

China Minsheng Banking Corp., Ltd.

2023 Interim

Special Report on Sustainable Development (ESG)

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About the Report

Preparation Instructions

Introduction

This Report aims to disclose the environmental, social and governance (“ESG”) management and performance of China Minsheng Banking Corp., Ltd. (hereinafter referred to as “China Minsheng Bank” or “the Bank” in this Report) and thus, to enhance full understanding and communication between various stakeholders and the Bank. This Report should be read together with the “Corporate Governance” section in the 2022 Annual Report of China Minsheng Banking Corp., Ltd., the 2022 Corporate Social Responsibility Report of China Minsheng Banking Corp., Ltd., the 2022 Environmental, Social and Governance Report of China Minsheng Banking Corp., Ltd. and the ESG section on the Bank’s website, for a more comprehensive understanding of the Bank’s practices and achievements in the ESG field.

Basis for Preparation

This Report is prepared with reference to the United Nations’ Sustainable Development Goals (SDGs), the *Environmental, Social and Governance Reporting Guide* released by the Stock Exchange of Hong Kong Limited and other relevant opinions and guidelines.

Scope of Reporting

Data Scope: The disclosure scope of this Report includes the Head Office, the branches and sub-branches of China Minsheng Banking Corp., Ltd., the scope and scale of some data are based on those in the 2022 Annual Report of China Minsheng Banking Corp., Ltd. The scope of relevant data and the calculation methodologies are specified in the Report.

Reporting Period: Unless otherwise specified, this Report covers the period from 1 January 2023 to 30 June 2023. This may, however, includes certain information beyond this period for the comparability and completeness of the Report.

Explanation on Data

The data in this Report are mainly internal statistical data of the Bank. The financial data in this Report are denominated in RMB, unless otherwise specified.

Confirmation and Approval

This Report was reviewed by the Strategic Development and Customer Rights Protection Committee of the Bank on 27 July 2023.

Release of the Report

This Report is released online and is available at the Bank's official website (www.cmbc.com.cn).

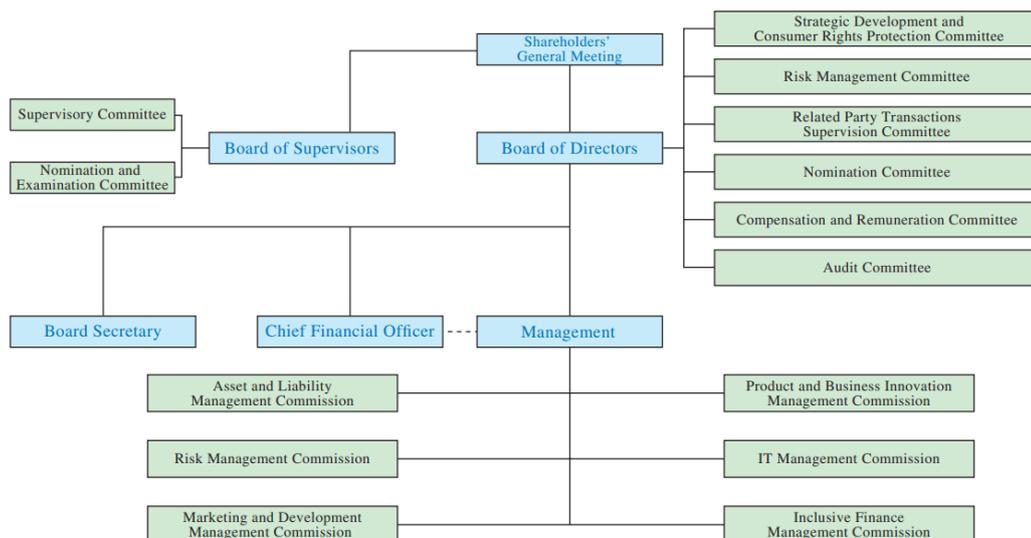
Governance

I. Corporate Governance and ESG Governance

Corporate Governance Structure

The Bank resolutely implemented national macro-financial policies, and constantly strengthened the in-depth integration of the Party’s leadership with its corporate governance. Following the principles of “each performing its own duties, each taking responsibility for itself, coordinated operation, and effective checks and balances”, the Shareholders’ General Meeting, the Board of Directors, the Board of Supervisors, and the Senior Management performed their statutory duties in accordance with laws and regulations. The corporate governance of the Bank has been effectively improved.

The structure of the Board of Directors embodies qualities including independence, professionalism, and diversity, which ensures scientific decision-making. The Bank has established regular working mechanisms, including meetings of independent directors, work reporting by chairmen of special committees, and working at the office of the Bank by independent directors, listened to and adopted the professional opinions given by the independent directors. Moreover, the Bank has organised special researches on key issues and arranged training sessions on consumer rights protection and anti-money laundering (AML). In the Bank’s 2022 Shareholders’ Annual General Meeting, Ms. Wen Qiuju was elected as an independent director, whose qualification is subject to approval by the National Administration of Financial Regulation.



ESG Governance Structure

The Board of Directors of the Bank paid high attention to ESG, elevated ESG issues to an important position in corporate governance, and ensured to integrate ESG issues into all aspects of corporate governance, such as decision-making, supervision and implementation. The Board of Directors comprehensively supervised the implementation of ESG policies and plans, continued to improve the ESG governance structure, regularly reviewed ESG reports, studied and discussed on ESG issues, guided and supervised the management to carry out ESG related work, disclosed information in accordance with laws and regulations, and continued to improve the quality of ESG disclosure. The Strategic Development and Customer Rights Protection Committee under the Board of Directors is responsible for reviewing matters related to the performance of social responsibilities in economic, environmental and social and public welfare undertakings, and providing suggestions to the Board of Directors.

ESG Working Mechanism¹

The Bank continued to improve the ESG working mechanism to ensure that the business-related ESG risks can be properly managed, and the ESG responsibilities can be effectively fulfilled.

The Bank has advanced the ESG work from a strategic planning perspective, established a three-level working mechanism of “decision-making - management - execution”, set up an ESG leadership team with Chairman of the Board as the team leader and President as the deputy team leader, and founded an ESG working group composed of relevant departments to manage and organise ESG work from three levels of overall planning, coordinated promotion and implementation, respectively.

¹ For more details of ESG governance, please refer to the “ESG Governance” section in the [2022 Environmental, Social, and Governance Report of China Minsheng Banking Corp., Ltd.](#)

II. Compliance-Driven Development

Strengthening Compliance Management

Improving Internal Control and Compliance System. The Bank has established a compliance management system including policies such as *the Administrative Measures on Compliance Management of China Minsheng Bank*, *the Regulations on Prohibited Conduct of Employees of China Minsheng Bank (Trial)* and *the Code of Conduct for Employees of China Minsheng Bank (Revised)*.

Strengthening Compliance Management Mechanism. In terms of prevention, the Bank strengthened the regulatory development analysis, internalisation of external regulations and compliance investigation, and comprehensively enhanced employees' behaviour management mechanism. In terms of in-process management, the Bank strengthened case risk management and control, and standardised the inspection and rectification standards. In terms of post-event management, the Bank established the working mechanism for determining accountability for risk compliance. As a result, the Bank has continuously improved the effectiveness of compliance management.

Enhancing Compliance Awareness. The Bank advanced the implementation of the grid-based management system for practitioners, carried out bank-wide compliance training to interpret regulatory policies and daily management requirements, so as to guide employees to further raise awareness of behaviour management, perform duties diligently, maintain self-discipline, adhere to professional ethics and ensure legal and compliant operation, thereby contributing to creating a good working environment.

