors. The committee is responsible for guiding and supervising the building and improvement of management systems for consumer protection work in CMB. It will also oversee the comprehensiveness, timeliness and effectiveness of works done by senior executives and consumer protection departments in accordance with applicable regulatory requirements, status of implementation of our consumer protection strategies and policies, as well as progress toward consumer protection objectives. In 2020, the committee reviewed the <i>2019 Work Report on the Protection of Consumers’ Rights and Interests</i> and <i>2019 Customer Complaint Analysis Report</i> . The committee also heard the <i>Work Report on the Protection of Consumers’ Rights and Interests in the</i>

	<i>First Half of 2020</i> , as well as the <i>Report on Interpretation of the Key Points of the Implementation Measures for Protection of Financial Consumers' Rights and Interests of the People's Bank of China</i> . We also organized a survey on consumer protection, in order to further enhance the duty performance of the Committee on Management of Related Party Transactions and Protection of Consumers' Rights and Interests.
Consumer Protection and Service Supervision & Management Committee	This is a special committee under the senior management team. It is responsible for unified planning and deployment of CMB's work with respect to consumer protection as well as related service supervision and management, in order to ensure the effective implementation of consumer protection strategies and policies as well as sound progress toward consumer protection objectives.
Consumer Protection and Service Supervision & Management Center	The center is responsible for bank-wide consumer protection work, and is an organization under the Consumer Protection and Service Supervision & Management Committee. It is at relatively high level and also enjoys relatively high degree of independence. The center leads consumer protection work, and also organizes, coordinates, oversees, pushes and guides other departments and subordinate institutions to carry out consumer protection work.

We have built the work system for financial consumer protection, and promoted an integrated management system that includes beforehand, in-process and afterward control measures. Under our financial consumer protection system, the leadership department for financial consumer protection will formulate the basic rules and regulations, the business departments will formulate the specialized rules and regulations, and the branches will formulate detailed rules and regulations applicable to their own branch operations. Moreover, we kept improving financial consumer protection-related work rules in our daily business operations. We improved the rules, norms and standards for financial consumer protection in our general business operation standards.

Areas covered by CMB's internal control system for consumer protection

- Assessment of financial consumer protection work
- Consumer risk assessment
- Personal financial information protection
- Product and service information disclosure and enquiry
- Management over preparation of financial marketing materials, and pre-release audit
- Financial knowledge popularization and financial consumer education
- Financial consumer complaint handling
- Internal supervision and accountability
- Handling of emergency regarding financial consumer protection
- File management for financial consumer protection, etc.

Carefully listening to customers

In strict compliance with applicable regulatory requirements, we carefully listened to customer feedback, complaints and suggestions. We built a closed-loop system for managing customers' complaints and improving customer satisfaction.

Customer complaint management

We continued to explore a more scientific and efficient way to manage complaints, and established a working mechanism across CMB to accept, classify, handle and give feedback on complaints, and settle disputes in a diversified manner. We used fintech to develop a consumer complaint management system, and realize refined management and standardized classification of consumer complaints. We revised *CMB Rules Governing Customer Complaints Management (Fifth Edition)* and included special chapters detailing diversified ways of settling disputes. We also set up a mechanism of quick settlement and compensation for financial disputes, ensuring that we handle all complaints in accordance with laws and regulations.

In terms of channels for filing complaints, we displayed CMB's customer complaint hotline number, e-mail address for complaints, address for complaints by regular mail, complaint handling process and other related information in all business outlets of CMB. We also disclosed customer complaint hotline number, credit card complaint phone number, address for complaints by regular mail, and e-mail address for complaints on official website of CMB. We have disclosed customer complaint phone number and address for complaints by regular mail on CMB App and CMB Life. We also promoted disclosure of customer complaint phone number in product or service contracts, in order to ensure customers have easy access to information about channels for filing complaints.

CMB's channels of receiving customer complaints

- Customer complaint hotline: 95555 ext. 7
- Credit card complaint hotline: 4008205555 ext. 7
- The Head Office's e-mail address for receiving complaints: xfzts@cmbchina.com
- The Head Office's address for receiving complaints by regular mail: Consumer Protection and Service Supervision & Management Center, China Merchants Bank Building, No. 7088, Shennan Avenue, Futian District, Shenzhen, postal code: 518040
- CMB's hotline for receiving letters and visits: 0755-83077333

In terms of complaint acceptance and handling, we handled complaints in a timely and proper manner in strict accordance with our pre-established procedures. No complaints shall be rejected without justifiable reasons. In 2020, we officially launched the consumer complaint management system to monitor completion time of complaint processing on a real-time basis. We made complete and clear records of every complaint, and initially realized the refined management and standardized classification of consumer complaints. This laid a foundation for bank-wide management of customer complaints at source. In 2020, we received 27,992 complaints (regional breakdown is as follows), and our complaint rate (covering customer complaints, advice for rationalization and feedbacks) was 0.31%. Debit card-related complaints and credit card-related complaints accounted for 37% and 63% of all complaints, respectively.

Region	Complaint volume	Region	Complaint volume
Beijing	405	Guangdong	471
Tianjin	127	Guangxi	20
Hebei	21	Hainan	5
Shanxi	52	Chongqing	117
Inner Mongolia	22	Sichuan	123
Liaoning	152	Guizhou	7
Jilin	14	Yunnan	70

Heilongjiang	55	Tibet	0
Shanghai ¹	19,998	Shaanxi	179
Jiangsu	401	Gansu	17
Zhejiang	139	Qinghai	6
Anhui	85	Ningxia	38
Fujian	114	Xinjiang	33
Jiangxi	59	Dalian	39
Shandong	646	Ningbo	45
Henan	57	Xiamen	27
Hubei	318	Qingdao	243
Hunan	94	Shenzhen	3,793

Note 1: Credit card complaint is incorporated into Shanghai operations.

In terms of customer satisfaction regarding complaints handling, we have built a customer complaint return visit mechanism as well as a customer satisfaction investigation mechanism. Our complaint management system will send a short message to the complainant's mobile phone upon completion of complaint handling, in order to collect such complainant's opinions on our complaint handling results.

Customer satisfaction management

We conducted research via various channels and in various forms (mainly including real-time research, supplemented by regular research) to fully understand customer voices and experience perception. Our customer experience research covers telephone, video and text service forms, as well as various services such as incoming and outgoing phone calls, visualized counters, smart customer services and CMB wealth management advisors. Based on scientific and systematic questionnaire design and a follow-up analysis mechanism, we conducted a systematic survey of customer satisfaction. We ensured the continuous and effective collection and analysis of customer opinions and advice, which can help us correctly identify trend in changes of customer needs.

[Case] We introduced special corrective actions to lessen wait times

In January 2020, through our retail customer experience management platform "Wind Bell", we found that overly long queuing times and no service for queuing customers are the two main pain points for customers waiting in outlet halls. In view of this, we conducted a special analysis of outlet experiences, and sent a "Wind Bell" special list of corrective tasks to branches that have performed very poorly in this regard.

In this year, our branches and subbranches used the "Wind Bell" data to timely understand customers' demand, as well as optimize and innovate our services. The data was also used to track the outcome of our experience improvement efforts. Our corrective measures included streamlining the moving business lines, reasonably designing hall layout, guiding foot traffic, timely filling gaps in queues, and preparing procedure guidelines. Thanks to these measures, the average queuing time at outlets fell by 2.26 minutes compared to the year-beginning level. The ratio of negative comment labels of "overly long queuing times" declined by 8 percentage points compared to January. In the meanwhile, we introduced innovative services for queuing customers, such as free water supply, games for queuing customers, service call bells, gifts for queuing customers, among others. Helped by these services, the negative comment labels of "no service for queuing customers" fell by seven percentage points compared to January.

Promoting financial education

Public demand is growing for wealth management products, as are increasingly more diversified investment channels along with economic and social development. However, due to wrong wealth management concept and insufficient financial knowledge, many members of the public faced difficulties in identifying the increasingly complex financial risks and rights violations. CMB has carried out innovative financial knowledge popularization and consumer education activities in a mode of mainly operating online and supporting offline. We promoted the building of a multi-channel mode to communicate financial knowledge to thousands of households.

- Online: We opened a WeChat video account “Zhaoxiaobao” which combines knowledge dissemination with short fun videos. The video account particularly introduced lots of easy-to-understand, practical and interest content targeting elderly customers.
- Offline: We have set up long-standing publicity and education areas in each outlet to carry out investor education activities on a daily basis. By doing this, we effectively reminded consumers of financial risks, and realized regular publicity of financial knowledge.

In 2020, we organized 11,170 publicity activities, reaching out to 1,041.076 million consumers. We distributed 359.419 million pieces of promotional materials. We appeared in 3,877 media reports on various media platforms. The articles on our WeChat accounts and video footages on our WeChat video account were read and viewed by 54.048 million times.

[Case] Tangshan Branch reformed the ways of publicizing financial knowledge and educating investors

In 2020, Tangshan Branch actively promoted public dissemination of financial knowledge and investor education. The branch made full use of business spaces, self-service equipment, its WeChat official accounts, online stores of outlets, online livestreaming, Douyin short videos and other channels in its publicity activities.

- During the peak period of customer flow, the branch guided customers to answer financial knowledge questions online.
- The branch visited enterprises to which the branch provides payroll payment services, as well as nearby communities and merchants. The branch also organized customer salons, investment strategy report conferences and other activities, in order to help more financial consumers acquire knowledge about deposit insurance and wealth management, and guide them to make rational investment decisions.
- The branch continued to carry out the “Little Banker” activity, in order to help children develop strong wealth management awareness from an early age.

“I have taken my children to banks, but the only thing they knew before was that banks were a place to deal with money. Through this activity, the children got a clearer understanding of work, services, money, wealth management and other knowledge about banks. Going forward, I hope to continue to cultivate my children's wealth management awareness.”

——Ms. Li, a customer

[Case] Urumqi Branch established "Financial Knowledge Publicity Stations" in villages of Southern Xinjiang

Urumqi Branch has actively taken part in the work of visiting people, benefiting people and uniting people's minds. In villages that the branch is designated to help, the branch built "Financial Knowledge Publicity Stations". A publicity team was established under the leadership of the branch's taskforce head for the work of "visiting people, benefiting people and uniting people's minds". The publicity team promoted financial knowledge among villagers. The branch gradually set up a mode of "making an outpost in every village a Financial Knowledge Publicity Service Station".

In 2020, the branch organized various financial knowledge publicity activities that were well-received by the public, which included lectures, cultural and recreational activities, among others. These activities communicated financial knowledge and explained financial policies to villagers. Knowledge popularized by these activities has included art changes for new and old banknotes, anti-counterfeit features of RMB banknotes, etc. Thanks to the above moves, the branch effectively incorporated financial services into the local rural management services grid. Moreover, the branch's employees visited homes of poverty-stricken households, in order to communicate financial knowledge such as anti-counterfeit banknotes skills and financial policies for poverty alleviation to these households.

[Case] Wuhan Branch built a professional investor education service platform

Financial Street No.518 is an investor education IP created by the Wuhan Branch in 2020 that is committed to delivering pragmatic investor education content to customers. With the APP community channel as the carrier, it features columns including "Master Online", "Good Articles Sharing", "30 Seconds a Week", "Elite View", "Face-to-face Livestream" etc.

- **Giving full play to the role of professional investment advisers, and making great efforts in the investor education field:** Relying on the mobile app community, the branch communicated investment concepts to customers through articles, short videos and livestream, enhancing public wealth management awareness, and publicizing correct wealth management concepts and scientific wealth management methods for society.
- **Adapting to the change of customer behavior and strengthening customers' specialized ability in asset allocation:** Customers are facing a growing variety of products and increasingly complex product structures. By building an online specialized investor education service platform, the branch helped customers understand the nature of complex products and enhanced their ability to identify risks in plain and understandable language. We advised investors to reasonably choose investment products and channels while accurately estimating their own tolerance for investment risks.



Nanjing Branch introduced the “Outlet Hall Wealth Management Investor Education Area” service to address new wealth management customer’s pain points and problems via unified display boards and fold-outs that introduce related financial knowledge. Employees in the outlet halls answered questions from customers on site.



Hangzhou Branch launched a livestream program on the CMB App called “Wealth and Zhelidao”. It introduced specialized wealth management knowledge to the public via online livestreaming.



Guiyang Branch carried out financial knowledge dissemination activities and launched a financial volunteering service to help villages in Liupanshui called “Dandelion”.



Guangzhou Branch teamed up with Guangzhou Public Security Bureau, Sun Yat-Sen University and other institutions to introduce the “First Class at School Opening” for spring 2020.

Ensuring capital security

CMB attaches great importance to the prevention and neutralization of external fraud risks, and always adheres to the principle of prevention in advance, stemming in the middle and neutralizing afterwards. We strive to continuously improve the efficiency in risk prevention and neutralization, and ensure the safety of customers' money.

- Building risk culture: We strengthened the bottom-line thinking and risk awareness, used warning cases to promote building of a compliance culture, and guided employees to be more aware of pro-active risk prevention methods. We used various reminders, notifications and other preventive measures to protect customers from losses arising from telecom or Internet frauds.
- Process optimization: We strengthened the ability to prevent risks using technologies and make data-driven decisions, adopted diversified technologies to enhance customer identification and prevent account fraud risks and also relied on specialized equipment to enhance the technical capabilities of identifying and combatting fraud. In addition, there are strictly controlled fraud risks in all our payment services.
- Supervision and inspection: We strengthened intelligent monitoring, early warning and key risk investigations, carried out full lifecycle account management with a multi-dimensional post-event monitoring model, maintained dynamic risk prevention, focused on risks in key areas through special investigations, and gradually eliminated hidden risks in existing accounts.

After studying the telecom fraud ecosystem we built a chain risk prevention and control system. Based on our self-developed device fingerprint systems, we introduced information on business nodes with weak relations. High-performance computing capability was used to realize a millisecond-level response time. Through our self-developed integrated model platform, we deployed a machine learning model algorithm for segmented scenarios covering multiple products. This, coupled with expert rules, helped realize real-time risk strategy calculation with flexibility and robustness.

On the basis of this, we set up a multi-level customer access and recovery system. From the two dimensions of capital flow and customer characteristics, and based on different fraud risk levels, we realized intelligent distribution of differentiated intervention measures, such as real-time transaction interception, delayed funds arrival, AI Chatbot, and manual recovery by risk specialists, among others. These measures helped us stem capital flow from fraud and save customers from potential losses in a multidimensional and holistic manner. The system also incorporates operators, social media platforms, public security bureaus and other stakeholders to jointly control risks of telecom fraud.

In 2020, we intercepted 423 external fraud risk cases, such as false account opening, forged seal, telecom and network fraud, forged and altered bills, among others. In these cases, we helped customers avoid financial losses of RMB 11.74 million and effectively cracked down on financial fraud.

[Case] Xi'an Branch successfully prevented telecom fraud and helped a company avoid a financial loss of nearly RMB 1 million

In June 2020, helped by our alert system, an account manager at the Xi'an Branch found an abnormal fund transfer by a company that the account manager serves. The account manager, who is familiar with the company's payment modes, immediately suspected that there may be Internet or telecom fraud in the fund transfer. The branch contacted the company urgently, confirming that criminals have stolen the QQ number of the company's person-in-charge, and sent an order under the name of this person instructing the company's accounting staff to transfer money through

online banking. After learning of the situation, the branch promptly stopped the payment process and cancelled the fund transfer, successfully recovering money for the customer and helping the customer avoid a loss of nearly RMB 1 million.



Silk banner presented by the customer

[Case] Quanzhou Branch implemented anti-fraud actions to improve customer experience

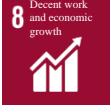
While meeting regulators' control requirements, the Quanzhou Branch increased the use of fintech, improved the card activation process, and ensured account security.

- **Optimizing methods of examining risks in account opening:** With the help of digital technologies, the branch developed a mobile bank-government enquiry function, which enables the branch to acquire information about customers' real situations on a real-time basis. While effectively spotting risks, such function simplified the examination processes in account opening, and enhanced service efficiency.
- **Simplifying procedures for cancelling the non-counter business suspension designation:** Based on the account risk prevention and control rules, non-counter business for a newly opened personal banking account can only be activated three workdays after opening the account. The branch introduced the automatic cancellation of suspending business for non-counter customers. This feature enables fully automatic new personal account opening and cancellation of the non-counter business suspension designation which reduces customer queuing time.
- **Publicity and education activities:** The branch strengthened the explanatory work to enhance customers' recognition of our anti-fraud efforts. The branch mainly carried out publicity activities offline, which were supplemented by online promotions. The branch also publicized financial knowledge in campuses and enterprises, in order to expand the coverage of financial knowledge promotion and education.

05 Serving the Real Economy and Adhering to Our Original Mission

Introduction

Finance is the core of modern economy. An economy can stay alive only when its financial system is alive. An economy can stay stable only when its financial system is stable. In 2020, in the face of the impact from the coronavirus pandemic, the CPC Central Committee and the State Council strengthened implementation of macro policies, and pushed ahead with pandemic prevention and economic and social development in a coordinated manner. Financial institutions were encouraged to provide differentiated financial services to regions, industries and enterprises greatly affected by the pandemic. This effectively helped prevent and control the pandemic, supported resumption of work and production, and safeguarded the overall stability and development of the economy. CMB fully shouldered the burden of responsibility for delivering financial services to the real economy, and strived to help the financial channels function smoothly. It continued to make efforts in undertakings such as developing inclusive finance, supporting national strategy of coordinated regional development, and promoting livelihood construction, among others. At the same time, CMB actively fulfilled its duties regarding the initiatives of “Six Stability” and “Six Guarantees”. It continued to improve loan structure and service level, and make every effort to provide better and more efficient financial services to drive development of the real economy.

Relation with SDGs	Our management approaches <ul style="list-style-type: none">While strengthening lending in our inclusive finance business, we have lowered financing costs for businesses. We have also promoted innovation in inclusive finance products and services. We particularly focused on supporting those small and medium-sized tech startups. We also introduced comprehensive measures to lessen operating difficulties faced by medium, small and micro-sized enterprises.
 8 Decent work and economic growth  9 Industry, innovation and infrastructure  11 Sustainable cities and communities	<ul style="list-style-type: none">We served the national strategy for coordinated regional development, focused on and tilted our financial resources to Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and the Yangtze River Delta. We also provided financial support for quality regional development.We vigorously supported the development of transportation infrastructure, big data centers, 5G and other new infrastructures, strategic emerging industries, as well as other “new momentum” sectors. We helped the economy shift to new growth drivers from the old ones.We focused on four key scenarios and the building of scenarios for “one product for one branch” initiative in branches. We used fintech to bring financial benefits to the public.We responded to the “Belt & Road” initiative by actively serving the development of China Pilot Free Trade Zones (FTZs), and used our integrated and one-stop service system to help enterprises operate steadily on a global basis. Our achievements <ul style="list-style-type: none">We provided inclusive finance loans for 480,100 small and micro-sized businesses. Balance of our inclusive finance loans to small and micro-sized businesses amounted to RMB 530.65 billion.Balance of loans made by CMB to small and micro-sized businesses has reached RMB 474.528 billion, increasing 17.12% from the end of prior yearBalance of loans made to small businesses (defined as per domestic banking industry’s standards) has reached RMB 113.412 billion, increasing 71.03% from the end of prior year.From February to December 2020, we cut a total of RMB 54.80025 million in fees for small companies.Our loans made to strategic and emerging industries have increased 33.24% year on year to RMB 201.315 billion.We issued over 13 million “electronic social security cards” throughout the year.

5.1 Further Advancing Inclusive Finance

In the first half of 2020, China's economic development was hit hard by the global coronavirus pandemic. This Government Work Report, which was unveiled in May 2020, has explicitly indicated that China will enhance efficiency in implementation of macro policies, and stabilize the operating environment for the nearly 100 million market entities. The Chinese government particularly placed emphasis on helping small and micro-sized enterprises, as well as self-employed people tide over difficulties. CMB has actively improved quality and efficiency of services for the real economy, increased support for private-sector enterprises, as well as small and micro-sized businesses, and adopted a combination of measures under the principle of stabilizing enterprises and protecting jobs to ease the difficulties faced by small and micro-sized businesses in financing.

In 2020, the Strategic Committee of the Board of Directors added inclusive finance into the scope of CMB's responsibilities. The Strategic Committee is responsible for reviewing the development strategic plan, annual business plan and basic management systems of inclusive finance to better guide the development of CMB's inclusive finance business. In October 2020, we held a meeting of non-executive directors for 2020 to review the *Report on Using Fintech to Promote Sustainable Development of Inclusive Finance*.

Reducing financing difficulties faced by medium, small and micro-sized businesses

We have strengthened credit support for micro, small and medium-sized enterprises as well as private-sector enterprises, focused on reducing their financing costs, and helped them address the challenges and high costs in financing through product innovation and fintech. In 2020, we provided inclusive finance loans for 480,100 small and micro-sized businesses. Our inclusive finance loan balance reached RMB 530.65 billion, increasing RMB 77.321 billion from the end of prior year. Balance of loans made by CMB to small and micro-sized businesses has reached RMB 474.528 billion, up 17.12% from the end of 2019. Balance of loans made to small businesses (defined as per domestic banking industry's standards) has reached RMB 113.412 billion, up 71.03% from the beginning of 2020.

Strengthening credit support and promoted the supply of inclusive finance loans	<ul style="list-style-type: none">• We made plans for providing inclusive finance loans to small and micro-sized businesses, and incorporated the supplying of inclusive finance loans into the performance assessment of branches.• On the basis of China's LPR (Loan Prime Rate) mechanism, we used the policies of targeted RRR (reserve requirement ratio) cut for inclusive finance to lower financing costs of small and micro-sized businesses. In 2020, the weighted average rate of inclusive finance loans to small and micro-sized businesses was 4.18%, down 0.98 percentage point from the previous year.
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Standardizing fees for loans and lowering overall financing costs of enterprises	<ul style="list-style-type: none"> Fees arising from corporate financing are required to be borne or shared as per applicable regulatory requirements. We strictly banned capital management fees, financial advisory fees or other similar fees on loans provided to small and micro-sized enterprises. We also forbade any irregularity that increased loan costs for small and micro-sized enterprises. We clarified that operating entities shall bear collateral assessment fees, collateral insurance premiums and other related costs of small and micro-sized enterprises that meet national standards. We issued the CMB Announcement on <i>Waiver and Reduction of Fees Related to Corporate Credit Financing</i> on the official website to further clarify fee standards for our financial services. From February to December 2020, we cut a total of RMB 54.80025 million in fees for small companies.
Driving product innovation and optimizing business processes	<ul style="list-style-type: none"> We launched a series of online financing products centering around government scenarios and daily corporate payment scenarios while focusing on the “3+1” (“channel, scenario, data” + “product”) system. These products included “loans for government procurement” based on fiscal channels/government procurement scenarios: “bidding loans” based on public resource exchange center channels/tendering scenario, “fast tax rebate loan” based on customs/state tax authority channels/export tax rebate scenario, and “settlement traffic loans” based on state tax authority channels/corporate tax payment + bank settlement scenario. We built a supply chain financial service system that enabled all our branches nationwide to serve one core company. We also continuously optimized business and service processes. In 2020, we lent RMB 408.682 billion in supply chain financing. Among the 20,000 suppliers covered by our supply chain finance services, 14,200 were SMEs.
Building a duty exemption system for small businesses	<ul style="list-style-type: none"> Since 2019, we have launched the <i>Detailed Implementation Rules for Accountability and Duty Exemption System for Employees Providing Small Business Loan Services, and Notice on Tolerating Nonperforming Loans to Private-Sector Enterprises and Nonperforming Inclusive Finance Loans to Small and Micro-sized Businesses</i>. In accordance with applicable regulatory requirements, we tolerated certain types of non-performing loans to some degree, which ensured that frontline staff will not be deterred from providing loans to private-sector, small or micro-sized enterprises.

[Case] CMB Corporate Banking APP provides rich application scenarios to meet diversified business demands of enterprises

In 2020, the CMB Corporate Banking APP that focused on enterprises' financial demand covered 1.2951 million corporate customers, of which 97.6% are small and micro-sized enterprises. Centering around small and micro-sized enterprises' financial needs, we uploaded many services onto the Corporate Banking APP to bring more convenience to enterprises.

Mobile business processing needs

Various professional scenario-based services were launched such as “wealth management area”, “bill area”, “business area”, “invoice cloud area”, “salary area”, among others. With the specialized areas in branches serving as carriers, we developed local, personalized and convenient services for SME customers. The business area integrates many convenient services for SMEs, such as corporate finance and taxation, payment for enterprises, mobile counters, credit inquiry, value added tax invoice application and so on. The bill area provides one-stop support for bill settlement, financing, risk control, management and other mobile services covering the whole life cycle of bills. By the end of 2020, 67,000 customers accessed scenario-based services, with a total transaction value of RMB 29.433 billion.

Light business processing needs

We launched the portal for corporate banking services, a small program for corporate banking assistance, and other light service channels, thereby expanding services available on digital channels. Since the launch of these new light service channels in August, over 120,000 users received services via these channels. Moreover, we launched the scenario-based solutions feature in the CMB Wintech small program, which recommends product portfolios based on different scenarios and thus facilitates enterprises’ online business enquiries.

[Case] Using fintech to promote innovation of inclusive finance products and services for small and micro-sized customers

We have always strived to make it easier and more convenient for small and micro-sized enterprises to get loans. In 2020, we increased investment in fintech to deliver innovative and quality offerings to small and micro-sized enterprises.

- We introduced “Online pre-approval” function on CMB Loan APP, which allows customers to apply for loans and receive other related services in a contactless manner.
- We launched the online collateral loan that allows small and micro-sized customers to submit loan application, evaluate collaterals, as well as finish video investigation and online approval through CMB Loan APP. The loan can be provided on the same day with application submission at the soonest.
- For high-quality small and micro-sized customers, we introduced digital “one click” principal repayment and loan renewal service. Compared to conventional procedures, the service doesn’t require customers to submit applications or sign contracts offline, thus saving about 45% time in processing. It significantly enhanced customer experience.
- We launched the “video investigation” function that integrates facial recognition and video/audio recording. Amid the epidemic, we applied the function in loan application vetting processes. While helping small and micro-sized enterprises get loans at fast paces, it also protected customers’ privacy.
- We used a big data-empowered real estate assessment model to provide free real-time online collateral evaluation services for customers, in order to offer a reference to customers that sought to use their real estate as loan collaterals.
- We offered self-help services such as deduction day change, appointment for advance repayment, collection of copies on apps, moving the post-loan service experiences from outlets to online apps.

[Case] Yantai Branch built a strong mechanism and strengthened its ability to support new growth engines through innovation

Small and medium-sized tech firms, especially those in early stages of development, are generally characterized by small scale, thin profit and an unstable business model. The Yantai Branch actively studied and analyzed characteristics of small and medium-sized tech firms, and signed a strategic cooperation agreement with Yantai Science and Technology Bureau. Drawing on requirements of the ChiNext Board and Sci-Tech innovation board, and based on local conditions, the branch developed scorecards for small and medium-sized tech firms. The scorecards graded customers from nine aspects including industry, qualification, technical team, product, finance and business model to guide the branch in selecting and conducting due diligence on tech-oriented customers.

By the end of 2020, guided by the scorecards and assisted by Yantai Science and Technology Bureau, the branch completed filing and approval for over ten small and medium-sized tech firms, and granted RMB 150 million worth of loans to these firms.

[Case] Xiamen Branch stabilized businesses, protected jobs, and teamed up with the Credit Enhancement Fund to support micro, small and medium-sized enterprises

The Financing and Credit Enhancement Fund for Micro, Small and Medium-sized Enterprises in Xiamen (hereinafter referred to as “Credit Enhancement Fund”) was founded by the Xiamen Finance Bureau and Xiamen Municipal Local Financial Supervision Administration. The Credit Enhancement Fund served as a capital pool to compensate banks for risks in financing and credit enhancement services for micro, small and medium-sized enterprises. After the Xiamen Branch’s successful application, it was selected as a cooperating bank for the Credit Enhancement Fund. Through the fund, the branch lowered the loan threshold for applicants, increased quotas or reduced collateral requirements for credit loans, further simplified financing processes, and improved efficiency in lending, thereby benefiting more micro, small and medium-sized enterprises.

By the end of 2020, the branch extended loans to 126 customers through the fund, with over RMB 300 million in total credit line and RMB 200 million in lent amount.

[Case] Nanchang Branch opened a station dedicated to providing mortgage registration services for the convenience of small and micro-sized enterprises

To deliver exclusive service experiences to customers after the implementation of the “Internet + real estate mortgage registration” policy, the Nanchang Branch opened the “CMB Jiangxi Station for Convenient Mortgage Registration Services”,

Under the traditional mortgage registration mode, the branch employees and the customer have to go to the real estate registration authorities in person to submit applications. The entire registration process can take three to seven workdays to finish and requires lots of time and energy. Thanks to implementation of the “Internet + real estate mortgage registration” model, efficiency in mortgage registration is greatly improved. The whole registration can be completed by the second day after application submission. This also spares customers and employees from traveling a long way to handle the registration. Featuring active appointments, an effective people flow diversion and an exclusive service process, the online mortgage registration service has become a hallmark for service upgrading in the Nanchang Branch.



CMB Jiangxi Station for Convenient Mortgage Registration Services in the Nanchang Branch

Supporting small and medium-sized innovative tech firms

2020 marks the 10th anniversary of the “Qianying Zhanyi” program. In the past year, we have adapted to and kept abreast of the times, targeting small and medium-sized innovative tech firms with strong growth potentials. These firms came from sectors that provided new growth momentums for the economy, such as 5G, cloud computing, artificial intelligence, integrated circuits, innovative drugs, intelligent manufacturing, rail transit, nuclear power, new energy vehicles, new retail, energy conservation, environmental protection, new materials, and smart grids. Internally, we strengthened the development of our systematic and professional capabilities. Externally, we advanced the building of the “Qianying Zhanyi Cooperative Alliance”, and comprehensively upgraded the service system for “new momentum” companies under the “Qianying Zhanyi” program. We provided full-cycle, full-scenario and one-stop listing solutions covering commercial banking, investment banking and digital corporate services for small and medium-sized innovative tech firms with strong growth potentials to help these companies grow rapidly and enter the capital market. By the end of 2020, the “Qianying Zhanyi” program nurtured 31,430 companies in the pipeline, and we provided Over RMB 687.5 billion in credit lines to companies related to the “Qianying Zhanyi” program and helped over 160 companies go public on the A-share market.

Since 2016, we carried out over 200 serial activities under the “Qunyinghui Zhanyixing” program nationwide. These activities were aligned with capital market trends and addressed the needs of small and medium-sized tech firms. By integrating the resources of different parties including government agencies, exchanges, investment institutions, securities companies, accounting firms and law firms, we provided value-added services such as equity and debt financing, development strategy streamlining, corporate governance standardization, internal management improvement and capital market operation to member companies of the program. In 2020 we organized eight serial activities at the Head Office level under the “Qunyinghui Zhanyixing” program and provided integrated services to 455 companies and RMB 9.6 billion in credit lines.

In 2012, we established the “CMB Innovation and Entrepreneurship Public Welfare Fund” (hereinafter referred to as the “Fund”), which made donations to support the First China Innovation and Entrepreneurship Competition (hereinafter referred to as the “Competition”). After nine years of development, the competition has become a top showcasing platform for innovative tech firms in China and a powerful driving force to guide and unite social forces to support small and medium-sized innovative tech firms. By the end of 2020, we donated a total of RMB 57 million to the competition, provided various financial services for 120,000 participating enterprises, and carried out in-depth cooperation with nearly 20,000 participating enterprises. In the near future, we plan to expand the use of our capital to cooperation in major tech projects, fintech-related strategic research, organization of professional competitions that integrate large, small and medium-sized enterprises, as well as pilot services of high-tech parks, among others. These moves aim to create new methods and channels for further supporting small and medium-sized tech firms.

Promoting rural revitalization

In the new era of full implementation of the rural revitalization strategy, CMB resolutely served communities and small and micro-sized enterprises, and actively promoted the coverage of its outlet network in communities, counties and other locations. During the year, we built 16 community/small and micro sub-branches, adding the total number of community/small and micro sub-branches to 211. To serve county-level economic development, we opened 95 sub-branches in counties. We also vigorously supported the economic development of the central and western regions, and established 20 new sub-branches in these regions. Up to now, we have a total of 709 sub-branches in the central and western regions.

Additionally, we focused on development of pork production industry in 2020. We conducted 19 field research projects in eight companies and live pig farms. Total credit lines granted increased to over RMB 10 billion from less than RMB 2 billion by the end of 2019. In 2020, pig raising projects that are being vetted, and those that have been approved but are awaiting investments were covering 31 branches of CMB. Total consideration of these projects is almost RMB 20 billion. In Chengdu, we provided RMB 284 million in loans to support the M&A transactions of New Hope Liuhe. We also provided RMB 688 million in loans to the company's pig farm project. CMB also supported New Hope Liuhe's issuance of bonds and convertibles. These moves introduced new capital to support the sustainable development of local live pig farming industry.

5.2 Supporting National Development Strategy

China has a vast territory and a large population, and different regions have great differences in terms of natural resources and development. In 2020, CMB focused on development of Guangdong-Hong Kong-Macao Greater Bay Area and integrated development of the Yangtze River Delta. It also properly tilted financial resources to help the two regions improve innovation capacity and level, and promoted the regional development at a higher level and of better quality.