Actively Organising Legal and Compliance Training. The Bank actively offered legal and compliance training courses for all employees, and constantly advanced the education activity on the bottom lines set for employee behaviour throughout 2022. As of the end of the first quarter 2023, 60,403 employees of the Bank completed the study, examination and certification of the course and signed the *Acknowledgement of Information*. The completion rate reached 99.9%.

Managing and Supervising Ethical Standards

The Bank attaches great importance to and is committed to upholding and strengthening good corporate governance and maintaining a high standard of business ethics, to safeguard the overall interests of shareholders and other stakeholders. The Bank

regulates business ethics-related behaviour through governance framework, policies and regulations, code of conduct, and capacity building.

Governance Framework. The Bank has established the Accountability Committee of China Minsheng Bank to supervise business ethics issues, with Chairman of the Board as the chairman of the Committee, and President of the Bank, Chairman of the Board of Supervisors and some of the Senior Management as vice chairmen of the Committee.

Policies and Regulations. The Bank has formulated the *Administrative Measures of China Minsheng Bank on Monitoring the Conduct of Employees (Trial)*, which requires all management teams to set up good examples, motivate employees to practise the corporate value of integrity and compliance, promote standardised and responsible business behaviours, and empower all employees to abide by code of ethics.

Code of Conduct. The Board of the Bank guided the formulation of *the Code of Conduct for Employees of China Minsheng Bank (Revised)*, supervised the implementation, and listened to the evaluation reports on employee conduct on an annual basis. During the reporting period, with a view to strengthening employee behaviour management, the Bank carried out regularly review, and revised the *Regulations of China Minsheng Bank on Prohibited Conduct of Employees (Trial)*, which clarified the restrictions and requirements on anti-bribery and anti-misappropriation, whistleblower protection, consumer financial information protection, privacy and data protection in operation and management, and required all employees of the Head Office and all branches to comply with them.

Capacity Building. The Bank developed annual training schemes, and conducted publicity and education activities in various forms on ethical conducts which covered all employees, including regular employees, contractors, and outsourced staff. During the reporting period, the Bank notified typical cases of violation of discipline and illegality throughout the Bank, giving full play to the warning effect of such case education. In the first half of 2023, the Bank carried out a total of 472 anti-corruption trainings with 107,822 attendances.

Regular Audits on Ethical Standards

Regular Review and Revision of Internal Policies. To ensure that its internal policies are consistent with changes in regulatory policies and requirements, the Bank re-examines the *Disciplinary Measures of China Minsheng Bank on Staff Violations*, *the Code of Conduct for Employees of China Minsheng Bank (Revised)* and other internal policies on ethical standards annually in accordance with the changes in national laws

and regulations and relevant regulatory provisions, and makes timely revisions as appropriate, which are jointly reviewed and approved by the Party Committee, the Accountability Committee, and the Employee Representative Congress.

Regular Audit on Implementation. The Bank's internal audit department has paid great attention to the implementation of regulatory compliance requirements and relevant internal policies such as the *Internal Audit Articles of China Minsheng Bank*, the *Measures on Internal Control Evaluation of China Minsheng Bank*, and the *Administrative Measures on Economic Responsibility Audit of China Minsheng Bank*. To prevent compliance and ethic-related risks, the Bank carried out all-around inspections on all businesses and staff of operating units through internal control evaluation, special audits, determination of liabilities and continuous audits. In addition, by optimising the digital audit pattern, the Bank has gradually increased the frequency and scope of audits on ethical risks. During the reporting period, the Bank conducted a number of all-around internal control evaluations on operating units in accordance with the internal audit work plan, which incorporated employee ethical risks, clean practices, and accountability management into the scope of inspection and evaluation.

Anti-Bribery and Anti-Corruption Policies

Anti-Bribery and Anti-Corruption. The Bank has formulated the *Disciplinary Measures of China Minsheng Bank on Staff Violations* and the *Provisions of the Party Committee of China Minsheng Bank on Strictly Separating Work-Related and Personal Matters in Performing Duties and Executing Powers (Trial)*, which clarified the anti-bribery and anti-corruption policy system, regulated execution of power, serious investigation and punishment on violations of rules and regulations, so as to prevent corruption risks.

Strengthening Clean Conduct and Self-Discipline Management. The Bank attached great importance to clean culture cultivation and enhancement of employees' awareness of clean practices and self-discipline. The Bank established a leading group for the prevention and control of employee ethical risk to enhance the management of such risk, continuously improved the mechanism for investigating and dealing with disciplinary violations, and urged employees to abide by laws and regulations, so as to ensure support and guarantee for the smooth implementation of reform and transformation and the healthy business development of the Bank.

Whistleblower² Protection

The Bank formulated and released the *Working Measures for Supervision and Discipline Execution by Discipline Inspection and Supervision Institutions of China Minsheng Banking Corp., Ltd. (Trial)*, which defined detailed and comprehensive provisions for the discipline inspection committees at all levels to smooth up reporting channels, standardise reporting procedures, and safeguard the rights and interests of whistleblowers.

- ❖ **Smoothing up Channels for Complaints by Letters or Visits.** The discipline inspection committees at all levels have made public the addresses for complaint reporting by letters, reception addresses for visits, telephone numbers, e-mail addresses and other diversified channels to promptly accept relevant impeachment and accusation.
- ❖ **Standardising the Handling Procedures for Complaints by Letter or Visit.** The Bank handled complaints and clues in strict compliance with the relevant provisions of the *Working Measures for Supervision and Discipline Execution by Discipline Inspection and Supervision Institutions of China Minsheng Banking Corp., Ltd. (Trial)*. The discipline inspection committees accepted complaints by letters or visits in accordance with their management authority levels and continuously optimised the working systems and handling procedures.
- ❖ **Strictly Implementing Confidentiality Policy.** The Bank strictly controlled the scope of knowledge of compliant matters. It was strictly forbidden to transfer the impeachment and accusation materials and relevant information to the person being tipped off. The Bank strictly prevented the whistleblowers from retaliation or reputation damage, effectively safeguarded their legitimate rights and interests, including those anonymous whistleblowers.
- ❖ **Safeguarding Legitimate Rights and Interests of Whistleblowers in an All-round Manner.** The *Disciplinary Measures of China Minsheng Bank on Staff Violations* clearly stipulated the behaviours of damaging the legitimate rights and interests of whistleblowers and the relevant punitive measures, including serious investigation and punishment on unauthorised disclosure and spread of relevant reporting contents, the information of whistleblower, the source of

² For details of whistleblower protection, please refer to the [Disclosure of China Minsheng Bank's Policies on Whistleblower Protection](#) in the section headed [Environmental, Social and Governance Information](#) on the Bank's official website.

report, and failure to protect the whistleblower in accordance with the regulations resulting in their infringement.

Anti-Money Laundering (AML) Management³

System Building. The Bank strictly abided by the *Anti-Money Laundering Law of the People's Republic of China*, the *Provisions on Anti-Money Laundering through Financial Institutions* (PBOC Order [2006] No. 1), the *Guidelines for the Management of Money Laundering and Terrorist Financing Risks of Corporate Financial Institutions (Trial)* (Yin Fan Xi Fa [2018] No. 19), the *Administrative Measures on Anti-Money Laundering and Counter-Terrorist Financing of Banking Financial Institutions* (CBIRC Order [2019] No. 1) and other AML-related laws and regulations, and has formulated and implemented the *Administrative Measures on Money Laundering and Terrorist Financing Risks of China Minsheng Bank*. The Bank further enhanced AML management through strengthening the AML internal control system, intelligently reconstructing the AML system, and consolidating the foundation of AML.

Capacity Building. The Bank continuously strengthened the building of money laundering risk management culture, and effectively fulfilled the AML social responsibility as a financial institution. The Bank conducted flexible and diversified AML publicity and training covering all staff, tailored to different positions, giving full play to its institutional characteristics, with the aim to improve the AML ability of all staff.

Management of Related Party Transactions

Strengthening the Duty Performance of the Related Party Transactions Supervision Committee of the Board of Directors. The Related Party Transactions Supervision Committee of the Board of Directors of the Bank is a special working body established by the Board of Directors in accordance with the Articles of Association of the Bank, which is responsible for the Board of Directors, provides professional advice for the Board of Directors' decision-making or makes decisions on professional matters as authorised by the Board of Directors. The Related Party Transactions Supervision Committee of the 8th Session of the Board of Directors had 7 members, including 4 independent non-executive directors who were all experts in audit, finance, law and management, 2 non-executive directors who were the main persons-in-charge of well-known companies in China, and 1 executive director who was an Executive Vice President of the Bank with rich management experience and financial, accounting and legal expertise.

³ For more information on AML management, please refer to the [2022 Environmental, Social and Governance Report of China Minsheng Banking Corp., Ltd.](#)

- ❖ **Enhancing Level-based Duty Performance.** The Bank continuously strengthened the performance of the Board of Directors and the Related Party Transactions Supervision Committee and optimised the mechanism of meeting attendance of independent directors as non-voting delegates. For significant related party transactions, independent directors shall express independent opinions in advance on the fairness, compliance and internal approval procedures. The Board of Supervisors strengthened regular supervision by attending meetings of the Board of Directors and the Senior Management as non-voting delegates and reviewing reports on related party transactions. At the management level, a cross-department management office for related party transactions was established, responsible for daily affairs such as identification and maintenance of related parties and management of related party transactions.

- ❖ **Improving Basic Policies.** The Bank has established a policy system for the management of related party transactions, including the *Administrative Measures on the Management of Related Party Transactions of China Minsheng Banking Corp., Ltd.*, the *Terms of Reference of the Related Party Transactions Supervision Committee of the Board of Directors of China Minsheng Banking Corp., Ltd.*, the *Implementation Rules for the Management of Related Party Transactions of China Minsheng Bank*, the *Guidelines for the Management of Related Party Transactions of Subsidiaries of China Minsheng Bank*, and the *Implementation Rules for the Management of Related Parties of China Minsheng Bank*.

- ❖ **Refining the List of Related Parties.** The Bank has continuously optimised the standards for identifying related parties, and has formulated the *Standards for Identifying Related Parties of Internal Personnel of China Minsheng Bank*. A system tool has been developed for identifying suspected related parties to improve the identification and management of related parties. The Bank regularly organised the whole bank, the shareholders and the subsidiaries to update and submit the information of related parties to fully updated the list of related parties, in a bid to effectively consolidate the basis for the management of related party transactions.

- ❖ **Upgrading and Restructuring Systems.** In line with the new regulatory requirements, the Bank comprehensively upgraded the related party transaction management system by connecting major business systems to the related party transaction system, launching compliance control function, and strengthening the real-time monitoring and early-warning of related party transactions, so as

to achieve system-based management and control of related party transactions, and improve digital management of related party transactions.

- ❖ **Implementing Data Governance.** In 2023, the Bank carried out special governance activities on equity and related party transaction data. To further improve the governance of related party transaction data, the Bank deepened the implementation of six tasks, including establishing governance frameworks, formulating policies, enhancing systems, optimising reporting, highlighting appraisal, and shaping culture, which comprehensively improved the quality of the Bank's equity and related party transaction data.

III. ESG Risk Management

ESG Risk Management Structure

The Board of Directors assumes the ultimate responsibility for comprehensive risk management. The Risk Management Committee under the Board of Directors is mainly responsible for reviewing or approving matters related to comprehensive risk management, regularly evaluating the Bank's risk control policies, risk management, and risk tolerance, and supervising the Senior Management's control of various risks such as credit risk, operational risk, compliance risk, climate and environmental risk.

The Bank attached particular importance to preventing ESG risks and promoting the development of green finance, and formulated and issued the *Administrative Measures on Green Finance of China Minsheng Bank* (hereinafter referred to as "*Administrative Measures on Green Finance*"), clarifying the management structure of green finance and the division of responsibilities of all parties:

- ❖ The Board of Directors undertakes the main responsibilities, and the Senior Management is responsible for organising the implementation. The relevant departments take the lead in promoting three main areas of green finance: business support, risk management and their own performance. The operating units at all levels are responsible for the implementation. In the meantime, the Bank standardised the green finance-related works of the Board of Directors, the Senior Management and various departments, such as duty division, process management, internal control requirements, and data statistics.
- ❖ The Strategic Development and Customer Rights Protection Committee of the Board of Directors is responsible for reviewing the Senior Management's strategies, goals, and reports related to green finance, and supervising and evaluating the implementation of the Bank's green finance strategies. The Risk Management Committee of the Board of Directors is responsible for green finance-related risk management. The Compensation and Remuneration Committee of the Board of Directors is responsible for integrating the implementation of green finance into performance evaluation of the Senior Management. The Audit Committee of the Board of Directors is responsible for green finance-related audits.

- ❖ Establishing the Green Finance Committee: The Green Finance Committee was established at the execution level to coordinate the Bank’s green development. It was led by the President and its standing members were from relevant departments.

ESG Risk Management System

The Bank paid close attention to ESG risk management, and established a whole-process ESG risk management system covering all subsidiaries, operating units, and business types (including investment and financing businesses). The Bank has also established the multi-scope and three-dimensional ESG risk information collection mechanism between the parent bank and its subsidiaries, the Head Office and the branches, and internal collection and external third-parties. The Bank has clarified that in the processes of due diligence, compliance review, credit approval, contract management, fund disbursement, and post-loan management, it shall implement regulatory requirements on ESG risks. The Bank strengthened ESG risk management of proposed credit and investment customers, adhered to the “one-vote veto mechanism” for environmental assessment, continued tracking and monitoring, reinforced dynamic evaluation, risk exposure management and namelist-based management, and responded to changes in their ESG risks with corresponding risk mitigation measures and early-warning handling measures in a timely manner.

The Bank regarded ESG risk management of customers as an important part of due diligence, review and approval, fund disbursement, post-loan management and other stages. The Bank conducted proactive risk management and control, and achieved ESG risks management in the whole process of credit business. The Bank issued the *Administrative Measures on Green Finance*, which clearly proposed to strengthen the whole-process management of green finance, and required to integrate environmental and social risk compliance requirements into the whole-process management of investment and financing.

Credit Policies⁴ for Segmented Industries

Focus on Sustainable Development. The Bank implemented the national green development and energy security strategies in a coordinated manner, adhered to the principle of “total volume control and structural adjustment”, and implemented differentiated credit policies and the requirements on the orderly transformation of high-carbon industries. The Bank performed stress tests for industries with high carbon emissions, improved its risk prediction capability and established the risk exposure and responding mechanism in a forward-looking manner. The Bank gradually reduced and

⁴ For detailed policies of segmented industries, please refer to the [2022 Environmental, Social and Governance Report of China Minsheng Banking Corp., Ltd.](#) and the section headed [Environmental, Social and Governance Information](#) on the Company’s official website.

withdrew from inefficient and outdated enterprises and production capacity in industries with “high pollution, high energy consumption, and excess capacity”, and moderately increased support for areas such as energy conservation and carbon reduction, industrial upgrading, and safety and efficiency through a “whitelist” approach, so as to steadily promote the green transformation of credit structure and the “dual optimisation” of its customers and assets.