Guangdong-Hong Kong-Macao Greater Bay Area (GBA)

There are evident synergies between industries within the Guangdong-Hong Kong-Macao Greater Bay Area (hereinafter referred to as the “GBA”). The GBA has the basic elements that are required for growing into a world-class bay area. We gave full play to the advantages arising from our integrated model of commercial and investment banking, in order to promote the organic integration of finance and development for the GBA.

Issuing the first collection of differentiated policies for the GBA	The credit approval model of “head office before branch” was piloted and given preference in the GBA. The approval process for syndicate loans in the GBA was simplified so that branches were given more quotas for rating adjustments. Differentiated settings and preferential treatment were offered in business loans and capital limits. A green approval channel as well as a green channel for product innovation was established in the GBA. Remote approval and authority for supply chain finance have been expanded. These measures will facilitate quality development of GBA.
Formulating regional credit policies for the GBA	Based on the key directions of the GBA planning outline and the regional economic structure, we formulated regional credit policies for 19 industries, including industrial parks, urban rail transit, 5G mobile communications, basic materials, integrated circuits, artificial intelligence, and consumer electronics, among others.

Adhering to policies and actively serving the GBA strategy	In response to the <i>Opinions on Financial Support for Development of the GBA</i> , as well as the <i>Action Plan for Implementation of the Opinions on Financial Support for Development of the GBA</i> , we issued internal documents such as policy interpretation and service guidelines to encourage branches to actively serve the local economy in line with applicable policies.
Increasing support for new and old infrastructure development in the GBA	We organized topical promotion conferences and training activities themed on support for new and old infrastructure development in the GBA. We also optimized credit rating models for power plant projects. We built credit rating models specifically for railway and road projects. As at the end of 2020, we lent a total of RMB 11.809 billion in project loans for new and old infrastructure projects in the GBA.

At the same time, we issued RMB 10 billion worth of GBA-themed financial bonds that are specifically used to support small and micro-sized businesses. We implemented special support policies for small and micro-sized businesses, and made breakthroughs in innovation for issuance mechanisms and market-oriented issuance.

[Case] Shenzhen Branch facilitates GBA development by providing superb project financing and special bond issuance services

Shenzhen Branch is deeply involved in development of major projects and industrial upgrading opportunities in Shenzhen, and supports GBA development through diversified financing vehicles such as medium-to-long term project loans. In 2020, the branch focused on key livelihood-related industries such as infrastructure construction, rail transport, sewage treatment, waste incineration, energy, environmental protection, among others. It actively provided project financing services for corporate entities, and participated in a number of major construction projects in Shenzhen, such as Qianhai Integrated Transport Hub, Xiaomeisha Sea World, Liuxiandong Strategic and Emerging Industry Headquarters Base and Shenzhen-Hong Kong International Center Phase One. Over RMB 30 billion credit line was provided to support these projects.

Through special debt issuance services, the branch focused on supporting projects such as infrastructure construction, water pollution control, industrial park construction, old residential community reconstruction and hospital construction in Shenzhen. In 2020, the branch helped Shenzhen issue RMB 40.3 billion worth of special bonds.

Yangtze River Delta integration

In 2020, we carefully studied the financial services that are required for full implementation of the *Planning Outline for Yangtze River Delta Regional Integrated Development*. We vigorously promoted outlet network expansion and business development in Shanghai, Nanjing, Hangzhou, Hefei, Suzhou, Ningbo, Nantong, Wuxi, Wenzhou and other Yangtze River Delta cities. Economic development in the Yangtze River Delta features a high concentration of manufacturing enterprises. As a result, we strengthened coordination, adjusted policies and carried out research to form differentiated industrial credit policies for auto parts, textile fiber, printing & dyeing and other regional characteristic industries. We also increased our support for regional industrial cluster operation, infrastructure development and government service integration in Yangtze River Delta. In this year, balance of our loans to customers in Yangtze River Delta increased by RMB 48.2 billion or 10.7%.

[Case] Shanghai Branch teamed up with Zhejiang Chamber of Commerce to provide in-depth services to private-sector enterprises in the Yangtze River Delta

In recent years, Shanghai branch, together with Zhejiang Chamber of Commerce in Shanghai (hereinafter referred to as “Zhejiang Chamber of Commerce”), have actively participated in the national strategy of integrated development of Yangtze River Delta, and continuously increased its investment in industries such as bio-medicine, integrated circuits, artificial intelligence and modern logistics. The branch supported quality enterprises in strategic and emerging industries, and facilitated the high-quality integrated development of the Yangtze River Delta. In May 2020, the Shanghai Branch and Zhejiang Chamber of Commerce formed a strategic partnership, under which the branch planned to provide an RMB 30 billion intentional credit line to member enterprises of the Zhejiang Chamber of Commerce. Moreover, the branch will provide Zhejiang enterprises with services that integrate “services + products + channels”, thereby reducing the financing cost of private-sector enterprises and supporting the bond financing of anti-pandemic enterprises.

[Case] Suzhou Branch served issuance of special government bonds that support Yangtze River Delta integration

Wujiang District of Suzhou took the lead in developing a demonstration zone for ecological and green integrated development of the Yangtze River Delta. Taking this opportunity and targeting special bonds as the spot where a breakthrough can be made, the Suzhou Branch fully analyzed related fiscal revenue streams and explored project financing services. The branch provided customers with special bond issuance plans for major national strategic projects. In November 2020, the branch underwrote “The Bond Supporting Three Major Projects in Pilot Demonstration Zones of Yangtze River Delta Integrated Development”, which was the first bond in Suzhou to fund a major national strategic project. RMB 620 million was raised from the bond issuance.

5.3 Facilitating Industrial Transformation and Upgrade

CMB has fully used its financial capabilities to focus on new infrastructure and new urbanization sectors, construction of major projects, as well as innovative tech sectors that can generate new momentum for economic development. We aim to become a major force in promoting high-quality economic and social development. In 2020, CMB lent RMB 201.315 billion in loans to strategic and emerging industries, up 33.24% year on year, and the balance of loans to strategic and emerging industries was RMB 171.415 billion.

Embarking On “New Infrastructure”

- Transport Infrastructure:** In 2020, we continued to focus on sectors including railways, highways, urban rail transit, among others. We actively supported China Railway Group, Anhui Transportation Holding Group, and major transport projects such as the Guangzhou–Zhuhai intercity railway, Guangzhou-Shenzhen Coastal Expressway, Guangzhou Airport Expressway, Chongqing Rail Transit System, Zhengzhou Metro, Guangzhou Metro, Hangzhou Metro, among others.
- Big data centers:** We provided a credit line of over RMB 3 billion to a datacenter service provider, in order to help the company customize data centers for large Internet enterprises and other customers. We vigorously supported the building of China’s modern infrastructure system, and helped the financial system, consumption sectors and “new momentum” sectors to shift toward online, information-based,

data-driven and smart operations.

- **5G:** We provided convenient commercial bill/financial company bill discount services for 5G upstream suppliers to help them accelerate money collection. Helped by credit enhancement from operators, we assisted suppliers lower financing costs and provided online factoring financing services to upstream suppliers. In addition, through closed-loop management over flow of capital, information and goods, we actively served downstream agents of equipment makers. In 2020, we discounted RMB 1.13 billion bills for over 60 upstream suppliers for new 5G infrastructure, and provided over RMB 430 million in financing for equipment makers' downstream channels throughout the year.

Fostering “New Momentum”

- In view of the high tech, high added value, and resource-intensive features of new momentum customers, and in combination with the Directory of Key Products and Services of Strategic and Emerging Industries, we built 11 new momentum customer rating models for sectors such as new energy vehicles and software development.
- We established credit risk rating models for strategic and emerging industries such as pollution prevention and treatment, pharmaceutical manufacturing and medical equipment manufacturing. While covering financial risks of loan customers, certain risk rating models have taken factors such as production safety, product quality, environmental protection policies and other factors into consideration. In the risk rating model, enterprises will be downgraded if they are subject to administrative punishment due to safety accidents, product quality problems or violation of national environmental protection policies. The magnitude of the downgrade depends on the severity of the incidents causing it. Through this mechanism, we aimed to reflect enterprises' real risks in a comprehensive, truthful and prudential manner.
- We supported new momentum-related industrial developments in those traditional industries. The top five industries that CMB provided the most loans to in 2020 were equipment manufacturing, pharmaceutical manufacturing, consumer electronics, vehicle manufacturing and steel.

[Case] Ningbo Branch built a systematic service mechanism to facilitate regional industrial transformation and upgrade

The Ningbo Branch focused on regional industrial transformation and upgrade, and promoted list-based customer service in a holistic manner. By properly allocating resources, the branch increased financial support for the real local economy.

- **Sorting out lists and appointing dedicated employees to follow up:** The branch focused on high-quality customer lists from regional strategic and characteristic industries, such as those covered in the “246 Industrial Clusters” and “225 Double Trillion in Foreign Trade” campaigns. Dedicated employees were appointed to follow up on and serve these customers, and ensure effective implementation of the KYC (“Know Your Customers”) principles.
- **One policy for one customer, and precision services:** The branch reviewed the lists of quality customers weekly, and built an asset business pre-approval mechanism. The branch developed financial service solutions on a “one policy for one customer” basis, in order to holistically meet customers’ various financial needs. Through risk front-loading, the branch enhanced efficiency in business approval processes, with a focus on supporting key companies from manufacturing, exports and other sectors in the region.
- **Empowerment through technology and control over processes:** Based on existing systems, we launched a list-based customer management system that covers the progress in account opening, report writing, credit application, service delivery and other stages. The system makes the whole service process traceable, ensuring industrial customers in the region can receive the best services.

[Case] Nanning Branch provided financial support for transportation construction projects, and helped enterprises raise money to participate in building of new western land-sea corridor

The new western land-sea corridor is located in hinterland of western China, and connected to the Silk Road Economic Belt to the north and the 21st Century Maritime Silk Road to the south. Being linked to the Yangtze River Economic Belt, the new western land-sea corridor plays an important strategic role in promoting coordinated regional development. Beibu Gulf of Guangxi, which is at the maritime outfall of the new western land-sea corridor, is of great importance to the development of Guangxi's transportation industry as well as the building of the new western land-sea corridor.

Nanning Branch actively served local transportation industry and the infrastructure construction on the new western land-sea corridor. As at the end of 2020, the branch has provided RMB 2.35 billion in loans to the transportation industry. The branch approved a credit line of RMB 1.6 billion for infrastructure construction projects on the new western land-sea corridor, with the amount lent reaching RMB 1 billion.

[Case] Lanzhou Branch offered M&A financing solution to help Gansu chip companies go abroad and become strong

Tianshui Huatian Technology Co., Ltd. (hereinafter referred to as "Huatian Technology") is the largest chip testing enterprise in Gansu. In 2018, in order to help Huatian Technology expand business scale and go abroad, Lanzhou Branch, as the exclusive partner bank, issued a commitment letter of RMB 3 billion to help Huatian Technology acquire Malaysia-based Unisem. This is the largest cross-border merger & acquisition (M&A) deal to ever take place in Northwest China. In 2020, the branch lent another RMB 100 million in working capital to Huatian Technology to help the company purchase raw materials. The continuous support for Huatian Technology has effectively driven the development of strategic and emerging industries in Gansu.

5.4 Ensuring Social and Livelihood Development

In 2020, CMB strengthened the functionality of its financial services, with a focus on four key scenarios and the building of the scenario of "one product for one branch". Leveraging fintech, our app platform, as well as our payment and operational tools, we vigorously promoted the application and popularization of mobile payments in various daily life scenarios, so as to bring more convenience and benefits to our customers.

Government-related daily life scenarios

We built a new daily life service platform on the CMB App, and upgraded our integrated fee payment service platform. By the end of 2020, we had realized connection with large information project systems led by multiple government ministries and commissions, and enabled access to nearly a thousand government-related daily life scenarios. Our daily life fee payment services have covered 262 cities. We have cooperated with over 10,000 merchants covering 16 key fee payment scenarios, and serve over 10 million users every month.

In addition, to support the promotion of electronic social security cards and medical insurance electronic vouchers, we launched the electronic social security card API (Application Programming Interface) in 2020. Throughout the year, we issued over 13 million electronic social security cards.

Public mobility scenarios

In 2020, CMB App introduced a new mobility program, providing one-stop mobility services for users' commuting and travel. The program has covered more than 300 cities, and cooperated with over 450 merchants. The program also provided travel benefits and discounts to users, and served over 5 million users every month.

Dinner and movie coupon scenarios

Customers can purchase dinner and movie coupons on the CMB App. They can use and redeem vouchers and other perks across different regions, merchants and stores. As at the end of 2020, a total of 71.63 million transactions have been conducted in our dinner coupon scenario, covering partner merchants in over 300 cities across China. A total of 7.82 million tickets have been sold via the movie coupon function.

“One product for one branch”

We launched the “one product for one branch” strategy to encourage branches to focus on regional daily life service scenarios, and build favorite daily life service brands for local residents. Key scenarios included education, campuses, supermarkets, retailers, vehicle owner services, among others. As of the end of 2020, 29.71 million transactions were completed under the one product for one branch strategy.

Pensions

We actively carried out the custody, trusteeship and account management of enterprise and occupational annuities while striving to maintain and increase the value of pension assets. By the end of 2020, the enterprise and occupational annuities in custody reached RMB 100.5 billion, an increase of 134% from the beginning of the year. We also vigorously promoted online enquires for occupational annuities and other services to help customers step into a new stage of smart pension management.

[Case] Wuhan Branch helped build smart campus restaurants to ensure food safety for students

The Wuhan Branch has launched the "Smart Campus Restaurant" mini-program on the CMB App. Through the mini-program, students and parents have access to features such as one-click payment, online top-up, advance food reservation, nutrition analysis, among others. In order to ensure food safety during the pandemic, the branch used big data analysis and information product applications such as real-time monitoring of dishes and kitchens, food material source traceability, sample retention and others, which allowed students to eat by “swiping face” or facial recognition. This translated into much shorter time spent dining, and enabled teachers and students to relax when eating in a contactless and safe dining environment.

By the end of 2020, the “Smart Campus Restaurant” has been launched in 39 primary and secondary schools, covering 46,000 parents. With open and transparent supervision of the whole dining process, it truly reassures parents, students and schools.

[Case] Suzhou Branch helped Suzhou Municipal Government to build the “8:30 in Suzhou” night economy brand

Along with the continuous improvement of domestic pandemic prevention and control, the Suzhou Branch actively responded to the Suzhou Municipal Government’s call for building the “8:30 in Suzhou” night economy brand in the second quarter of 2020. On the back of the dinner coupon platform, we expedited recovery of the real economy by supporting the catering industry. This helped to revitalize the night economy in Suzhou.

- **Facilitating the recovery of food and beverage enterprises:** Based on its own business characteristics, the branch actively participated in local government’s catering campaigns including “Jinji Lake Yeweiyang” and “Shishan New Night”. The CMB App platform has amassed over two million users and helped over 200 partner food and beverage merchants sell dinner coupons. This has directly helped to elevate the recovery of the food and beverage businesses.
- **Helping residents upgrade consumption:** Through the direct consumption subsidy mechanism, the branch generated a total of 13,000 consumption vouchers. The vouchers accelerated the merchants’ resumption of production and work. They also stimulated the personalized catering consumption demand of residents, thereby supporting the upgrade of consumption.

5.5 Providing Cross-Border Financial Services

CMB gave full play to its advantages in offshore services, and actively responded to the "Belt & Road" initiative and the policies for financial innovation in Free Trade Zones. We fully integrated three account functions, namely OSA (Offshore Account), NRA (Non-resident Account) and FTN (Free Trade Non-resident). We provided non-resident customers with six basic services that involve account settlement, deposit, cash management, hedging and value enhancement, financing and credit line granting, and e-banking, in order to help enterprises steadily carry out global operations.

In 2020, we continued to promote the “Belt & Road” Initiative, improved the *Guidelines on Management of RMB Loans for Overseas Projects*, and actively provided cross-border RMB services. We introduced the “Versatile Cross-Border Two-way RMB Capital Pool” product to facilitate the coordinated use and flexible control of cross-border capital by multinational companies and Chinese enterprises that are going abroad. The product has helped these enterprises balance domestic and overseas capital, effectively reduce currency conversion costs and control Forex risks. By the end of 2020, we had provided capital pool building services for five multinational groups, and realized a total cross-border RMB settlement amount of RMB 12.5 billion.

In addition, to celebrate the 30th anniversary of the establishment of diplomatic ties between China and Singapore, the Singapore Branch issued a US\$400 million “Belt & Road” Initiative-themed bond that was called “Dances of Lions and Dragons” in 2020. The bonds, which were oversubscribed, have effectively promoted the cross-border capital flow and provided a financial impetus for the “Belt & Road” Initiative.

[Case] “CMB Hedging Platform”

The “CMB Hedging Platform”, which helps customers manage forex hedging, was further digitalized in all aspects in 2020. Corporate users, especially those from the foreign trading and exports sectors, can use the platform to handle many operations entirely online. These operations included agreement signing, exchange rate information enquiry, self-helped transactions, guaranteed item management, the handling of existing businesses, and more. Through “Sharing Trading Room”, we provided our “CMB Hedging” branded services to enterprises, which helped us achieve win-win results with corporate customers.