- ❖ Pursuant to the *Guidelines for Green Finance of the Banking and Insurance Industries* issued by the former China Banking Regulatory Commission and the *Guidance Catalogue for Industrial Structure Adjustment* issued by the National Development and Reform Commission (NDRC), the Bank has formulated credit policies, credit granting guidance, environmental and social risk assessment standards, and compliance review checklists for different industries. The Bank identified ESG risks and implemented differentiated controls based on the characteristics of different industries, customers and project types.

- ❖ In terms of credit policies, the Bank formulated credit policies covering more than 50 key industries, such as energy, transportation, agriculture, forestry, animal husbandry and fishery, mining, oil and gas, raw materials, as well as key areas such as clean energy, clean production, energy conservation and environmental protection, green upgrading of infrastructure, ecological environment, green services, and biodiversity protection. The Bank has specified differentiated credit granting strategies, access criteria and key points of risk control and other relevant requirements, and has incorporated binding requirements for environmental and social risk management to continuously support green transformation and upgrading of industries, and facilitate the adjustment and optimisation of energy mix.

ESG Due Diligence⁵ and Credit Review and Approval

Identifying ESG Risks in Credit Due Diligence Process. The Bank further clarified the credit investigation requirements in relation to ESG risks. It was required to specify in the due diligence report whether the customer was ESG risk-related, and to carry out corresponding risk assessments. The Bank developed industry-specific ESG risk due diligence checklists based on the characteristics of key industries and the ESG risk assessment models. To ensure true and reliable results, the Bank conducted cross-validation and analysis of information from competent authorities, industry associations,

⁵ The contents of ESG due diligence include but is not limited to the following profiles: labour and working conditions, explosives and chemicals management, pollution prevention and control, community health and security, land expropriation and involuntary relocation, biodiversity conservation and management of sustainable natural resources, respect on minority cultures and customs, cultural heritage protection, environmental and social risks on supply chains, and environmental and social risk assessment and management system of the applicant, etc.

credit agencies, regulatory authorities, media and other channels when identifying ESG risks.

Predicting ESG Risks in Credit Review Process. The Bank has clearly required that the completeness, compliance, and validity of customer (project) information should be reviewed one by one. For green finance businesses, the completeness of “green finance label” contents and the uploaded corresponding materials on green finance recognition in the system should be reviewed. For business that met one of the following two criteria for key supported business of the Bank, the “Key Supported Category” should be checked in the system: ① businesses of customers belonging to the “C manufacturing industry” according to the national standard industry classification; ② business that conformed to the accreditation criteria of green finance business outlined in the *Administrative Measures on Special Statistics of Green Finance of China Minsheng Bank*, and was selected as “green finance” in the credit approval recommendation.

Assessing ESG Risks in Credit Approval Process. The Bank successively formulated and issued approval guidelines for green development areas such as power battery, energy storage industry, waste incineration for power generation and new energy vehicles, and encouraged branches to expand related businesses. The Bank implemented whitelist-based management mechanism for industries with overcapacity such as coal, steel and coal power, and strictly controlled the risks of industries with "high pollution, high energy consumption, and overcapacity". For example, the *Guidelines for Credit Approval of Photovoltaic Power Generation Industry* issued by the Bank has stipulated that the approval process of photovoltaic power generation projects should focus on environmental protection. Customers with significant environmental and social risks should not be approved in principle in the approval process. In the first half of 2023, businesses related to industries with “high pollution, high energy consumption and overcapacity”, worth of RMB3,572 million, were rejected.

[Case] Credit to An Enterprise in Industries with “High Pollution, High Energy Consumption, and Overcapacity” Rejected

A chemical enterprise in the manufacturing industry of basic chemical raw materials, one of the industries with “high pollution, high energy consumption and overcapacity”, applied for comprehensive credit to the Bank. In the due diligence, the Bank found that both the applicant and the guarantor were engaged in industries restricted by national policies and the Bank’s credit policies, and the projects involved by the guarantor were not supported and strictly prohibited by the Bank’s credit policies in 2023. Since there were significant ESG risks, the Bank rejected the

credit application.

In addition, the Bank attached great importance to the classified management and dynamic tracking of customers' ESG risk information. Combining internal and external ESG-related data, the Bank further refined the rules and scope for customer classification management, put forward differentiated credit authorisation, approval process, post-loan early-warning, investigations and other requirements. The Bank also clarified differentiated management requirements for information collection, early-warning initiation and namelist-based management of major ESG risk events or potential hazard. The Bank clearly prohibited the access of new customers and reduced and withdrew from existing customers that were enterprises with outdated production capacity and did not comply with national industrial policies, enterprises failed to meet the standards of environmental protection, quality, safety and technology, and enterprises with significant environmental and social risks. For socially and environmentally friendly enterprises, the Bank continuously improved the service effectiveness of financing customers by using data-based tools to simplify process and grant full authorisation.

ESG Risk Escalation Provisions and Process

In accordance with the *Green Finance Guidelines for the Banking and Insurance Industries* (Yin Bao Jian Fa (2022) No.15), the Bank developed the *Administrative Measures on Green Finance*. The Bank classified customers' ESG risks into Class A, B and C based on the impacts of their operation activities on the environment and the society, and conducted dynamic assessment and monitoring. In particular, Class A represents the highest level of ESG risks, meaning that the ESG risks of Class A customers can cause potential negative impacts which are difficult to be compensated or mitigated. The Bank optimised the due diligence report template in its system by adding the judgement of customers' ESG risks under Class A, B, or C. If a customer's ESG risk level falls under Class A, then risk escalation management process will be triggered, and such case will be transferred to the Head Office for centralised review and approval.

IV. Advocacy for Sustainable Development

Development of Green Finance

Green Finance Brand Building. In 2023, the Bank made continuous efforts to improve the green financial product system of “Carbon Peaking and Carbon Neutrality”, and enhanced credit and financial support for clean energy, green infrastructure, carbon emission reduction and other key sectors.

Green Financial Products Innovation. The Bank has actively launched the innovative product of “Minsheng Photovoltaic Loan” to support the low-carbon transformation of enterprises and farmers, facilitate the advancement of “photovoltaic+” businesses, and achieve the goal of green development and common prosperity. The environmentally friendly distributed photovoltaic power generation systems utilised renewable resources to generate power and reduce carbon emissions without causing pollution. These systems could be built in rural areas, pastoral areas, mountainous areas, as well as small, medium and large developing cities or business zones to meet the power demands of local users.

Green Supply Chain-related Inclusive Finance Products. The Bank has launched the green financial product of “Minsheng E Carbon Loan” with State Grid Yingda International Holdings Co., Ltd. to support the low-carbon development of micro, small and medium enterprises (MSMEs) in the supply chains. By setting up “carbon account” to record “carbon footprint”, customers could obtain corresponding “carbon rating”, based on which they could gain “carbon income”, and improve “carbon efficiency”. Such product carved a transformation and development path for MSMEs that could truly evaluate “carbon capacity”, discover “carbon value”, obtain “carbon income” and “carbon benefits”, and achieve “carbon transformation”.

“Carbon Emission Rights Guarantee Loan” of Green Finance. As one of the first settlement banks to serve the national carbon market, the Bank has innovatively launched the first carbon emission rights guaranteed financing business model in the national carbon market, providing low-cost financing for enterprises with their carbon emission rights quotas as guarantees. Relying on the national carbon emission rights registration and settlement system, the Bank helped key emission enterprises efficiently utilise their carbon quota assets, made meaningful attempts to improve the financial attributes of carbon right assets, and supported the implementation of “carbon peak and carbon neutrality”.

Financial Service Solution for Low-carbon Transformation. The Bank has made vigorous efforts to innovate carbon-related financial product models, and launched the “Carbon Emission Rights Guarantee Loan” and “Pollutant Emission Rights Pledge Loan” to help enterprises efficiently use their carbon assets and environmental resource assets, and supported their green and low-carbon development. The Bank has released a financial service solution for the low-carbon transformation for the steel industry to facilitate the green transformation of traditional industries.

[Case] China Minsheng Bank Officially Launched Financial Service Solution for Low-carbon Transformation of Steel Industry

In April 2023, the Bank officially launched the financial service solution for the low-carbon transformation of the steel industry. As the inheritance and extension of the green finance brand of “Carbon Peaking and Carbon Neutrality” of China Minsheng Bank, the solution focused on distinctive scenarios of the industry, and deeply interpreted the significance of transformation towards green production, digital operation, clean energy, carbon rights utilisation, recycling innovation and low-carbon logistics. It aimed to facilitate the Bank to empower green development, increase value and withstand peaks and troughs with enterprises, so as to assist steel enterprises in achieving green development in three major areas, namely “carbon free” from the source, “carbon reduction” during production and “carbon trading” in the following stages.



Sustainable Finance Products

Supporting the Development of Agriculture and Husbandry. The Bank promoted agricultural and animal husbandry loan product, and cooperated with large dairy groups in exploring new financing models for upstream pastures to meet the capital needs of leading upstream milk suppliers in the dairy sector of the agricultural and animal husbandry industry. Through promoting the financing projects of cotton industry chain and based on the cotton industry data platform of China National Cotton Exchange, the Bank carried out chain-based development and batch customer acquisition of MSMEs and large enterprises in the industry chain in the cotton ecosystem, effectuating the scale effect, agglomeration effect and brand effect of the Bank’s “rural revitalisation” strategy in the cotton ecosystem.

Research and Development of ESG Index Series. The Bank has successfully released the “Minsheng Bank Rural Revitalisation Index Series” and the related products, enriching investment tools for customers and improving the allocation efficiency of social funds in rural revitalisation. The index series comprised “Minsheng Bank Rural Revitalisation Index” and “Minsheng Bank Rural Revitalisation Main-Category Asset Allocation Index”. Of which, the “Minsheng Bank Rural Revitalisation Index”, based on quantitative analysis and fundamental research, made investment in enterprises with good fundamentals in industries related to rural revitalisation. By integrating rural revitalisation with ESG concepts, it fully considered the impact of ESG factors on enterprise operations, and guided capital to flow to high-quality enterprises. The “Minsheng Bank Rural Revitalisation Main-Category Asset Allocation Index” focused on industries and assets closely associated to rural revitalisation, covered three types of assets, namely stocks, bonds and commodities. It innovatively incorporated macro defence signals, and was the first asset allocation index in the entire market themed on rural revitalisation. The combination of rural revitalisation index and structured deposits would provide customers with efficient and steady investment instruments. Moreover, through investment transactions, it would guide capital to flow to industries related to rural revitalisation, and improve the allocation efficiency of social funds in the rural revitalisation.

Participation in Green Bonds

Actively Participating in Green Bond Underwriting. The Bank has actively implemented national strategic deployments for financially supporting green finance development, promoting common prosperity, and pushing forward sustainable development through product innovation. As of 30 June 2023, the Bank underwrote and issued four green development bonds, with an underwriting scale of RMB1.07 billion and a total issuance scale of RMB4.3 billion. The proceeds were used for low-carbon and energy-saving projects and other green projects. Additionally, the Bank helped four corporate issuers make green, low-carbon and sustainable practices in their production and operations.

In the future, the Bank will offer green-concept bond financing advisory services to issuers and joint underwriters, and expand the underwriting and issuance scales of green bonds, carbon neutral bonds and sustainable development bonds, so as to boost the green development.

V. Responding to Climate Change

Focus on Climate Change

The Board of Directors reviewed green finance strategic plans, listened to key reports, such as the green finance execution report and the ESG management reports, and supervised the relevant implementation.

Clarifying Climate Risk Management Requirements. The Risk Management Committee of the Board of Directors regularly listened to the Senior Management’s reports on the risk preference, the implementation of risk strategies and the rectification of problems identified in comprehensive risk assessment (including climate risk management). During the reporting period, upon review of the Board of Directors, the Bank integrated the response to climate change risks into the five-year plan for green finance, the annual risk preferences, risk strategies, credit policies and the basic rules for green finance management, and clarified the goals and the step-by-step implementation measures and relevant requirements of climate risk management. In terms of policies, the *Administrative Measures on Green Finance* clearly included climate risks into the comprehensive risk management system. The Board of Directors clarified the requirements on risk management in the Bank’s annual risk preference statement, and further specified responding measures to climate risks in the annual strategy.

Paying Attention to Frontier Climate Risks and Opportunities. The Bank paid close attention to ESG and climate-related opportunities and information on ESG risk management and climate risk management, and regularly invited external experts to carry out discussions, sharings and consultations on cutting-edge policies and advanced practices. During the reporting period, experts from the ESG and climate risk research teams were invited to provide training and cutting-edge information sharing sessions for department executives, synchronising climate change-related risks and opportunities.

Participation in Climate Risk Analysis

Fully Implementing the National Strategy of “Carbon Peaking and Carbon Neutrality”. The Bank actively responded to the development opportunities and risk challenges brought by the environmental and climate changes. Every year, the Bank analyses the opportunities and challenges brought by environmental and climate changes according to the latest situation at home and abroad and the national policy guidance, comprehensively strengthens environmental and climate risk management, and promotes green and sustainable development.

Carrying out Climate Risk Sensitivity Stress Tests. In 2022, the Bank continued to conduct the climate risk sensitivity stress test. The test started at the end of 2021 and will last for 9 years. The scope of the test was extended from three high-carbon industries in 2021 to eight high-carbon industries in 2022. The test assessed the capability to cope with transition risks under the realisation of the “Carbon Peaking and Carbon Neutrality” goals, and examined the impact of rising carbon emission costs of enterprises in high-carbon industries on the quality and capital adequacy level of credit assets of the high-carbon industries held by the Bank. The Bank successfully passed the mild, moderate and severe stress tests, met the regulatory requirements, and the overall risk was controllable.

Low-Carbon Operation

The Bank practiced resource conservation and environmental protection in the whole process of business operation, so as to achieve integration of economic efficiency, social efficiency and environmental efficiency and realise sustainable development. The Bank promoted the establishment of green operation system, formulated and implemented relevant green operation policies, established the comprehensive smart operation platform with high coordination and strong supporting power, and focused on digital operation, and provided customers with efficient, convenient and green online services through remote banking. The Bank strove to improve digital services, constantly innovate smart devices, online products and remote services, so as to minimise resource consumption due to business paper usage and business travel.

Green Office

The Bank has been adhering to green office, reduced energy resource consumption, and actively fulfilled its environmental responsibilities. The Bank strictly followed the national and local *Design Standards for Energy Efficiency of Public Buildings* to carry out the building of green bank. The Bank revised *the Guidelines for Decoration and Design of Office Areas of China Minsheng Bank*, thoroughly implemented the concepts of green, energy-saving, and environmental protection into the construction of offices and business outlets, and reduced resource consumption and emissions and discharges of greenhouse gases, wastewater, household garbage and hazardous wastes.

Three regulations including the *Administrative Measures on Energy of China Minsheng Bank*, the *Administrative Measures on Energy Conservation of China Minsheng Bank* and the *Administrative Measures on Green Office of China Minsheng Bank* were issued to promote energy saving management and improve energy utilisation efficiency. The Bank advocated thrifty and opposed extravagance. By publishing initiative letters,

setting up scrolling display screens, and putting up posters, it strengthened publicity and education to cultivate thrifty habits of employees.