In 2020, the volume of transactions on the “CMB Hedging Platform” reached 9,500, up 1,800% year on year. Total transaction value increased by 940% year on year to US\$5.2 billion.

[Case] Sydney Branch completed the first ICA cross-border linkage financing

In 2020, the Sydney and Shanghai Branches jointly completed the first cross-border linkage financing for a leading HK-listed Chinese warehousing enterprise, with the inter-creditor agreement (ICA) linked to the double guarantee mode of “equity + assets”. Total lending for the transaction reached RMB 1.8 billion.

In our first ICA cross-border linkage financing transaction, the branch has focused on the needs of high quality customers. We combined expertise from domestic and foreign teams to provide services in a coordinated manner and comprehensively control risks. Under this innovative transaction model, the domestic and foreign branches can share high-quality domestic assets under clear equity control as collateral to a certain extent. They can also pledge assets and equity to enhance credit for enterprises by means of a double guarantee, agreement signing and other methods under collaborative supervision, which greatly boosted customer experiences. Moreover, the transaction model also provided real world experience for the replication and promotion of other similar models.

[Case] Providing integrated services to engineering companies that go abroad

Overseas projects such as production capacity cooperation and infrastructure construction under the “Belt & Road” Initiative have continued to expand. As a result, Chinese engineering companies are having a growing demand for financial services involving overseas project bidding, project contracting and export of large auxiliary equipment. In view of this, we fully integrated capital settlement, risk management, project financing, credit guarantee and other services to provide a basket of integrated services for engineering enterprises that participate in the “Belt & Road” Initiative.

- Using the offshore accounts, we introduced integrated services to support Chinese enterprises engaging in overseas project contracting activities. These services included financial risk management, capital value preservation and enhancement, expatriate staff payroll payment and short-term liquidity support. These services have enhanced the overall capital management of customers’ overseas projects.
- We provided integrated credit support with “project financing +Term Sheet+ project guarantee” for Chinese enterprises’ overseas project contracting activities. This addressed the capital needs of enterprises in the process of carrying out overseas projects, and enhanced their capability to undertake projects. We have helped numerous enterprises go abroad with

strong capital behind them.

[Case] Tianjin Branch introduced FT accounts to help Tianjin Free Trade Zone fully realize high-level development

In November 2019, the Tianjin Branch officially launched the Free Trade Account (FT Account). Over the past year, through the connection of “two markets” at home and abroad, the branch has opened nearly 200 master FT accounts in aviation, engineering, medicine, and other high-tech, new economy and “new momentum” industries. It has achieved strong results in helping enterprises reduce costs and increase efficiency.

- **Helping enterprises significantly improve the efficiency in capital use:** Through the RMB-foreign currency integration feature and facilitation services of the FT accounts, the branch handled about 200 post-exchange settlement inbound payment transactions for a foreign-funded trading company, with a total consideration of RMB 70 million. The branch has helped lower the cost of customer account management, and effectively enhanced the efficiency in using corporate funds.
- **Effectively lowering enterprises' currency conversion costs:** We completed three exchange settlement transactions for receipt and remittance of project money for a large state-owned engineering enterprise. These transactions have a total value of HK \$700 million, and have used offshore pricing. Compared with exchange settlement via ordinary domestic accounts in the same period, we helped the customer save RMB 350,000 in currency conversion costs.

06 Going Digital and Spearheading Fintech Innovation

Introduction

The public is increasingly aware of the deep integration of finance and technology. The public is increasingly aware of the deep integration of finance and technology. In particular, since the coronavirus outbreak, contactless services and big data risk control have further highlighted fintech's value, and signaled that the financial industry is rapidly shifting toward "online operation of all processes". As a pioneer in the field of fintech, CMB has insisted on growing digital transformation, continuously increased investment in fintech, stimulated bank-wide vitality for fintech innovation, and joined hands with partners to build a fintech ecosystem, thereby helping form a new financial infrastructure in the digital era.

Relation with SDGs  	<p>Our management approaches</p> <ul style="list-style-type: none">• We increased investment in information technology, promoted the application of fintech innovation projects, continued to cultivate new capabilities in digital management, and built an agile IT infrastructure.• We created a regular small team-based innovation model, which mainly includes "Dream Program" and "Fire Program". We carried out innovation and exploration, and stimulated bank-wide vitality for innovation via the integrated project teams.• We established the fin-tech innovation ecosystem fund, sought excellent partners that have potential to develop ecosystem synergy with our businesses, and built medium to long-term strategic cooperative relations with such partners.• We cooperated with University of Science and Technology of China, Chinese Academy of Sciences and other research institutes for integrating industry, university, research and application, and explore the use of cutting-edge technologies in financial scenarios.
	<p>Our achievements</p> <ul style="list-style-type: none">• The investment in information technology amounted to RMB 11.912 billion, representing an increase of 27.25% year on year and 4.45% of operating income.• During the year, we submitted 618 applications for the fintech innovation project fund. Among these applications, 495 were approved, and 401 have been put into operation.

6.1 Building a Strong Fintech Presence

From 2017, apart from ordinary IT investment, CMB will invest 1% of its prior-year pretax tax into a dedicated fintech innovation project fund. In 2018, we increased the budgeted annual investment in the fintech innovation project fund to 1% of the prior year's operating income. This ratio was further raised to 1.5% in 2020. Moreover, we set low expectations for immediate financial returns on our investment in fintech innovation, in order to pursue longer-term output and returns with a more open and forward-looking perspective. We created an open and inclusive atmosphere and environment for innovation, encouraging and guiding bank-wide innovation efforts.

In terms of organizational structure, we set up a Fintech Committee under the senior management team. Our president and Chief Information Officer were appointed as chairman and vice chairman of the committee, respectively. The committee is responsible for reviewing CMB's fintech development strategy, matters related to ecosystem investment and external cooperation, approval of major bank-wide fintech projects, and more. We also revised our articles of association to require that our budgeted annual fintech investment should not be less than 3.5% of the previous year's operating income in principle.

In 2020, we overcame the challenges arising from the coronavirus pandemic, and made further investment in information technology. Our annual information technology investment reached RMB 11.912 billion, representing a year-on-year increase of 27.25% and accounting for 4.45% of operating income. Our fintech innovation project fund focused on five major directions in the year, including ecosystem building at customer end, exploration in business-end ecosystem, digital management, IT infrastructure and innovation incubation. Through introduction of ecosystem scenarios and digital transformation, we built a new digital bank that provides customers with efficient and convenient financial + daily-life service experiences. During the year, we submitted 618 applications for fintech innovation project fund. Among these applications, 495 were approved, and 401 have been put into operation, providing solid support for our exploration in digital operation model.

Continuing to foster new digital management capabilities	<ul style="list-style-type: none">Through fintech application and process optimization, we helped retail and corporate customers shift toward new digital business modelWe made our middle and back-office supporting and service procedures increasingly more automatic and smarter, which substantially enhanced efficiency in bank-wide operation and management.
Building agile IT infrastructure	<ul style="list-style-type: none">Cloud computing: We made our resources agile and elastic, enabled flexible reuse of components, and ensured efficient operation of capabilities.Big data: We provided high quality and efficient data application environment for business, and reduced data assets.Artificial intelligence: We strengthened our ability of developing and researching core technologies by ourselves, and outputted AI services via clouds.Blockchain: We expanded the scope of business applications where we apply blockchain technologies. The use of related applications has been accelerating. Our blockchain ecosystem is beginning to take shape.

[Case] We further optimized decision-making abilities in operations and management, effectively reducing operating costs

We continued to develop our capacity of intelligent operations. Using technology as the ultimate driver, we realized no human intervention and direct handling in 183 operations. In the process, 3.07 million items of manual work were eliminated by connecting paperless process and margin platform with business systems. Through the use of RPA (process automation) robot, OCR (optical character recognition), NLP (natural language processing), ASR (automatic speech recognition) and TTS (text-to-speech conversion), RFID (radio frequency identification) and other technologies, we replaced 27.23 million items of manual work in verification, input, submitting, consulting, notification and other processes in operations that involved accounts, Forex, payment settlement, among others.

From 2019 to 2020, we completed the development of smart management systems for self-service cash equipment and bank cards, saving RMB 24.48 million in operating costs. The intelligent cleaning project for self-service cash equipment helped save about RMB 6.96 million since being put into use. The intelligent voucher standby warehouse system and “Smart Choice of Benefits” system helped us reduce card issuance by 4.08 million and mail by 110,000 pieces since being put into use, and led to savings of about RMB 17.52 million.

6.2 Stimulating Vitality for Innovation

CMB has pushed ahead with the building of a regular small team-based innovation model, which mainly included “Dream Program” and “Fire Program”. We formed integrated project teams that explored innovations, and took various measures to create a bank-wide fintech innovation atmosphere.

Our small team-based innovation mechanism is an organic supplement for our fintech innovation mechanism. These small integrated project teams aimed to use new technologies and new models to explore innovations, with a focus on customer services in the digital era. In 2020, we introduced the 2.0 version of the regular small team-based innovation model, which supports project application submission at any time, quick review, immediate funding upon approval, and incubation support.

We have also built a preliminary regular mechanism called “Innovation Workshop”, which includes the project approval and selection mechanism for small teams, and the mechanism of setting up and conducting quarterly reviews on off-duty teams. In addition, an innovation incubation infrastructure and support system was established to include independent incubation centers established in partnership with external incubators. We optimized cloud services as well as the support for manpower outsourcing and procurement. We built a class system that is open to all CMB employees. Helped by the “Innovation Container”, we enabled small teams to verify MVP (minimum viable product) within three months. In one word, we have made bank-wide efforts to create a pro-innovation atmosphere and stimulate employees’ vitality for innovation.



Small team members exchanged ideas about innovation incubation

6.3 Creating an Open Ecosystem

In May 2020, CMB officially launched the Fintech Innovation Ecosystem Fund, which focused on forming business partnerships rather than pursuing financial returns from investment in investees. By establishing the fund, we aimed to find excellent partners that can generate ecosystem synergies with our businesses, and build a medium to long-term strategic partnership with them. We invested to strengthen these partnerships and make our relations with partners stickier and joining hands to create ecosystem scenarios to serve customers. Up to now, the fund has formed ecosystem cooperative links in three areas, namely corporate services, wealth management and risk management. We have formed alliances with tens of quality enterprises. Going forward, we will continue to promote partnership and investment in various cooperative ecosystem projects.

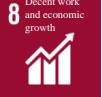
At the same time, we conducted cooperation in the mode of integrating industry, university, research and application to explore the use of cutting-edge technologies in financial scenarios.

- We teamed up with the University of Science and Technology of China to found a joint artificial intelligence laboratory that promotes both sides' use of their respective advantages, and realizes integration between tech innovation and industrial development.
- We have conducted in-depth cooperation with the Chinese Academy of Sciences in the field of natural language processing (NLP), focusing on areas such as financial knowledge graph and smart answering.

07 Being People-Oriented and Growing with Employees

Introduction

Talent is one of the key drivers for sustained economic growth and thriving enterprises. In the critical period of deepened transformation and reform of the banking industry, commercial banks need to retain and nurture quality talents, fully stimulate vitality of their employees, and move toward the longer-term future together with their employees. CMB is committed to building a quality career development platform, maintaining sound practices for hiring, developing and retaining talents, as well as further improving its holistic and diversified employee training system. This will support the continuous growth and development of employees. In the meanwhile, we have advocated the “light culture” throughout CMB, encouraged employees to express opinions in an open, equal and candid atmosphere, and grow together with CMB with a strong sense of “mastery”.

Relation with SDGs	Our management approaches
   	<p>Our management approaches</p> <ul style="list-style-type: none">• We insisted on equal hiring, expanded hiring channels, implemented the “six stability” and “six guarantees” policies, and extensively recruited excellent talents.• We put in place dual career paths for employees. One path is for employees who pursue managerial roles, while the other is for employees who look to develop in-depth technical expertise. We also built strong backup talent pools, and introduced “Young Eagle Plan”, “Seal Plan”, “Seashell Plan” and other talent development programs, in order to promote mobility and specialized development of employees.• We established a complete training system, providing various learning resources and training programs that fit employees at different development paths and stages.• We further promoted “light culture” and “clean management”. We conducted a diagnosis for our corporate culture, and strengthened employees’ recognition of our “Clean and Simple Codes at Work”.• We advocated work-life balance, and cared about mental and physical health of employees. We also organized a variety of recreational and sports activities for employees, and strived to build a bank with the best employee experiences.
	<p>Our achievements</p> <ul style="list-style-type: none">• We hired 9,072 new employees, and the total number of our employees (including contractors) reached 90,867.• Female employees accounted for 55.6% of all permanent employees that have signed labor contracts with CMB.• We organized 7,452 training sessions. 75,244 employees accepted training, and per-capita learning time hit 85.11 hours.

7.1 Attracting Excellent Talents

In 2020, we reformed our recruitment methods and processes, and expanded recruitment channels. We carried out multiple forms of recruitment, such as intern recruitment, campus recruitment, social recruitment and internal promotion to constantly expand the coverage of talent recruitment. In 2020, we hired 9,072 new employees through various recruitment channels.

Intern program	<ul style="list-style-type: none">• We launched the “dream factory” intern program in order to front-load the inspection process in campus recruiting, and form whole chain campus recruitment.• We partnered with Tsinghua University to establish the “Shuimu Zone” program. We also teamed up with Peking University to introduce the “Boya” intern program. These programs aimed to provide internship opportunities for students from Tsinghua and Peking Universities.
Campus recruitment	<ul style="list-style-type: none">• In September 2020, we held the Global Career Talk for Campus Recruitment at the Huazhong University of Science and Technology, with more than 150,000 students signing up.• In response to the Chinese government’s “Six Stability” and “Six Guarantees” policies, we continued our campus recruitment in an orderly manner amid the pandemic. We appropriately relaxed the graduation time requirement for prospective employees that we will hire in 2021. Some students that graduated in 2020 were also included in the recruitment scope.
Fintech training camp	<ul style="list-style-type: none">• With the theme of “Moving Tending to the Unknown Frontier”, the fourth season of our fintech elite training camp was organized, with a prize pool of RMB 1 million. The training camp provided students with the opportunities to study fintech ideas, experience cutting-edge fintech products, and deeply participate in fintech topics. Nearly 10,000 people signed up for the training camp, which was a record high.
Internal promotion	<ul style="list-style-type: none">• We continued the “Talent Seeker” employee referral program to encourage employees to recommend excellent talents internally. The program helped us expand the channels of introducing quality talents and in 2020, 53 employees successfully recommended 71 outstanding people from inside the company.



2021 Global Career Talk for Campus Recruitment



Fintech training camp

7.2 Providing Clear Career Paths

We put in place dual career paths for employees. One path is for employees who pursue managerial roles, while the other is for employees who look to develop in-depth technical expertise. Such dual career paths gave more choices and flexibility to employees regarding career development. It also helped us build strong backup talent pools. We encouraged employees to choose jobs and develop careers based on their own wills.

- **Managerial path:** We optimized the mechanism of choosing and appointing cadres to highlight the importance of grassroot work experiences. We also established a regular mechanism for team exchanges. We ensured that managers were selected in an open and fair manner. We gave more trust to young people.
- **Technical path:** Full-coverage and differentiated paths for technical advancement were launched to encourage employees to vertically develop their technical expertise. Employees on the paths at the same level will receive the same treatment. We look to build an “expertise-oriented” culture. Over 40,000 employees took part in our 2020 professional path assessment, and over 20,000 employees were promoted.
- **Backup talent pools:** We built a backup talent pool-based and market-oriented internal talent flow mechanism, and also constructed a platform where employees can choose posts and study independently, and various specialized teams can be developed. By the end of 2020, we created over 2,100 backup talent pools. Data for 130,000 employees was entered into the pools, and over 23,000 of these employees were transferred to new positions.

In terms of talent reserves and team building, we pushed ahead with our talent development programs such as “Young Eagle Plan”, “Seal Plan”, “Seashell Plan”, among others, in order to promote mobility and specialized development of talent.

- **“Young Eagle Plan”:** We further optimized the process management mechanism of the “Young Eagle Plan”, and implemented the mentor system. We followed up on evaluation in the probation period, and improved post-expiry arrangements. We started the post-expiry arrangements three months before the expiry of participants’ training in these plans. We have completed post-expiry arrangements for 160 participants that took part in the Young Eagle Plan, and 47% participants stayed in the exchange institutions.
- **“Seal Plan”:** We vigorously promoted the “Seal Plan”, and carried out 81 exchange programs in the year. Based on actual business needs, we introduced the innovative “Spring Seedling Plan”, under which we planned to enhance employees’ understanding of front-line business and customers, and enrich the talent exchange mode by sending key employees of the Head Office to attend exchange activities in branches.
- **“Seashell Plan”:** We strengthened in-house training of employees that belong to our overseas backup talent pools. For these employees, we introduced 36 in-house training courses covering six professional directions such as compliance management, risk management, and human resource management, among others. We also built the Seashell Plan in-house learning platform.