During the reporting period, the Bank, as a key emission unit in Beijing, successfully passed the carbon emission examination by third-party institutions.

Green Procurement

The Bank adhered to and implemented the concept of green procurement, and fully considered environmental protection, resource conservation, safety and health factors in its procurement, while taking into account economic and environmental efficiencies. To better implement green procurement policies, the Bank encouraged suppliers to incorporate environmental protection, energy saving and consumption reduction, and other requirements into their management system. Under the same conditions, the Bank prioritised to choose the suppliers having environmental management system accreditation and whose products having environmental labels. The Bank actively conveyed its support and advocacy on green procurement to the suppliers, guided them to jointly fulfil their social responsibility for green development and facilitated their improvement in environmental performance.

VI. Accessibility to Financial Services

More Accessible Offline Services

Branch-level Institutions and Business Outlets. As of the end of 2022, the Bank had a total of 2,608 branch-level institutions and business outlets, including 42 tier-1 branches (including Hong Kong Branch), 105 tier-2 branches (including remote sub-branches), and 2,461 sub-branch and community outlets, realising full coverage of provinces, autonomous regions, municipalities directly under the Central Government and cities specifically designated in the state plan.

Broadening Access to Financial Service Channels. The Bank has established the largest network of community outlets nationwide, which are widely distributed to serve households and new citizens with “warm” services including payment and settlement, wealth preservation and appreciation, consumer financing as well as those supporting employment and entrepreneurship. Comprehensive inclusive financial services were provided to the operating entities, improving the accessibility and convenience of financial services. Moreover, the Bank has put up efforts to create intelligent bank, advance the construction of “smart community” ecosystems, build up “convenient daily life circles” that benefit residents, and provide remote expert services.

The Bank continued to work with leading e-commerce platforms in the industry, and enriched the types of activities from payment to life-related and product-related activities, and realised the co-creation and co-building of internal and external scenarios, deeply integrating financial services with life scenarios. In line with the trend of the digital economy era, the Bank has been dedicated to a customer-centred approach and firmly upheld the principles of resource sharing, complementary advantages, mutual benefit and win-win cooperation, and common development. In collaboration with China UnionPay, the Bank played a pioneering role in introducing the customer acquisition model within Minsheng-UnionPay ecosystem in the industry, built a localised and convenient consumption ecosystem, and created a diversified customers benefits system, in a bid to comprehensively improve financial and non-financial service experiences and create a better life together with customers. As of June 2023, the Minsheng-UnionPay ecosystem project has covered 40 branches of the Bank with significant achievements.

Improving Offline Service Network. The Bank has improved the offline sales network by allocating 4,772 self-service devices⁶, filling the blank of outlets in emerging urban areas and enhancing customer service accessibility. The Bank continued to develop and renovate new smart devices by adding new functions, such as customer face verification, identity document recognition and remote audio and video assistance, and by supporting the installation of 155 business functions, to the conventional devices. The overall “one-stop” resolution rate of smart devices was 50.7%. The average business handling time reduced by more than 70% as compared with counter services. As a result, customers can enjoy one-stop and highly efficient business handling experiences.

Initiating and Establishing Rural Banks. In active response to national policies and regulatory requirements, since September 2008, the Bank has invested a total of RMB1,427 million to set up 29 affiliated rural banks. The Bank promoted its rural banks to act in line with the principle of “supporting agriculture, rural areas and farmers and supporting small and micro enterprises”, expand businesses in rural financial market, and explore business models for sustainable and high-quality development, which has achieved remarkable social and economic efficiencies. As of the end of 2022, 29 affiliated rural banks had total assets of RMB40.25 billion, total deposits of RMB34.267 billion, balance of loans of RMB25.137 billion, and served 551.5 thousand customers of various kinds.

More Convenient Online Services

The Bank focused on the development of eco-bank and intelligent bank, iterated open bank and remote bank, and facilitated the scenario construction of e-CNY, and provided more efficient and convenient online services to customers.

Actively Expanding Customer Service Channels in Ecosystem Scenarios. The Bank collaborated with leading e-commerce platforms, cross-border e-commerce platforms, supply chain enterprises as well as automotive manufacturers, enhanced service capabilities for customers across all scenarios, full journeys, and all channels, promoted consumption and stabilise economic growth, and carried out in-depth integration of financial services with daily life and business scenarios of enterprises, thus providing customers with better and more convenient comprehensive services.

⁶ Refers to customer self-service devices, including currently deployed ATM, CRS, CDT and Cash Intelligent Teller Machine (Self-Service) at and off banking outlets

Innovating in and Iterating Online Retail Platform. The Bank innovated and iterated online retail platform with focus on digital and smart services, distinctive and differentiated services, companion services and improvements in user experience and security. To cater for retail customer groups, the Bank developed various versions of mobile banking App, such as standard version, small business version, private banking version, the elderly version, parent-child version and rural revitalisation version. As of the end of the first quarter, the number of users of online retail platform of the Bank reached 106,366.9 thousand, representing an increase of 2.69% as compared with the end of the previous year. The number of monthly active users of online retail platform reached 24,748.8 thousand.

Continuously Upgrading Online Corporate Service Platform. Concentrating on the goal of “improving basic products, enhancing service efficiency and expanding ecosystem scenarios”, the Bank continuously upgraded the online corporate service platform, optimised settlement services that were frequently used by customers, launched refined services, and constantly made the system more compatible and user-friendly. As of the end of the first quarter, the number of online corporate platform users reached 3,345.4 thousand, representing an increase of 2.07% as compared with the end of the previous year. The accumulated transaction volume of the online corporate platform amounted to RMB19 trillion, representing an increase of 17.59% as compared with the corresponding period of the previous year.

Building User-Friendly Small Business Financial Service Platform. The Bank has developed and planned to launch the Minsheng Small Business WeChat mini programme, which aimed to enable users to access easy-to-use financial services without downloading the App. In terms of service tools, the Bank has optimised the convenient reach function and synchronously developed the WeChat service channels, enabling individuals who had difficulty in accessing financial services to experience one-to-one financial services at any time.

Strengthening Coordinated Management of Corporate Account Services. The Bank has pooled up efforts to make account services more professional, smarter and more centralised. The Bank has launched a platform for continuous due diligence of corporate customers to achieve online centralised management of due diligence. The Bank optimised customer experiences by improving online service capabilities for basic account-related functions such as changing account information and adjusting online banking limit. In addition, the Bank enhanced the comprehensive services of “accounts + products” by offering product portfolios including E-account Opening + Tax and Fee Express, Electronic Bill Discounting, and Business Finance Express. During the reporting period, E-account Opening, the important channel for enterprises to open

accounts, had a total of 132,860 newly opened accounts, representing an increase of 73% as compared with the corresponding period of the previous year.

Staying Customer-First for Development

Inclusive Finance: The Bank improved the system and mechanism of inclusive finance, focused on inclusive finance customer groups, promoted the innovation of products and services, and integrated online and offline channels, so as to enhance inclusive financial service capabilities. As of the end of the first quarter, the accumulative amount of inclusive small business loans of the Bank reached RMB169,274 million.

Benefiting and Assisting Farmers: In towns, villages and rural areas without banking outlets, the Bank provided customers with basic financial services, such as withdrawal, cash remittance, transfer, transfer of demand deposits to time deposits and balance inquiry, and continued to promote services that benefited farmers. As of the end of the reporting period, there were 52 contracted bank card withdrawal service stations in rural areas, serving 25.5 thousand customers.

Elderly-friendly Services: The Bank has developed elderly-friendly mobile bank, improved the usability and safety of exclusive services. The elderly customers can directly access customer services by dialling 95568. The system automatically recognises customers over 60 years old then directs the call to operators. The Bank has set up exclusive “green channel” or “help window” for the elderly customers at the banking outlets, and provided elderly-friendly facilities, such as reading glasses and courtesy seats, to improve the service experience of elderly customers. The Bank has also introduced new smart devices that could recognise elderly people and automatically connect to staff services for remote assistance.

Financial Services for New Citizens: In order to ensure that the salaries of migrant workers are paid in a timely and full manner, and protect the rights and interests of new citizens in getting paid, the Bank has introduced a product mix combining “Letter of Guarantee for Project Fund Payment + Letter of Guarantee for Migrant Workers’ salary Payment”, under which the Bank issues payment commitments to local labour administrative authorities or project owners/contractors. If the construction contractor or employer fails to pay the salaries to migrant workers as agreed, the Bank would assume the payment responsibility in accordance with the terms of the letter of guarantees, ensuring that the salaries are paid in full. The Bank has launched “Salary and Welfare Express” product, providing whole-process online fund allocation and control, authorisation and approval management, and payroll agency services to employers using payroll agency service, so as to facilitate convenient financial services

for the new citizens. During the reporting period, the Bank has successfully disbursed a total of RMB3.4 billion agency payroll to approximately 350 thousand delivery men of a flexible employment platform owned by a large logistics group.

NSOEs and Micro and Small Enterprises: Focusing on micro and small enterprises and other segmented customer groups, the Bank carried out financial and non-financial services in a classified and segmented manner, and improved the integrated comprehensive service system for MSMEs and large enterprises, so as to facilitate the healthy and sustainable development of small business customers. The Bank has actively provided services to small business customers. In response to the urgent need of micro and small enterprises for short-term financing, the Bank proactively strengthened the connection and information sharing with national and local financing and credit service platforms, and formed a series of scenario-based products, such as Tax Payment Loan, Settlement Loan, and Government Procurement Fast Loan, and became the first national joint-stock bank to connect with the financing and credit service platform of the NDRC. The Bank has proactively provided services to small business customers. As of the end of the first quarter, the balance of inclusive small business loans of the Bank was RMB576,836 million, representing an increase of RMB27,785 million as compared with the end of the previous year.

Financial Support for Rural Revitalisation: The Bank has launched the rural revitalisation version mobile banking App, providing financial services including deposit, funds, wealth management, and loans for assisting the agriculture, rural areas and farmers, as well as non-financial services, including utilities payment, e-medical insurance, health care, online shopping and audio and video entertainment. The Bank also continued to develop financial products and services with rural characteristics and made contribution to the national rural revitalisation strategy. The cumulative number of users of the rural revitalisation version mobile banking App reached 22.6 thousand. The Bank has actively promoted the integration and coordination between inclusive finance and rural revitalisation, vigorously innovated typical models of financial assistance, and accelerated product development and model innovation by launching distinctive products, such as “Agriculture and Animal Husbandry Loan”, “Agricultural Loan Express”, “Cotton Grower Loan”, “Revitalisation Loan” and “Common Prosperity Loan”, to facilitate rural revitalisation.

VII. Financial Consumer Protection

Top-level Design of Financial Consumer Rights Protection

The Bank's Board of Directors deliberated and approved the *2022 Work Report on Consumer Rights Protection and 2023 Work Plan of China Minsheng Bank*, and constantly optimised their overall planning and guidance on protecting consumer rights. The Bank established the Strategic Development and Customer Rights Protection Committee under the Board of Directors, which was responsible for studying and deliberating consumer rights protection strategies of the Bank, and supervising the performance of relevant works. The Strategic Development and Customer Rights Protection Committee listened to and deliberated on the annual reports and the annual work plans on consumer rights protection of the Bank at regular intervals, and studied and revised the *Administrative Measures on Consumer Rights Protection of China Minsheng Bank*. Also, the committee listened to the annual special audit reports on consumer rights protection of the Bank, and circulated and studied important documents, such as consumer rights protection examination documents and relevant special circulars of the regulatory authorities, studied the rectification plans of the Bank, listened to the rectification progress reports, and urged the Bank to improve overall level and quality of consumer rights protection.

Product and Service Innovation Management. The Bank has specified that the Board of Directors took charge in formulating the innovation and development strategies of the Bank, which were included into the medium- to long-term development strategy, and formulated corresponding risk policies. Under the leadership of the Board of Directors and the Senior Management, the Bank formulated the *Administrative Measures on Innovation of China Minsheng Bank*, and established the Product and Business Innovation Management Committee to carry out all kinds of innovation work.

Financial Consumer Rights Protection Mechanism

Continuously Improving Mechanism and System. The Bank has established multiple policies to protect consumer rights and interests, covering consumers' financial information protection, consumer rights protection by cooperating institutions, complaint handling and problem source tracing, to improve mechanism and system continuously and enhance the refined management of consumer rights protection. In the first half of 2023, adhering to the principle of acting in compliance with laws and regulations, the Bank further improved the mechanism and system of consumer rights protection, and revised the *Administrative Measures on Consumer Rights Protection of China Minsheng Bank*, so as to ensure the legitimate rights and interests of consumers are effectively protected.

Management System of Consumer Rights Protection Review. The Bank has newly established the guiding system on consumer rights protection review, formulated the *Administrative Measures on Consumer Rights Protection Review of China Minsheng Bank (2022 Revision)*, and published guidelines on consumer rights protection review with focus on eight fundamental consumer rights, marketing and publicity, promotion of wealth management, insurance, publicly-offered funds, loans, structured deposits, private equity asset management products and bank card accounts, which specified the review requirements and standards. The Bank carried out training courses on the guidelines, so as to further standardise consumer rights protection review on financial marketing and promotion. The institutions of the Bank at all levels conducted consumers rights protection reviews to identify and remind potential risks. All marketing materials for specific products and services targeting individual customers were subject to consumers rights protection review, so as to prevent risks of infringing consumer rights and interests from the source and improve the standardisation of marketing materials. Supervision was conducted following the review to form closed-loop management.

Fair Advertising of Products and Services⁷

Advertising Policy. The Bank has formulated and implemented the *Administrative Measures on Consumer Rights Protection in Marketing and Promotion of Personal Financial Products and Services of China Minsheng Bank*, the *Administrative Measures on Brand Building of China Minsheng Bank*, and the *Administrative Measures on Consumer Rights Protection Review of China Minsheng Bank (2022 Revision)*, based on which the responsible department of institutions at all levels should conduct strict review over advertising contents to effectively protect the rights and interests of consumers. In the *Administrative Measures on Consumer Rights Protection in Marketing and Promotion of Personal Financial Products and Services of China Minsheng Bank*, it was explicitly stipulated that the marketing and promotion of personal financial products and services should comply with relevant laws and regulations regarding consumer rights protection to eliminate exaggerating and false propaganda. Financial marketing and promotion should protect consumers' rights to know, to independently choose, to be respected and to keep financial information safe, in order to substantially protect the legitimate rights and interests of consumers. The measures also required to include the text of marketing for products and services into the scope of consumer rights protection review.

⁷ Please refer to the [2022 Environmental, Social and Governance Report of China Minsheng Banking Corp., Ltd.](#) for detailed policies. For more information, please refer to [China Minsheng Bank Strengthens Management of Marketing Advertisement and Information Disclosure to Actively Safeguard Legitimate Rights and Interests of Customers in the section headed](#) the Environmental, Social and Governance Information on the Bank's official website, .