In terms of performance management, we adopted a two-dimension performance evaluation model, which has combined performance and ability assessment. The model also factored into both the contribution made by employees as well as their personal growth in work. In the meanwhile, we adopted the rule of “Forced Distribution” as the strategic choice in our performance management. We set certain proportions of excellent and disqualified employees in performance assessment, in order to enhance the professionalism and performance of our teams, and thereby drive our strategic transformation and system reform. In 2020, we vigorously promoted the full-process performance management, in order to enhance our overall performance management level.

- **Strengthening policy guidance:** Based on comprehensive and in-depth research, we issued the performance management guidelines and manuals, in order to unify bank-wide performance management mode, make our performance management more scientific and rational, and optimize the application of our performance assessment results.
- **Setting up a process management mechanism:** We carried out bank-wide performance communication every quarter, monitored and supervised consistently, and incorporated performance management into assessment of branches, in order to cement our performance process management.
- **Strengthening performance empowerment.** We developed performance empowerment courses and WeChat-based performance management courses, and incorporated these courses into the compulsory leadership training courses at all levels. We organized performance empowerment certification training courses that cover managers at all levels. Based on our platforms such as CMB E Newspaper and our internal forum Egg Shell, we opened many columns for publishing performance management-related articles, in order to promote the correct concepts and methods for performance management.
- **Using fintech.** We have built an inclusive taskforce combining talents from the Head Office and branches, in order to develop innovative full-process performance management system and further consolidate full-process performance management.

[Case] Jinan Branch introduced three-year career development plan, supporting growth of young employees

To strengthen team building and improve overall quality of young employees, Jinan Branch launched the “Plan of Joining Hands”, a three-year development planning program particularly designed for young employees. The program offers a systematic coaching process to support growth of young employees who have been employed for 1-5 years. By designating mentors, the program customized highly personalized and differentiated personal development plans for young employees, and strengthened the communication between mentors and employees, as well as mentor guidance for employees. By enabling mentors to deeply involve in employees’ development, and making records through the Three-Year Planning Logbook for Employee Development, we helped young employees find the right directions and accelerate their personal development.

In 2020, over 240 young employees took part in the Plan of Joining Hands, which was well-received by young employees and mentors of the branch.

7.3 Enriching Talent Development Modes

CMB adhered to the training concept of “creating value via studying”, and has established a sound training system. CMB encouraged its employees to develop strong expertise while studying knowledge in different areas. It strived to enable employees of different development paths and stages to find suitable learning resources and training programs regarding skills development, professionalism, expertise building and management knowledge, in order to promote their personal growth and career development. In 2020, we organized 7,452 training sessions. 75,244 employees accepted training, and per-capita learning time hit 85.11 hours.

Upgrading training management system	<ul style="list-style-type: none"> Through the BP (Business Partner) mechanism, we provided one-stop and integrated training services for business departments. BPs will take part in business departments' talent development, planning and top-level design. BPs also put forth integrated plans to address issues in daily training. We carried out selection activities for awards including "Best Training Organization", "Excellent Trainers" and "Top Ten Part-Time Trainers".
Optimizing training courses system	<ul style="list-style-type: none"> We introduced the CMB education system optimization project. In partnership with Deloitte Management Consulting (Shanghai) Co., Ltd., we established talent training paths and standards for six core positions, drew the study map of "compulsory + optional + exemption" courses, and compiled the curriculum syllabus. We embarked on bank-wide efforts in enhancing course management and developing "select" courses. In 2020, CMB administrated the development of 366 "select" courses. The Head Office published 724 courses, and branches published 934 courses.
Improving the system of implementing trainings	<ul style="list-style-type: none"> We optimized the training effectiveness index survey, conducted the employee training satisfaction survey quarterly, and followed up on the management improvement and optimization effect. We promoted the training mode of "7:00 PM on Wednesday" in outlets, and conducted sample checks on the implementation of the training mode by outlets with respect to training frequency, end time of training, etc. We also followed up on feedback from trainees as well as employee opinions posted on the "Egg Shell" webpage, in order to enhance training efficiency.
Boosting trainers' capabilities	<ul style="list-style-type: none"> For part-time trainers: We built a closed-loop management mode of "selection, training, use and incentive", and established "double-line empowerment" system that covers both expertise and training skills. For training administrators: We formulated the Plan of Developing Empowerment System for Training Administrators, implemented the in-flight classroom of "Online Learning Project Design and Implementation", and developed the Guidelines for Design and Implementation of Online Learning Programs.
Deepening online education platform	<ul style="list-style-type: none"> We launched the new version of the CMB University APP. Through mixed learning, livestream learning, assigned learning, mentor-student learning, gamified learning, community learning and other highlighted functions, the app promoted digital training and education.

We attached importance to improving employees' professional capabilities and empowering them based on their personal traits. In 2020, we mainly focused on carrying out training programs such as training for new employees, leadership training, as well as training for part-time trainers and training administrators at the Head Office.

Training for new employees	<ul style="list-style-type: none"> We implemented a new employee training system featuring support from companions. CMB University has unified the training mode and content for new employees, and developed guidance manuals and standard courses for new employee training that have been shared among branches. The Head Office conducted centralized training for new employees hired by branches. By interactive course learning and sharing within teams, we helped
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	<p>new employees understand corporate culture and master required knowledge.</p> <ul style="list-style-type: none"> In 2020, we carried out eight rounds of centralized training for new employees in the Head Office, which lasted for more than 60 days. Over 1,400 new employees in CMB received the training.
Training for managers	<ul style="list-style-type: none"> We established a manager training system that is characterized by CMB elements, differentiated, light and regularized. We introduced flipped classroom, ability assessment, action learning, real scenario exercise and other new teaching methods. Based on the closed learning loop of “preliminary assessment - online learning - focused learning and discussion-on-job practice- assessment afterward”, as well as the real management scenarios after the centralized training, we helped trainees quickly apply the learned knowledge, and improved the learning effect. In 2020, we have carried out nine rounds of training for young teams, middle-level teams of branches, supervisors and key executives of the Head Office. These training sessions lasted for more than 90 days with over 300 managers trained.
Training for part-time trainers and training administrators	<ul style="list-style-type: none"> We carried out 8 rounds of trainings for part-time trainers, empowering 713 part-time trainers. Average graduation ratio reached 96.5%. We implemented the in-flight classroom of “Online Learning Project Design and Implementation”. About 400 training administrators had ten livestream studying activities, and 36 social group interactions. We carried out three rounds of “Learning Experience Enhancement Training Camp”, in order to help training administrators master tools and methods of enhancing the experiences of trainees, and boosting the overall quality and effectiveness of CMB training.

We supported and encouraged all employees to take part in 66 professional qualification examinations including CFA (Chartered Financial Analyst), FRM (Financial Risk Manager) and CPA (Certified Public Accountant). We reimbursed all relevant fees for employees that took these examinations. In 2020, we provided financial support for more than 500 employees that passed professional qualification certification.

We actively cooperated with external parties. We partnered with Renmin University of China, Guanghua School of Management at Peking University, China Europe International Business School, and other higher education institutions and research organizations to design courses on strategy execution, fintech and digital transformation. We also teamed up with these external parties to carry out teaching activities.



Theme training activities for new employees



Training activities for managers

7.4 Promoting Light Culture

In November 2019, CMB introduced “Clean and Simple Work Codes”. In 2020, we launched the “Fun Promotion Video for Clean and Simple Work Codes” as well as its derivative posters, light culture wall, light culture-themed poster series, and pictures for CMB strategy detailing. Through such materials, we helped employees understand the light culture in a simpler and fun way. We also produced programs such as “Idol for Clean and Simple Work Codes”, “Talks about Clean and Simple Work Codes”, “Discussing Clean and Simple Work Codes with Big Shots”, among others, to publicize those who have done an excellent job in performing the codes, and carry forward the culture in the codes.

To strengthen the “cultural diagnosis”, CMB for the first time launched a topical survey on its healthiness in terms of corporate culture. The survey polled all CMB employees. Each employee received a “Questionnaire on Our Clean and Simple Index” in the survey. Moreover, we kept upgrading the questionnaire to enable it to fairly assess our management and culture, and become an efficient tool of promoting the building of light culture.

Clean and Simple Work Codes

- 1 Speak in a short and simple way. We are all busy.
- 2 We are not artists. Don't spend too much time making PowerPoint presentations.
- 3 It's most difficult to roll up your sleeves and work, but it's also the simplest thing to do.
- 4 Finding a problem and not solving it is worse than not finding it.
- 5 The market is changing all the time, and it doesn't wait for you. Only discuss things once. If you can't make a decision, tell your boss immediately.
- 6 Do the right thing, even if it is not related to your KPI.
- 7 You are not superior to your subordinates; and your bosses are not superior to you, neither.
- 8 It's okay that there is an objection. It's not okay when there is no objection at all.
- 9 Everyone's ideas are equal in front of data.
- 10 Don't use your power to highlight your existence. People like you only because you create value.



Scan the QR code to watch the “Fun Promotion Video for Clean and Simple Work Codes”

7.5 Caring for Employees in Daily Life

CMB advocates the lifestyle of working hard and living happily. While encouraging its employees to work hard, it also encourages them to participate in various recreational and sports activities. CMB has regularly organized various activities that can boost employees' physical and mental health, as well as enrich their spare time life.

In terms of employee satisfaction, we used our employee satisfaction survey and employee experience barometer survey to build a relatively sound employee experience monitoring mechanism. We are dedicated to become the bank with the best employee experiences. In 2020, we efficiently completed the employee satisfaction survey for 2019, analyzed the survey results, and prepared nearly 80 reports for each department of the Head Office and branches. The reports have identified problems that were spotted in the satisfaction survey. We issued *Measuring Temperature for CMB – A Picture Depicting the 2019 Employee Satisfaction Survey Analysis*

reports were customized for different categories of managers such as subbranch heads, wealth management account managers and strategic account managers to provide guidance for management work. We also carried out three rounds of the employee experience barometer survey, and developed online survey reports that are customized for heads of each department in the Head Office and branches. Again, these reports detailed the survey results and provided guidance for managers.



Dongguan Branch organized a hike to strengthen team cohesiveness



Guangzhou Branch held a “CMB Voice” online singing competition

08 Uniting Everyone's Strength and Encouraging Everyone to Participate in Charity

Introduction

Community provides the basic environment where enterprises stand, grow and take root. As part of the community, enterprises should also actively participate in community development to make the community more prosperous and beautiful. CMB is deeply aware of its responsibility as a corporate citizen. With enthusiasm, we pay close attention to the needs of our communities and those underprivileged groups. We continued to carry out donation activities such as "More Pleasure from Monthly Donations" and "Points for Micro Charity". We strived to bring together love of employees, customers and those in all walks of life to make our society better.

Relation with SDGs	Our management approaches
 1 No poverty	<p>• CMB has built an online charitable platform. Using its strong platform and channels, and through the "More Pleasure from Monthly Donations" and "Points for Micro Charity" programs, CMB has supported charitable projects in terms of targeted poverty alleviation, disaster relief, child care and environmental protection.</p> <p>• Upholding the responsibility concept of "Gaining from society and contributing to society", we paid attention to charitable fields such as poverty alleviation, education, the disabled and handicapped, and environmental protection, among others. We also actively participated in volunteering activities.</p>
 2 Zero hunger  3 Good health and well-being  4 Quality education  10 Reduced inequalities	<p>Our achievements</p> <ul style="list-style-type: none">• RMB 3.6295 million was donated via "More Pleasure from Monthly Donations" platform through the year.• 88,800 people took part in the "Points for Micro Charity" platform, and donated 24.17 million points.

8.1 Expanding Our Charity Platform

Along with the growing use of the Internet in our day-to-day lives, many innovative charitable platforms have emerged. CMB started to build its online charitable platform in 2013. In the past eight years, CMB kept leveraging its strong platform and channels to support charitable projects in terms of targeted poverty alleviation, disaster relief, child care and environmental protection. CMB lowered the threshold for donors to participate in charity, and facilitated the implementation and operation of charitable causes.

“More Pleasure from Monthly Donations”

“More Pleasure from Monthly Donations” is a small monthly donation program we launched together with many charitable institutions. Donors can easily sign up for small monthly donation for projects through CMB’s official website or the CMB App. They can make donations every month via “CMB Charity”, and extend warmth to and help rural children, children left-behind and other needy groups. In 2020, RMB 3.6295 million was donated via the “More Pleasure from Monthly Donations” platform.

Projects under “More Pleasure from Monthly Donations”	Partner charitable organization
One Family Monthly Donation Program	Shenzhen One Foundation
Hope Project Library	China Youth Development Foundation
Happy Home for Children	China Children and Teenagers' Fund
200 KM Great Wall Border Greening Plan	China Green Foundation
Love and Education Promotion Program	Chinese Red Cross Foundation
Hope Kitchen	China Youth Development Foundation
Sunflower Children's Growth Fund	China Children and Teenagers' Fund

“Points for Micro Charity”

We have organically combined charity with credit card bonus points to create a crowdfunding charitable platform called “Points for Micro Charity”. It allows cardholders to participate in charity through points donation, and extend care to families with autistic children and donate books for children in poverty-stricken areas.

In 2020, the “Points for Micro Charity” platform carried out charitable activities themed on “Points are not only for giving rebates to customers, but also for delivering love and responsibility” on World Autism Day (April 2), the World Book Day (April 23) and other auspicious days. In these activities, the platform called on people to donate their bonus points on the CMB App. Throughout the year, 88,800 people took part in the “Points for Micro Charity” platform, and donated 24.17 million points. These points were converted into 12,000 social integration classes for autistic children, 90,000 free lunches and 23,000 books.

Users will get electronic donation certificates after donating on the “Points for Micro Charity” platform, which will record both a users’ individual and accumulated donations of bonus points in every charitable project. This has enhanced donors’ sense of fulfillment. In the meanwhile, the platform updated the total number of points donated by users in real time, and published the actual donations of various charitable funds in the prior month on a monthly basis.

526 million points have been donated since the launch of the “Points for Micro Charity” platform, which can be converted into 368,000 social integration classes for autistic children, 2.48 million free lunches and 274,000 books.

8.2 Promoting Volunteering Services

Since its establishment, CMB has upheld the responsibility concept of “Gaining from society and contributing to society”. We paid attention to charitable fields such as poverty alleviation, education, the disabled and handicapped, environmental protection, among others. We also teamed up with stakeholders to jointly perform social responsibilities.

[Case] Witnessing the strength of young Chinese people, and lighting up the dream of educational equality

We have always paid close attention to the development of charitable undertakings for young people. Since 2007, we joined hands with China Children and Teenagers' Fund to establish “Sunflower Children's Growth Fund”. Over the years, we launched “Plan of Motivating Rural Children in Education in Thousands of Villages and Towns”, “Sunflower Children's Piano Art Project”, “Sunflower Qiang Children's Choir”, “Financial Classes for Small Sunflower Wealth Management Experts” and other charitable programs for young people. Through these efforts, we helped more teenagers access the best educational resources and assisted in nurturing society's future leaders.

From September to November 2020, together with UNESCO International Research and Training Center for Rural Education as well as China Education Online, we jointly launched the fourth “Sunflower Search for Chinese Youth Who Changed the World” charitable activity. The activity was divided into three parts: “Young Talks” charitable short video UGC contest, “Young Studying” charitable course learning and planning contest, and “Young Studying” charitable plan implementation. Through this activity, we called on the new generation to use their insights and actions to help boost education in those mountainous regions.

At the “Young Talks” part, we introduced the charitable short video UGC contest themed on “Different Classrooms with the Same Young Dream”. Over 5,000 videos were submitted to the contest, and 30 teenagers were shortlisted. At the “Young Studying” part, contestants joined hands with UN representatives and education experts to further polish the methodologies in their charity plans. Working in different groups, contestants prepared many innovative and feasible solutions for promoting educational equality, such as “Improving the Comprehensive English Ability of Rural Students through Mutual Assistance”, “Circulation of Books and Relaying in Reading”, and “Developing Critical Thinking of Rural Students”. In the end, the young delegation “The Bridge” went to Yunnan Province with the charitable plan called “Improving the Comprehensive English Ability of Rural Students through Mutual Assistance”. The aim was to closely communicate with children in mountainous areas, continuously introduce useful learning resources from cities into mountainous areas, address the difficulties arising from lack of teachers in mountainous areas, and improve overall quality of rural students.

[Case] Suzhou Branch grew with teachers and students in a school for migrant workers' children

Shimatou School, located in Mudu Town, Suzhou City, was a school dedicated to addressing the schooling needs for children of migrant workers. Suzhou Branch made full use of its strong fintech and integrated resources to address the actual needs of the school, and build a harmonious campus together with teachers and students.

- **Solving families and school's problems via fintech:** The branch has launched online cloud payment services for the school, including payment, refunding, payment calling and account checking services. These services allowed users to complete related processes online, which solved pain points such as parents' on-site use of physical bank counters and tedious manual account checking of the school's financial staff in day-to-day school expense payments. By the end of 2020, the branch has served 4,889 students' parents and helped them complete 15,051 payments, providing convenience for the school and parents.
- **Donating anti-pandemic materials when classes resume:** In April 2020, when all other schools were resuming classes in an orderly fashion, the Shimatou School did not have enough face masks. After learning of their troubles, the branch found 10,000 facemasks within three days, and donated them. After the school resumed classes, the branch sent a temperature measuring system to the school, which supported the school's logistical work.
- **Extending love to teachers:** The branch and the school join hands to hold birthday parties for teachers once every quarter, bringing happiness and respect with songs and smiles. In addition, the branch donated school bus positioning service systems to the school, and helped the school build the "Bing Xin" book corner, etc. By holding these activities, we extended our love to teachers and students in the school.



Shimatou School in Mudu Town

[Case] Wenzhou Branch worked with local government authorities to help disabled people

In November 2020, Wenzhou Branch, together with Wenzhou Disabled Persons' Federation and other authorities, held a charitable activity with the theme of "Build A Good Future Together" on the International Day of Disabled Persons. More than 300 people, including representatives of charitable organizations, sponsoring entities, volunteers, and representatives of the disabled in the community, participated in the activity. Eighty disabled people accompanied by volunteers completed tasks in the activity. At the finish line, the branch had a "financial service station" to explain financial knowledge to volunteers and the disabled in a professional and considerate manner. The branch was honored with the award of "Unit with Care". The four sub-branches and the CCYL committee of the branch entered into partnership with the participating charitable organizations to explore more possibilities in "charity + finance".



Changsha branch carried out a voluntary blood donation activity

ESG Report

Governance Performance

Corporate Governance

CMB carefully complied with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Securities Company Governance Standards* and other laws, regulations and normative documents, and constantly improved its corporate governance system.

In 2020, in face of complex economic and financial dynamics at home and abroad, the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the special committees gave full play to their professional advantages and earnestly performed their duties. They made forward-looking research and scientific decision-making in terms of strategic guidance, risk management, internal control compliance, inclusive finance development, related transactions management, incentive and restraint mechanisms, consumer protection and corporate governance construction and other aspects. They effectively safeguarded interests of all shareholders, and continued to lead CMB to move toward the development vision of "becoming the best Chinese commercial bank that drives business through innovation, has a leading position in retail banking, and provides characteristic services".

In terms of the composition of board members, CMB adhered to the principle of specialization and diversity. CMB ensured that the board member diversity reflected professional experience, skills, knowledge, tenure of service, region, culture, educational background, gender and age. According to CMB's articles of association, CMB had a total of 18 director positions. As at the end of 2020, we have 17 directors, including 8 shareholder directors, 3 executive directors and 6 independent directors. Shareholder directors (including one female) are senior executives from large enterprises. The executive directors have worked in the banking industry for a long time and have rich professional experience. The independent directors include university professors, investment specialists, retired executives of enterprises and well-known figures from the financial sector of Hong Kong. While bringing international perspective and professional experience, they have also maintained independence. In 2020, the Board of Directors actively performed its duties in terms of inclusive finance, consumer protection and social responsibilities. It has completed the following tasks: (1) The Strategic Committee of the Board of Directors considered and passed *A Proposal to Set More Inclusive Finance-Related Responsibilities for Strategic Committee of the Board*, as well as the *Report on Development of Inclusive Finance in 2019 and Work Plan for 2020*. The Strategic Committee of the Board added inclusive finance into the scope of its responsibilities. The Strategic Committee is responsible for reviewing the development strategic plan, annual business plan and basic management systems of inclusive finance to better guide the development of CMB's inclusive finance business. (2) The Committee on Management of Related Party Transactions and Protection of Consumers' Rights and Interests of the Board of Directors considered and passed the *2019 Work Report on the Protection of Consumers' Rights and Interests* and the *Work Report on the Protection of Consumers' Rights and Interests in the First Half of 2020*. The committee also considered the *2019 Customer Complaint Analysis Report* and the *Report on Interpretation of the Key Points of the Implementation Measures for Protection of Financial Consumers' Rights and Interests of the People's Bank of China*; (3) The Board of Directors considered and passed *A Proposal to Set More Inclusive Finance-Related Responsibilities for Strategic Committee of the Board*, the *Report on Development of Inclusive Finance in 2019 and Work Plan for 2020*, the *Work Report on the Protection of Consumers' Rights and Interests in 2019* and the *2019 Sustainability Report*. (2) Non-executive directors considered the *Report on Using Fintech to Promote Sustainable Development of Inclusive Finance*.

The Board of Supervisors of CMB has 9 members. The three shareholder supervisors have assumed key roles in large state-owned enterprises, with rich experiences and expertise in corporate management, finance and accounting. The 3 employee supervisors have engaged in management and operation in banking industry for a long time, and have rich financial expertise. The 3 external supervisors specialized in and have rich practical experiences regarding economics and management research, accounting and corporate management. The members of the Board of Supervisors are equipped with the required professionalism and expertise, which enable them to duly perform the supervisory roles. In 2020, the Board of Supervisors effectively oversaw the performance of the Board of Directors and senior management, while actively protecting legal rights and interests of CMB, shareholders, employees, creditors and other stakeholders. It has completed the following tasks: (1) The Board of Supervisors considered the *2019 Sustainability Report*, *2019 CMB Report for Protecting Consumers' Rights and Interests*, and other issues. It has consistently supervised CMB's performance of social responsibilities, particularly protection of consumers' rights and interests; (2) Supervisors attended meetings of directors and special committees under the Board of Directors. On these meetings, supervisors paid particular attention to issues such as inclusive finance, protection of consumers' rights and interests, as well as performance of social responsibilities. Supervisors also gave advices on these issues; (3) Supervisors attended meetings of the President's Office and other senior executives, in order to supervise senior executives' performance of board resolutions and specific ESG-related measures; (4) Employee supervisors regularly reported their work outcome and participation in supervisory work for 2019 to employee congress. They also collected advices and request from employee representatives, and communicated such advices and request to related departments. They prioritized employees' demand with respect to work, family and mental & physical health. Moreover, when conducting field researches at subbranches, the Board of Supervisors expressed gratitude to frontline employees and their family members for their efforts paid to overcome the challenges in the process of fighting the pandemic. This move demonstrated supervisors' care for employees and their resolution to protect employees' interests.

In order to enhance board members' ability for performing their duties and their governance level, we actively carried our training for board members. In November and December 2020, we specially prepared anti-money laundering and sanctions compliance courseware applicable to directors, supervisors and senior executives in accordance with related regulatory documents and work requirements for anti-money laundering classification and rating. We focused on training and testing of directors, supervisors and senior executives regarding their anti-money laundering duties, the first, second and third defense lines in anti-money laundering, compliance situation and management requirements of international economic sanctions, and punishment for violations, among others. In December 2020, upon request of CSRC Shenzhen branch, we organized directors and supervisors to join in the Convention for Enhancing Quality of Listed Companies in Shenzhen by means of video conferencing, to study the "Report on Development and Supervision of Listed Companies in Shenzhen", interpretation of "Opinions of the State Council on Further Improving the Quality of Listed Companies", and the best corporate governance practices among Shenzhen-based listed companies.

Details of our corporate governance are provided in the "Corporate Governance" section of 2020 Annual Report of CMB.

Communication with Investors

We actively communicated with investors, kept abreast with the issues that investors cared about, actively responded to investors' concerns, and guided market expectations in a timely manner.

Amid the pandemic, we innovatively held earnings announcements via live broadcast. We held an annual results announcement and an interim results announcement in this year. We also organized one quarterly results announcement and one communication activity by phone. The number of investors, analysts and journalists attending the full-year earnings announcement reached 1,029,

and 934 attended the half-year earnings announcement. In the wake of the earning announcement, the President and two Vice Presidents respectively led teams to hold 10-day online roadshows with major institutional investors in Hong Kong, the UK, Luxembourg, Australia, Singapore and China. In these roadshows, they met 240 large investment institutions, which boosted investors' confidence on the future business growth of CMB. We carefully planned and held video conference and teleconference on quarterly results. We also organized communications between senior executives and shareholders after the general meetings of shareholders as well as the extraordinary general meetings, in order to deepen investors' understanding of CMB's development strategy.

We kept detailed records for all important meetings such as earnings announcements, global roadshows and communications after a general meeting of shareholders. We are the only domestic listed company that compiled and shared meeting records with investors at the earliest opportunity, which won praise from domestic and overseas investors.

Information Disclosure

The Board of Directors, the Board of Supervisors and the senior management of CMB attach great importance to information disclosure. Based on our strong corporate governance, solid internal control and a sound information disclosure system, we keep strengthening information disclosure management, and thoroughly protect the rights of all shareholders (especially small and medium-sized ones) to access information in a timely, accurate, and equal manner.

In 2020, we strictly abided by applicable laws and regulations on information disclosure at home and abroad, and disclosed all major information in a truthful, accurate, complete, timely and equal manner. We have disclosed a total of 230 documents (without any information disclosure errors) on the Shanghai Stock Exchange and HKEx. These have included periodical reports, interim announcements, corporate governance-related documents, shareholder circulars, among others, with over 1.88 million Chinese characters in total. The breadth and depth of our information disclosure in terms of proactivity and transparency was further enhanced while fulfilling statutory information disclosure obligations. We actively issued preliminary annual results, displayed CMB's strategy implementation results and differentiated competitive advantages from multiple perspectives in the periodical reports, and reasonably guided market expectations. In combination with the macroeconomic and financial situations, and fully considering hot issues that investors are concerned about, we actively disclosed the pandemic's impact on our business development and asset quality control, which won praise from investors. In addition to regular disclosure channels, we also explored and adopted H5 and other channels to display the annual report core data to bring more clarity to investors.

We built a sound information disclosure system and in 2020, strengthened compliance education and day-to-day supervision. Reminders were periodically sent to fortify information disclosure management and prevent insider trading. We clearly defined what information shall be deemed as significant and sensitive information, as well as quantitative standards applicable to this information. We also effectively boosted the accuracy and timeliness in disclosure of significant and sensitive information. In addition, the compliance awareness of entities responsible for information disclosure at CMB was further enhanced. On the basis of our existing work practices, we kept adjusting and optimizing information disclosure procedures and strengthened implementation of our information disclosure-related rules and systems.

We are committed to carry out information disclosure in a more proactive and transparent manner. Our information disclosure work has been praised by regulators. One example is in the Shanghai Stock Exchange's annual assessment of listed companies' information disclosure in 2020, where we received the top score of Grade A.

Economic Performance

In 2020, we adhered to the strategic goal of becoming a “Light-operation Bank” and the strategic positioning of “One body with Two Wings”. We further advanced our business transformation and enhanced our abilities to create value.

Indicator	2018	2019	2020
Total assets (RMB million)	6,745,729	7,417,240	8,361,448
Operating income (RMB million)	248,555	269,703	290,482
Total profit (RMB million)	106,497	117,132	122,440
Net profit (RMB million)	80,819	93,423	97,959
Total taxes ¹ (RMB 100 million)	599.50	508.65	549.95
Nonperforming loan ratio (%)	1.36	1.16	1.07
Capital adequacy ratio (%)	15.68	15.54	16.54
Allowance coverage ratio of non-performing loans (%)	358.18	426.78	437.68
Return on Average Assets Attributable to Shareholders (ROAA) (%)	1.24	1.31	1.23
(ROAE) Return on Average Equity Attributable to Shareholders (ROAE) (%)	16.57	16.84	15.73

Note 1: The “total taxes” specified in the reports of 2019 and before represented the combined amount of “income tax” and “tax and surcharges”, which were disclosed in CMB’s consolidated income statement. In 2020, we adjusted the calculation method for this indicator. The “total taxes” now represents the amount under “paid taxes” in CMB’s consolidated cash flow statements, which can more accurately reflect CMB’s tax payment. We also restated the data for 2019 and 2018 in the above table.

Risk Management

We established a robust and comprehensive risk management system, adhered to the core principle of creating value via risk management, insisted on coordinated development of quality, efficiency and scale, and complied with the principle of providing “Comprehensive, Professional, Independent and Balanced Management”. We further optimized the independent and balanced risk management mechanism and procedures. Focusing on “customer + technology”, we adopted the principle of openness and integration to further strengthen empowerment via fintech, and expedite risk management’s shift toward the “fundamentals-based” mode. We accelerated the building of customer-centered overall risk management capabilities that support the integrated operation of investment banking and commercial banking, and constantly refined our risk management practices.

Our Board of Directors was ultimately responsible for risk management affairs and the Board of Supervisors oversaw the risk management work. The senior management team directly led the risk management work, and our business departments, domestic and foreign branches, and risk consolidation companies closely cooperated in the risk management work, while our audit department independently audited the risk management work.

We adhered to maintaining sound risk preferences and risk appetite. The factors that decided the amount of risk appetite included overall risk, capital, profit, reputation and compliance. We accurately defined, clearly measured, prudently assessed and proactively managed all material risks faced in day-to-day operations. This ensures that all business activities are effectively

implemented within our risk appetite framework and match our risk tolerance and capital adequacy. We also strived to maximize our risk return within the set risk tolerances.

We set up a comprehensive, hierarchical and vertically-integrated risk management education and training system for training. Additionally, we targeted meeting the different learning needs of our employees through rich and diversified training methods, and constantly enhanced the pertinence and professionalism of our training programs.

In terms of assessment, while coordinating business development and risk management, a performance assessment index system was established that factors into both economic benefits and risks. Through our assessment mechanism, we guided the stable development of our business units while ensuring risks are under control.

In view of the development situation of the coronavirus pandemic as well as applicable regulatory requirements in 2020, we completed the CMB stress test for pandemic impact, CBIRC's stress test for joint stock banks and PBoC banking stress test for 2020. These tests have incorporated GDP, interest rates, exports, and other macro stress scenarios into their risk factor transmission models, and targeted various asset classes. These tests have estimated the changes in CMB's asset quality, capital adequacy level and profits under different stress scenarios. Moreover, they also measured the financial market volatilities' impact on CMB's on-and off-balance sheet activities. Risks covered by these tests have included credit risks, market risks, liquidity risks, among others. Test results showed that a deterioration in macro-economic conditions will negatively impact CMB's asset quality and profits. However, thanks to our prudential risk management system, adequate loan loss provisions and sound liquidity management, CMB's indicators including capital adequacy ratio and liquidity coverage ratio can meet the basic regulatory requirements under various stress scenarios, demonstrating a strong ability to fend off risks.

Key Risk Management Work in 2020

- We continuously strengthened management procedures for risk consolidation, improved the risk appetite and authorization management of subsidiaries, and prepared the core risks systems. We bolstered the investigation and assessment of subsidiaries' risk management practices, and guided our subsidiaries to further enhance their risk management systems.
- The risk exposure management tool was further improved, and we launched the 3.0 version of the single customer limit model. In addition, the country risk limit management system was introduced, along with the large-sum customer monitoring platform, while further improving the unified risk views of customers.
- We enhanced the differentiated credit risk rating model for interbank customers, as well as limit modeling, entry, and an early warning indicator system for partner institutions.
- Risk management measures were also formulated for cooperative businesses to clearly define management requirements in cooperative businesses and institutions, while promoting the incorporation of our cooperative business into our unified risk views.

Business Ethics and Anti-corruption

We established the *CMB Measures for Accountability Management*, *CMB Measures for Handling Employees' Violation of Rules and Disciplines*, *Ten Rules of CMB on Right Behaviors and Disciplines (Second Edition)*, and other system documents, in order to build an anti-corruption atmosphere for our employees and increase employees' self-discipline. Our aim is to build a workplace where nobody is able to, dares to or wants to bribe anyone.

In terms of the receipt of complaints and whistleblowing, we have issued the *Administrative Measures for Disciplinary Inspection and Supervision on Complaint and Whistleblowing*, which standardizes the whistleblowing channels as well as procedures for receiving and handling whistleblowing situations.

- **Whistle-blowing channels:** Discipline inspection and supervision departments at all levels of the Head Office and branches regularly disclosed the accepted whistleblowing scope, mail address for whistleblowers, locations for receiving complaints and whistleblowing information, as well as phone numbers, fax numbers and email addresses for receiving this information. We also regularly open the mailboxes for receiving whistleblowing information and ensure that at least two employees receive and handle complaints and whistleblowing.
- **Procedures of receiving and handling whistleblowing:** We strictly implemented the *Work Rules of Discipline Inspection and Supervision Organs for Handling Complaints and Whistleblowing*, which divided the procedures into three parts, namely complaint receiving, clue processing and clue settlement.
- **Protection of rights and interests of whistleblowers:** Suppression, discrimination, harassment, retaliation and framing against whistleblowers and their relatives is strictly prohibited. Transfer of materials and information about whistleblowing and accusations of the reported parties or unrelated units was strictly prohibited. We investigate and punished any activity that violates a whistleblower's civil rights.

In 2020, centering around the release of *CMB Administrative Measures of Criminal Cases*, we launched training activities that warned all employees against criminal activities. At the same time, we held over 100 integrity-themed classes for disciplinary inspection committee secretaries from different levels. In these classes, the key policies and typical criminal cases were interpreted to further enhance integrity and self-discipline of our teams.

Indicator	2018	2019	2020
Number of concluded corruption lawsuits that were filed against CMB or its employees	—	—	0
Number of employees punished for irregularities	891	659	391
Number of pre-appointment integrity talks with managers	2,410	2,194	2,223
Number of Signed Letters of Responsibility regarding Integrity Maintenance and Irregularity Prevention in CMB	180	186	188

Anti-money Laundering

In 2020, we strictly performed our statutory anti-money laundering obligations, and kept strengthening our money laundering risk management capabilities. As a result, we stemmed the use of our services or products in illegal activities.

- **Fintech application:** We used AI technology to improve our transaction monitoring rules. We enhanced the efficiency and accuracy in monitoring of suspicious transactions. We reported a batch of suspicious transactions that involved gambling, fraud, illegal fundraising, illegal operation and illegal banks to the China Anti-Money Laundering Monitoring and Analysis Center in the year. We have substantially helped to fight crime and protect the interests of customers and the public.
- **Inspecting and managing key risks:** We have inspected and managed key risks such as activities that are suspected to involve gangsters, gambling or fraud. We quickly acted to control risks of suspicious accounts, and made full use of anti-money laundering financial intelligence.

- **Popularization of anti-money laundering knowledge:** We actively disseminated basic knowledge about anti-money laundering, counter-terrorism financing and anti-tax evasion regulatory systems to the public, while reminding of related risks, and helping them protect themselves. Anti-money laundering messages and related videos were shown on our official website, electronic screens at outlets and WeChat accounts. Anti-money laundering knowledge was also displayed in posters, leaflets, and other promotional materials provided in outlets. In addition, our counter tellers actively communicated anti-money laundering knowledge to customers, and actively visited communities, enterprises and schools to publicize basic anti-money laundering knowledge and typical money laundering cases by handing out related materials or by other means.

In terms of KYC (Know Your Customer), we actively moved anti-money laundering KYC online. We have standardized KYC operation procedures, in order to enhance effectiveness of KYC and our ability of identifying risks. Moreover, we applied AI technology in the business account opening process to assess customers' anti-money laundering risks on a real-time basis. Through these measures, we realized a pre-warning system against money laundering risks, and effectively stemmed account opening by customers that pose high telecom fraud risks.

Intellectual Property Protection

In order to enhance employees' awareness of intellectual property protection and strengthen intellectual property management, we issued CMB Administrative Measures for Legalization of Software, CMB Rules on Intellectual Property Management, and Notice on Strengthening Copyright Management in Business Activities. All employees are required to standardize copyright management in business activities, purchase legitimate software and authorized pictures, strengthen the protection and utilization of intellectual property while respecting others' intellectual property, actively apply for patents and software copyright registration, encourage invention and creation, and promote independent innovation.

Procurement Management

We formulated over 20 procurement-related systems, including *CMB Administrative Rules for Procurement (Second Edition)*, *CMB Administrative Measures for Centralized Procurement (Fourth Edition)*, *CMB Administrative Measures for Decentralized Procurement (Second Edition)*, *CMB Rules Governing Suppliers, Management Regulations for Procurement and Supply in Projects under Head Office Central Procurement Catalogue (Second Edition)*, among others. Following the principles of "openness, fairness, impartiality, competition, effectiveness, efficiency and honesty", we adopted the system of publicizing procurement information and announcing transaction results. Suppliers were selected via both centralized and decentralized procurement processes. Hierarchical and classified management for suppliers were also adopted. For suppliers with poor records, we note the reasons for the poor records in the procurement system and stop using these suppliers.

We actively used RPA and external credit information platforms such as Smart Eye for Enterprise (企业慧眼) and Tianyancha to complete online processing for business scenarios such as supplier access review, information modification and dynamic risk monitoring. This realized the dynamic monitoring of risk information of supplier resources based on the bank's database and strengthened the risk control of suppliers throughout the whole procurement process.

- **Suppliers' social risk management:** Suppliers were urged to strengthen labor management and ensure labor health and safety by adding safety management requirements for suppliers in overall procurement requirements and requiring suppliers to provide social security certificates for major project personnel.

- **Supplier environmental risk management:** While ensuring compliance with the procurement requirements, as well as applicable quality and service standards, we preferred energy-saving and eco-friendly products. When procurement involves environmental requirements, suppliers are required to have an ISO14001 management system certification, China Environmental Labeling Product Certification and other relevant qualifications. Those who can provide these qualifications can get extra points in the supplier grade ranking. Moreover, in the process of implementing centralized procurement projects, we factored procurement into total cost of ownership, and introduced other related indicators to assess service cycles of suppliers' products and equipment. By doing this, we enhanced suppliers' environmental protection awareness.

Indicator	2018	2019	2020
Number of suppliers for centralized procurement projects	271	311	420
Number of Suppliers at mainland China	271	311	416
Number of Suppliers in overseas regions, HK and Macau	0	0	4
Number of Suppliers included in supplier database	12,019	15,618	20,874
Number of orders placed through the CMB Cloud Procurement Platform	64,000	202,396	280,000
Number of centralized procurement projects	334	259	384
Budget of centralized procurement projects (RMB 100 million)	57.48	35.38	33.61
Average cycle of centralized procurement projects (days)	26	27	27
Ratio of centralized procurement projects that received assistance for ensuring fulfillment of obligations (%)	100	100	100
Ratio of suppliers that were inspected (%)	100	100	100

Note: In 2020, the procurement of fintech projects was included in the centralized procurement management of the Head Office and was not disclosed separately.

Social Performance

Security of Financial Products

We formulated the *CMB Guidelines for Review of Consumer Rights Protection* and issued the *Notice on Reviewing Consumer Rights Protection*, thereby further pushing ahead with the audit of our consumer rights protection practices, and avoiding the risks of harming consumers' rights and interests.

We incorporated financial consumer protection content into product design, system preparation, marketing, and other aspects that address customers. We fully respect financial consumers' rights to know, rights of privacy, rights of property safety, rights of being educated, and rights of being given due respect, among others. We performed strict consumer rights review procedures for ads, credit cards and other information provided on our corporate online banking platform and corporate banking app. In addition, we carried out consumer rights protection review every year, and supervised and examined any behavior that may harm consumer rights or interests.

In order to ensure compliance in sales of financial products and fully protect the rights and interests of investors, we formulated the CMB Rules Governing Financial Marketing and Publicity, which stipulates that financial marketing and publicity activities shall be within the business scope

permitted by the regulatory authorities. Financial marketing and publicity activities shall not be carried out without obtaining the corresponding business qualification.

- **Rules regarding display of products sold by CMB on an agency basis:** Product manager information is displayed at conspicuous positions in sales channels and related information enquiry platforms to help customers distinguish between the wealth management products of CMB and other banks, and identify the source of products.
- **System restriction:** We used the sales system to restrict investments with excessive risks, and a second risk identification process was put in place for disadvantaged groups such as elderly customers.
- **Sales quality control:** A specialized sales area for wealth management products was setup in our outlets, and strictly implemented video and audio recording in the selling process.
- **Carrying out investor education:** We organized activities to popularize the basic concepts of net value wealth management products and explain related policies and laws. We also held livestream roadshows for related products. We issued reports including monthly investment strategy review, quarterly product operation report, a periodic market fluctuations review and product strategy review. By doing this, we helped customers better understand net value wealth management products.

Recruitment and Employment

We have fully complied with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law on Protection of Women's Rights and Interests of the People's Republic of China*, among others. We have also formulated policies and systems such as *CMB Administrative Measures for Campus Recruitment*, *CMB Administrative Measures for Social Recruitment*, *CMB Administrative Measures for Labor Contracts (Second Edition)*, *CMB Administrative Measures for Employee Resignation (Second Edition)* and *CMB Administrative Measures for Intern Management*. This sets clear rules regarding remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, employee health and safety, prevention of child or forced labor.

Indicator	2018	2019	2020
Employee number	82,241	84,683	90,867
Permanent employees that have signed labor contracts with CMB	77,064	79,282	85,883
Contractors	5,177	5,401	4,984
Number of female employees ¹	44,102	45,443	47,748
Number of male employees ¹	32,962	33,839	38,135
Number of employees aged below 30 ¹	36,469	35,159	35,858
Number of employees aged between 31 and 50 ¹	38,155	41,289	47,291
Number of employees aged above 50 ¹	2,440	2,834	2,734
Number of employees in mainland China ²	79,586	81,957	88,069
Expatriate employees ¹	44	39	33
Employees in HK, Macau and Taiwan ¹	2,283	2,416	2,452
Number of new hires ¹	—	—	9,072

New hires in campus recruitment ¹	—	—	4,392
New hires in social recruitment ¹	—	—	4,680
Employee turnover rate (%) ¹	8.73	7.71	7.24
Female employee turnover rate (%) ¹	8.21	7.08	6.35
Male employee turnover rate (%) ¹	9.40	8.54	8.33
Turnover rate of employees aged below 30 (%) ¹	11.43	10.70	9.54
Turnover rate of employees aged between 31 and 50 (%) ¹	6.34	5.39	5.62
Turnover rate of employees aged above 50 (%) ¹	3.02	2.04	3.73

Note 1: Calculation base only included permanent employees that have signed labor contracts with CMB.

Note 2: Calculation base included both permanent employees that have signed labor contracts with CMB, as well as contractors.

Diversity and Equal Opportunity

We are an equal opportunity employer that does not discriminate against any candidate based on their race, sex, marital status, religion or other factors. Our employees are paid based on their jobs and performance and gender discrimination when hiring employees is prohibited.

In 2020, the male-to-female ratio in our workforce was 44:56. Among the senior executives in the departments of the Head Office and branches, the male-to-female ratio reached 79:21. On principal posts, the male-to-female ratio was 83:17. Between 2018 and 2020, we promoted eleven women to principal posts in Head Office departments and principal managerial posts in branches. The male-to-female ratio of employees promoted to principal posts in departments of the Head Office and principal managerial posts of branches reached 67:33. This indicates a rising proportion of women in our management team, and a sound progress in terms of diversity at the managerial level. Female senior managers have given full play to their talents and advantages in our daily operation and management practices. They have become a key force driving the transformation and development of CMB.

Indicator	2018	2019	2020
Number of ethnic minority employees ¹	3,164	3,292	3,586
Percentage of female employees (%) ¹	—	57.32	55.6
Percentage of male employees (%) ¹	—	42.68	44.4
Percentage of females among middle and senior managers (%) ¹	—	21	21
Percentage of males among middle and senior managers (%) ¹	—	79	79

Note 1: Calculation base only included permanent employees that have signed labor contracts with CMB.

Labor Relations Management

We strictly comply with applicable laws to prevent child or forced labor. At the resume screening stage, we will carefully review candidate ages and backgrounds. We will filter out the resume of any candidate that applicable laws will not allow us to hire.

CMB fully respects and protects the rights and interests of employees, and promotes the bank's democratic governance by advancing the collective contract system and convening employee representative meetings. Impacted by the epidemic, we used email communications to replace the on-site conferences in 2020. Trade unions from each branch and the Head Office reviewed the *Work Report of CMB Employee Supervisors in 2019*, and conducted a survey seeking employees' opinions on the work performance of supervisors in 2019.

Indicator	2020
Percentage of employees signing labor contracts (%) ¹	100
Coverage of social insurance (%)	100

Note 1: Calculation base only included permanent employees that have signed labor contracts with CMB.

Occupational Health and Safety

CMB advocates the philosophy of “happy work and healthy life” among employees. We provided annual free physical check-ups, and organized health seminars and various cultural and sports activities to encourage employees to lead a positive and healthy lifestyle. To ensure employees’ health and safety, we introduced a “flexible employee benefits system” where employees can choose their desired benefits from a list provided by CMB under certain quota or rules. In 2020, we improved the interface and functions of our flexible employee benefits system based on its historical operational status and advice from employees, which translated into better usage experiences for all employees.

We regularly monitored all employees’ use of their holidays and designed a template for reporting annual holiday arrangements. The template helped us to guide managers at all levels in assisting employees to formulate their holiday plans at the beginning of the year based on their personal needs and work arrangements to ensure all employees can have holidays as scheduled.

Indicator	2020
Lost workdays due to work-related injuries (Days) ¹	2,525

Note: The indicator represents all employees’ lost workdays due to work-related injuries.

Training and Development

In order to help employees enhance their knowledge and skills, and ensure the quality and effect of our training activities, we formulated the *CMB Administrative Measures for Employee Training Funding*, *Administrative Measures for Operation of CMB University Professional Colleges*, and other management systems. The systems set clear standards and requirements regarding the scope, budget management, use and accounting of employee training funding, teaching organizations, related planning and implementation, assessment and rewards, as well as procedures, requirements and rules for related course management. The *CMB Administrative Measures for Part-time*

Trainers (Fourth Edition) was also published in 2020, which set rules regarding the grading, entry requirements, assessment, recruitment and training of part-time trainers.

Indicator	2018	2019	2020
Number of training rounds ¹	12,016	11,898	7,452
Number of employees who accept training ¹	74,559	71,066	75,244
Number of employees participating in training (ten thousand) ¹	59.80	59.40	45.4
Number of employee participations in online study (ten thousand)	491.00	420.30	3,103
Percentage of employees who accepted training (%) ¹	—	—	99
Percentage of male employees who accepted training (%)	—	94	99
Percentage of female employees who accepted training (%)	—	94	99
Percentage of senior managers who accepted training (%)	—	—	100
Percentage of middle-level managers who accepted training (%)	—	71	100
Percentage of grassroots employees who accepted training (%)	—	94	99
Per-capita learning time (hours) ¹	125.00	98.90	85.11
Average learning time of male employees (hours)	—	95.90	85.44
Average learning time of female employees (hours)	—	101	84.37
Average learning time of middle-level managers (hours)	—	47.30	135.10
Average learning time of grassroots employees (hours)	—	99.20	84.80
Rounds of leadership training programs organized under the CMB University Brand	5	10	9
Number of managers trained in programs under the CMB University Brand	252	1,338	324
Number of personalized training plans offered under the CMB University Brand	—	5	5
Rounds of trainings for new employees under the CMB University Brand	10	5	8
Number of new employees participating in orientation training organized under the CMB University Brand	758	590	1,401

Note 1: Training data is from the CMB University learning platform 2.0 version. As some data was lost in the system connection following the launch of the new version, this year's underlying data is estimated.

Customer Health and Safety

In 2020, we designed the “CMB Cloud Eye” security management system, which is already deployed in 1,587 outlets of 44 CMB branches. Unlike the current mainstream security management platforms that mainly rely on video networking, the “CMB Cloud Eye” system uses data as its core driver. The system significantly enhanced the security management at outlets, and effectively ensured customers’ safety.

Local Community

We steadily pushed ahead with the development of our branch network. In 2020, we opened 77 new branch institutions (as per our standards for newly-opened branch institutions). Among them, there is one tier-2 branch (upgraded from Fuling branch in Chongqing), 60 same-city sub-branches, 9 community sub-branches, and 7 small-sized sub-branches.

As of the end of 2020, we were operating 142 branches, 1,724 sub-branches, one branch-level specialized entity (credit card center), one representative office, 2,944 self-service banks, 7,751 units of self-service equipment (including 629 ATMs, and 7,122 machines that integrate saving and withdrawal functions), and 16,559 visual counter units in over 130 cities in China. CMB also has the Hong Kong Branch and opened the New York Branch and representative offices in the US. We also established the Singaporean Branch and currently have branches in Luxembourg, London in the UK, Sydney in Australia, and a representative office in Taipei.

Indicator	2018	2019	2020
95555 Service satisfaction (%)	99.69	98.02	98.03
95555 Customer satisfaction (%)	99.87	99.84	99.46
Quantity of manual remote banking services (ten thousand)	7,016	6,774	6,178
Quantity of services provided by an online interactive robots (in ten thousand)	7,374	9,943	10,622
Average response time (seconds)	2.39	4.12	3.09
Number of customer praise instances	31,073	47,423	56,042
Number of Domestic and Overseas Branches	1,822	1,874	1,918
Number of Domestic Self-Service Banks	3,259	3,014	2,944
Number of Self-Service Equipment	10,316	8,768	7,751
Total financial assistance provided to Yongren and Wuding Counties (RMB 100 million)	1.17	1.69	2.13
Total amount of charitable donations (RMB 100 million)	0.36	0.85	2.88
Value of social contribution per share (RMB)	11.70	12.40	13.10

Note 1: Calculation of “value of social contribution per share” needs to use the amounts of “total taxes”. As we have adjusted the way of calculating “total taxes” between 2018 and 2020 (Please refer to “Economic Performance” section of ESG Report), the data of “value of social contribution per share” was also updated accordingly.

Anti-competitive Behavior

As a law-abiding and compliant business entity and a member of the China Banking Association, we strictly abide by the Anti-Unfair Competition Law and the China Banking Convention against Unfair Competition. We manage and constrain our practices in accordance with related laws, prevent anti-competitive behavior, and actively protect financial consumers' rights and interests.

Environmental Performance

Green Finance

We insist on delivering only high-quality green financial products to customers at both the investment and financing sides. Our goal is to help cope with climate change and make China an even more beautiful country.

Indicator	2018	2019	2020
Investment in energy-saving and eco-friendly projects			
Green loan balance (RMB 100 million)	1,660.33	1,767.73	2,071.33
Green loan balance increase compared to prior year (RMB 100 million)	89.30	107.40	303.60
Number of supported energy-saving and eco-friendly projects	47	50	69
Balance of loans made to energy-saving and eco-friendly projects (RMB 100 million)	52.42	39.34	82.27
Breakdown of green loans			
Balances of loans made to industrial energy-saving, water-saving and eco-friendly projects (RMB 100 million)	54.37	39.34	82.27
Balances of loans made to energy-saving and green buildings (RMB 100 million)	26.16	30.86	66.95
Balances of loans made to eco-friendly transportation projects (RMB 100 million)	548.66	802.89	876.91
Energy saving and emission reductions achieved by green loan projects (Unit: ten thousand tons)			
Water	667.68	1,117.61	893.65
Carbon Dioxide	935.03	1,944.35	2,185.8
Sulfur Dioxide	9.28	3.93	4.48
Standard Coal	421.57	815.02	975.22
Chemical Oxygen Demand	67.72	48.7	63.72
Ammonia-Nitrogen	16.61	3.68	7.14
Nitrogen oxide	2.96	1	0.49
Reduction of exposure to sectors with overcapacity and high energy consumption and pollution			
Balance of loans made to sectors with overcapacity and high energy consumption and pollution (RMB 100 million)	1,060.69	1,007.01	913.21
Balance of loans made to sectors with overcapacity and high energy consumption and pollution as a percentage of total loans (%)	7.60	7.03	6.37

Materials

Most of our material consumption derived from the use of paper in our services and workplaces. In view of this, we provided various digital information services, which enabled customers to make enquiries through Internet bank, mobile app and WeChat service accounts.

As at the end of 2020, 99.63% CMB credit card customers were using e-bills. In 2020 alone, we saved over 1.9 billion pieces of paper, thus becoming a greener and more eco-friendly company.

We also launched the “Travel Cloud” system, which enabled employees to order mobility products, manage travel and reimburse travel expenses entirely online. This allowed paperless operation in all processes of employees’ travels.

Indicator	2018	2019	2020
Amount of paper used for new card brochures and envelopes (ten thousand pieces)	2,030	2,413	2,190
Weight of paper used for card brochures and envelopes (kilograms)	—	—	73,180
Ratio of credit card customers using e-bills (%)	97.74	99.70	99.63
Paper saved by using e-bills (100 million pieces)	15.48	17.91	19.04

Energy Consumption and Carbon Emission

On October 29, 2020, Shenzhen Municipal Government launched the *Ordinances for Green Finance in Shenzhen Special Economic Zone*, which required enterprises to disclose environmental information from January 1, 2022. In accordance with the rules and disclosure guidelines of HKEEx, we started to collect data about and calculate the carbon emissions of the CMB Building in 2020. Moreover, we continued commissioning and transformation of the air conditioning units, putting energy-saving lighting in garages, and other energy-saving plans. We have not set quantitative goals for energy conservation and emission reduction in CMB Building, due to uncontrollable factors such as lease change, equipment upgrade and pandemic impact. Going forward, we will use the smart property management platform to do the statistical work. We will also follow up on our energy management work, and define directions and indicators in energy conservation work by properly managing property management service contracts and assessing our property managers’ performance of related duties. Related information will be disclosed in our sustainability report for 2021.

We formulated the *Administrative Rules for Office Properties in the Head Office* for our daily operation and management. We upheld the concept of “green operation and workplace”. We fully considered environmental sustainability in the process of design and construction of each office building. We have set clear requirements regarding environmental protection and air pollution control in decoration activities and day-to-day operation & maintenance. In order to strengthen management of property service companies, we formulated the Administrative Rules for Property Service Companies’ Fulfillment of Contracts, which clearly defined our requirements and assessment standards regarding energy management.

In 2020, our datacenters in Shenzhen replaced low-energy efficiency air conditioners in computer rooms with new air conditioners that deliver higher energy efficiency. After replacement, the cooling efficiency in these datacenters was significantly enhanced. Moreover, we improved air distribution efficiency of datacenters through cabinet blind plate management. Our datacenters in Shanghai used natural cooling plate heat exchange systems to reduce mechanical refrigeration operations and thus lower energy consumption. Energy efficiency indicators of these datacenters kept improving year after year.

Indicator	2018	2019	2020
Direct energy consumption			
Head Office vehicles gasoline consumption (tons)	125,852.17	121,943.56	98,370.28
Head Office natural gas consumption (cubic meters)	536,608	597,342	521,400
Indirect energy consumption			
Head Office consumption of externally-acquired electricity (kilowatt-hour)	13,367,140	16,008,120	15,554,880

Indicator	2018	2019	2020
PUE of datacenters ¹	1.72	1.65	1.62

Note 1: PUE of datacenters for 2020 covers our two proprietary datacenters in Shenzhen and Shanghai.

Indicator	2018	2019	2020
Total greenhouse gas emission of Head Office (tons of CO ₂ equivalent) ¹	8,546.83	10,059.62	9,592.69
Direct greenhouse gas emissions of Head Office (Scope 1) (tons of CO ₂ equivalent)	1,501.01	1,621.74	1,393.71
Indirect greenhouse gas emissions of Head Office (Scope 2) (tons of CO ₂ equivalent)	7,045.82	8,437.88	8,198.98

Note 1: Our greenhouse gas calculation only covered the CMB Building. We made calculations in the way that is defined in the *Reporting guidance on Environmental KPIs of the Stock Exchange of Hong Kong Limited*, and based calculations on average CO₂ emission factors applicable to Chinese grid in 2012. These factors are defined in the *Average CO₂ Emissions Factor of the Chinese Grid for 2011 and 2012*.

Water Resource Management

The sewage generated by our daily work and services was sent into the municipal sewage pipelines, and we have not violated any regulations for sewage discharge. We encouraged our employees to save water and took various measures to realize our goals for saving water.

Indicator	2018	2019	2020	Goal for 2021
Head Office water consumption (tons)	97,998	105,304	92,918	92,000

Waste Management

Our waste is recycled or treated in harmless ways to minimize the environmental impact. For waste generated in equipment updates and phasing-out, we recycled synthetic leather, plastic, timber, hardware, etc. and converted them into useful resources. In 2020, we focused on promoting garbage sorting, and set up a waste management routine in our office space. Our

datacenters in Shanghai recycled a great amount of paper package materials by sorting and processing them. Going forward, we will gradually establish a mechanism of collecting weight data for waste.

In 2020, CMB Building disposed of 4,500 tons of garbage that was generated by the office space. Going forward, CMB Building will implement refined management on garbage produced by our offices and carry out classified treatment and weighing for garbage in accordance with *Shenzhen Administrative Ordinance for Domestic Garbage Classification*. Related information will be disclosed in our sustainability report for 2021.

Outlook

China will embark on a new journey to fully build a modern socialist country, and move toward the great cause of fulfilling its second “Centennial goal” during the period of its 14th five-year plan. 2021 will be the opening year for China’s 14th five-year plan. Supported by the rollout of COVID-19 vaccines, global economy is set to recover. In face of the new market conditions and challenges, we will continue to focus on new development concepts, persist with our development strategy, and fully improve our ability to perform social responsibilities and manage sustainability risks and opportunities, thus helping build the new dual-circulation development pattern.

Using fintech to reform our customer services. We will push ahead further with digital transformation. We will get thorough insights into customer demand, upgrade our system structure, overhaul our business procedures, and use innovation to fully transform customer experiences. We will continue our shift toward the operation mode for 3.0 version of retail finance, and keep working hard to become the bank that delivers the best customer experience. We will stay on the right path while seeking innovation. We will closely monitor risks related to information security, privacy protection and use of fintech. While ensuring our customers get the best experience, we will also take measures to effectively protect customers and control related risks.

Focusing on inclusive finance and realize inclusive growth. We will increase financial support for private-sector companies, small and micro-sized businesses, as well as agriculture, rural areas, and rural residents. We will fully leverage our fintech strength to make our offerings able to best address customers’ needs or fit situations in places where we operate, thus ensuring that our financial products and services can effectively benefit needy groups. Other areas focused on are: demand in the real economy, optimizing the structure and efficiency in our financial supply, deepening reforms, removing barriers in financial service provision, and making up for shortcomings, in order to help realize inclusive economic growth.

Developing green finance, and joining hands with others to build a beautiful homeland. We will explore and enrich green finance products and services, use green finance to extend the breadth and depth in development of related investment and financing work, and guide the flow of financial resources to low-carbon and eco-friendly fields. We will also gradually implement carbon accounting internally, and acquire accurate and full knowledge of our carbon emission status, which will help us define clear carbon emission reduction goals, and contribute to China’s realization of the “peak carbon” and “carbon neutrality” goals as scheduled.

Helping to accelerate the process of modernizing agriculture and rural areas to support rural revitalization. Upholding the principle of “Never Decoupling in Poverty Alleviation”, we will continue to help Wuding and Yongren counties in Yunnan fight poverty, and strive to prevent a resurgence of poverty in these two counties. We will facilitate activities that promote rural revitalization in these two counties. By expediting modernization of agriculture and rural areas, we will stimulate vitality for development, further enlighten the two counties’ residents in their lifestyles, boost their sense of accomplishment, and make them feel happier and safer.

Independence Assurance Report



Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower
Oriental Plaza
1 East Chang An Avenue
Dongcheng District
Beijing, China 100738

安永华明会计师事务所（特殊普通合伙）
中国北京市东城区东长安街1号
东方广场安永大楼16层
邮政编码: 100738

Tel 电话: +86 10 5815 3000
Fax 传真: +86 10 8518 8298
ey.com

Independence Assurance Report on the Sustainability Report

安永华明 (2021) 专字第 60621222_A01 号
China Merchants Bank Company Limited

The Board of Directors of China Merchants Bank Company Limited:

We have been engaged to express a limited assurance opinion on the selected data in the 2020 Sustainability Report (the "Sustainability Report") prepared by China Merchants Bank Company Limited (the "China Merchants Bank").

I. The Board of Directors' responsibilities

The Board of Directors of China Merchants Bank are responsible for the preparation and presentation of the selected data in accordance with the "Reporting Standards" within the Sustainability Report. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the selected data; and making estimates that are reasonable in the circumstances.

II. Our responsibilities

Our responsibility is to express a conclusion on the selected data in the Sustainability Report based on our work performed. We report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work on the selected data in accordance with the *International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance as to whether any matters have come to our attention that causes us to believe that the selected data as at 31 December 2020 and for the year then ended in the Sustainability Report is not prepared in all material respects in accordance with the basis of reporting.

III. Scope of work, approach, and limitation

The selected data in the Sustainability Report of China Merchants Bank for 2020 that is covered by this report is as follows:





Independence Assurance Report on the Sustainability Report

安永华明 (2021) 专字第 60621222_A01 号
China Merchants Bank Company Limited

- Number of centralized procurement projects
- Average cycle of centralized procurement projects (days)
- Head Office consumption of externally-acquired electricity (kilowatt-hour)
- Head Office water consumption (tons)
- Total greenhouse gas emission of Head Office(Scope 1 + Scope 2) (tons of CO₂ equivalent)
- Employee number (Including contractors)
- Number of new hires
- Employee turnover rate (%)
- Percentage of female employees (%)
- Percentage of females among middle and senior managers (%)
- Number of ethnic minority employees
- New hires in campus recruitment
- Number of employees who accept training
- 95555 Service satisfaction (%)
- Quantity of services provided by an online interactive robot (in ten thousand)
- Number of customers downloaded CMB APP (in 100 million)
- Power usage effectiveness (PUE) of data centers
- Green loan balance (RMB 100 million)
- Number of supported energy-saving and eco-friendly projects
- Balance of loans made to energy-saving and eco-friendly projects (RMB 100 million)
- Points donated via "Points for Micro Charity"(in million)
- Ratio of credit card customers using e-bills (%)

Our work was performed at the Head Office of China Merchants Bank, which includes:

- 1) Interviews with management and personnel in the departments involved in providing information for inclusion in the Sustainability Report in relation to the selected data;



Independence Assurance Report on the Sustainability Report

安永华明 (2021) 专字第 60621222_A01 号
China Merchants Bank Company Limited

- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence relating to the selected data on which we report;
- 4) Recalculation;
- 5) Other procedures deemed necessary.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material non-compliance of the selected data prepared in accordance with the basis of reporting.

Our work was limited to the selected data as of 31 December 2020 and for the year then ended in the Sustainability Report. We have not performed any procedures over other data included in the Sustainability Report for 2020, nor have we performed any procedures on other data or data for 2019 and years before. In addition, our work performed was not for the purpose of expressing an opinion on the effectiveness of China Merchants Bank's internal controls.

IV. Conclusion

Based on the limited assurance work which we have performed, nothing has come to our attention that causes us to believe that the selected data as at 31 December 2020 and for the year ended has not been prepared, in all material respects, in accordance with the basis of reporting.

V. Our independence, quality control and assurance team

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We have complied with the quality control requirements of the *International Standard on Quality Control 1*. Our team has required competencies and experience for this assurance engagement.



Independence Assurance Report on the Sustainability Report

安永华明 (2021) 专字第 60621222_A01 号
China Merchants Bank Company Limited

VI. Supplementary observations

We have also gained an understanding of China Merchants Bank's application of the AA1000 Accountability Principles Standard 2008 with respect to stakeholder dialogue by making inquiries and holding interviews with management representing the different functions in China Merchants Bank in respect of China Merchants Bank's application of the Principles of inclusivity, materiality and responsiveness in the preparation of the Sustainability Report. Our work was restricted to gaining an understanding of China Merchants Bank's application of the AA1000 Accountability Principles Standard 2008 and hence we do not express any assurance opinion as to whether China Merchants Bank has adhered to the AA1000 Accountability Principles Standard 2008.

We have the following observations:

Inclusiveness

China Merchants Bank identified key stakeholders and understood their needs and concerns. China Merchants Bank also considered stakeholders' expectations and their impact while developing corporate strategy, action plan and business policy as well as daily operation. We suggested that China Merchants Bank should further improve sustainability management system; develop a clear stakeholders engagement process; implement an appropriate, effective, comprehensive and objective stakeholder engagement strategy, plans and methods; and provide various channels for stakeholders to participate in the decision for stakeholders to participate in the decision of China Merchants Bank's long-term sustainability performance improvement.

Materiality

For the information disclosed in the Sustainability Report, China Merchants Bank considered factors of stakeholders' needs and concerns, financial performance, industry characteristics, policy requirements and social impact, etc. China Merchants Bank qualitatively and quantitatively disclosed key issues and key performance in the Sustainability Report. We suggest that China Merchants Bank may consider to develop materiality determination process, for guiding the management and staff to identify, evaluate, report and prioritize the material sustainability topics which are relevant to the sustainable development of China Merchants Bank.



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China Merchants Bank Company Limited

Responsiveness

China Merchants Bank developed relevant policies, objectives and action plans in accordance with its business characteristics. China Merchants Bank improved its governance structure, management systems and processes, established various communication channels, strengthened the communication with stakeholders, and responded to the main needs of stakeholders. We suggest that China Merchants Bank should further clarify and improve the responsibility and processes responding to stakeholders, to provide a full and objective response to material sustainability topics, and implement the pre-committed responses timely and appropriately.

Ernst & Young Hua Ming LLP

Ernst & Young Hua Ming LLP

Beijing, China

10 March 2021



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Reader Feedback

Dear readers:

Thank you for reading this report. To continuously improve our social responsibility work, increase our social responsibility fulfillment ability, level of management, and optimize the quality of preparing social responsibility reports, we sincerely hope you can take time out of your busy schedule to put forth your valuable opinions and suggestions.

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Fax: 0755-83195555

Tel.: 0755-83198888

Mailing address: China Merchants Bank Building, Head Office of China Merchants
Bank No. 7088, Shennan Boulevard, Shenzhen, China

E-mail: office@cmbchina.com

The English version is the translation of China Merchants Bank Sustainability Report for 2020(Chinese version). Should there be any inconsistencies between Chinese and English versions, the Chinese version shall prevail.