Open and Transparent Information Disclosure. On the homepage of the Bank's official website, it is easy to find the inquiry entry in the Customer Services section. By clicking on relevant product category, customers can access the complete product list, and view the product document by clicking on “Product Overview”. This makes it easier for customers to search various product information.

In the first half of 2023, special training sessions were organised at 40 branches, the contents of which included business rules, agreement terms, promotional texts, sales site management, sales process and audio and video recording, as well as risk assessment management. The Bank also organised the first session of training on compliant sales of wealth management products for branch employees directly serving individual customers, with nearly 4,000 attendances.

[Case] Special Training for Employees in Service Line and Banking Outlets

To enhance the service quality at banking outlets, the Bank provided special trainings on the *Interpretation of 2023 Basic Monitoring Standards for Banking Outlets* for employees in service line and banking outlets, covering over 9,000 employees. A learning map system that encompassed comprehensive job skills and all aspects of job knowledge was developed, with the focus on community teams, and for the purpose of empowering employees with capabilities, enhancing position value, and broadening employees' perspectives. Throughout this project, by adopting the five-step approach including pre-learning competency assessment, curriculum management, in-class quizzes, comprehensive competency evaluation and advanced learning, the Bank carried out continuous trainings on financial consumer protection to cultivate highly-skilled and professional banking outlet teams and customer relation teams.

Financial Consumer Complaint Handling

In respect of complaint supervision, the Strategic Development and Customer Rights Protection Committee studied and circulated consumer complaint reports and complaint supervision reports of the banking industry, studied the rectification plans of the Bank, and listened to the reports on rectification progress. The committee urged the management to supervise and rectify problems identified in the regulatory evaluations and submitted the relevant reports to the Board of Directors for reference, in an effort to continuously improve complaint management.

Complaint Channels⁸. The Bank has continuously optimised complaint channels and established a clear and standardised complaint handling process. The Bank smoothed up the online and offline complaint channels, such as the home page of the Bank’s official website, mobile banking Apps, 95568 customer service hotline and bank lobbies and outlets, in order to listen to the voice of customers and timely understand customer demands.

Complaint Monitoring. The Bank conducted complaint monitoring, analysis and reporting on a monthly basis to identify key business issues, circulated the quality and effectiveness of handling by institutions, and reminded the responsible institutions to make rectifications and improvements. Furthermore, consumer rights protection officers are designated at the business departments of the Head Office and the business units to carry out monthly monitoring and analyses of complaints as required.

Complaint Oversight and Review. The Bank has established an independent internal complaint review institution and mechanism. The Strategic Development and Customer Rights Protection Committee under the Bank’s Board of Directors is responsible for studying and reviewing strategies, plans, and policies related to consumer rights protection, including complaint management. Meanwhile, the Audit Department oversaw the performance of consumer rights protection across the Bank, including complaint management, to constitute a regular and standard internal audit and oversight evaluation system.

Complaint Management Goal. The Bank regularly monitored, analysed and circulated customer complaints, identified key business issues, clarified standards and time requirement for complaint handling, and routinely monitored complaint data and included it in circulation and appraisal, in a bid to improve the quality and effectiveness of complaint handling of institutions at all levels. The Bank formulated a three-level source-tracing and rectification mechanism to identify complaint issues and analyse the root causes, and substantially carried out optimisation and rectification to continuously improve products and services and further safeguard the legitimate rights and interests of customers. The Bank also formulated the administrative measures on diversified resolutions of disputes and encouraged institutions to actively seek appropriate resolutions for disputes, thereby enhance customer satisfaction.

⁸ Please refer to the [2022 Environmental, Social and Governance Report of China Minsheng Banking Corp., Ltd.](#) and the section headed “[China Minsheng Bank Complaint Handling Channels and Process](#)” on the Bank’s official website for detailed complaint handling process and channels.

Emergency Response Capability Improvement. The Bank has formulated policies including the administrative measures on emergency response to and contingency plan for material consumer complaints, and carried out regular emergency drills to enhance capabilities in prevention, early-warning, and emergency response, so as to prevent and resolve material complaint risk.

Complaint Management System Development. During the reporting period, the Bank has developed a new-generation complaint management system, which enhanced the online management of entire complaint handling process, strengthened functions of complaint statistics analysis, monitoring, and early-warning, and achieved closed-loop management from complaint acceptance, source-tracing to rectification. The Bank further empowered complaint management by leveraging digital and smart means, enhanced the quality and efficiency of complaint handling, in an aim to ultimately improve products and services.

Trainings on Financial Consumer Protection

Proactive Training and Education. The Bank has actively cultivated the “customer-centric” consumer rights protection culture and promoted the in-depth integration of consumer rights protection management with business development. The Bank developed training plans on consumer rights protection on a yearly basis and provided trainings for all employees involved in consumer rights protection.

During the reporting period, the Bank issued the *2023 Work Plan on Training on Consumer Rights Protection of China Minsheng Bank*, which set out the requirement to conduct multi-level consumer rights protection trainings covering all employees, with a particular focus on middle and senior-level managers, front-line employees and new employees, so as to enhance the awareness of consumer rights protection and urge to proactively protect the legitimate rights and interests of consumers in operation management and business development across the Bank. To ensure the implementation of new regulations and policies, the Bank organised trainings on interpretation of the *Administrative Measures on Consumer Rights Protection of China Minsheng Bank* for the Senior Management, middle and senior-level managers and employees involving in consumer rights protection, which covered 1,554 participants. Additionally, in order to further enhance the standardisation of complaint handling, trainings on functions and operation instructions of the new-generation complaint management system were provided to employees involved in complaint handling at the Head Office and the branches, which covered 4,143 participants.

Enriched Training Channels. The Bank provided a wide range of online and offline courses specifically designed for work scenarios and common needs of employees serving individual customers.

- ❖ Offered practical online training courses, such as the *Regulatory Rules for Complaint Management and Diversified Solutions to Financial Disputes* and the *Psychological Skills for Handling and Responding to Customer Complaints*, and provided employees with a mobile learning platform, which was highly acclaimed.
- ❖ Organised multiple offline business line-oriented and branch-level consumer rights protection training sessions to help customer relationship-related employees gain a comprehensive understanding of policies and regulations, complaint handling techniques and compliant sales concepts, further enhancing the foundation of consumer rights protection works of the front-line employees.
- ❖ Organised self-learning on consumer rights protection for front-line employees of banking outlets during the morning and late afternoon meetings.

Financial Knowledge Publicity and Education

Establishing Partnerships with Financial Education Institutions. The Bank actively explored new models to educate consumers and carried out publicity activities in collaboration with financial education institutions. For example, Beijing Branch of the Bank has entered into strategic cooperation with the online university platform for the elderly of “China.com.cn” to set up the “Cloud Classroom” for remote training.

[Case] Work with Online University Platform for the Elderly of “China.com.cn” to Set up the “Cloud Classroom” for Remote Training

The Bank has established comprehensive strategic partnership with the online university platform for the elderly of “China.com.cn” and developed a cooperation model that enabled information interconnection, resource exchange and achievement sharing. In the production of financial knowledge publicity and education courses for the university for the elderly, the Bank provided financial knowledge training materials, while the production team of “China.com.cn” was responsible for video recording, editing and broadcasting. Consumers could access the financial knowledge courses via the publicity and education section of Beijing Branch of China Minsheng Bank on the homepage of “China.com.cn” or through the mobile app “China.com.cn++”. The videos of the courses and online activities were played at all outlets of Beijing Branch to broaden the learning scenarios for and better cater to the vast financial consumers. As of the end of June, the online “Cloud Classroom” has served more than 4.26 million trainees and reached a total of 35 million individuals.

Education for People with Limited Access to Financial Knowledge. During the reporting period, the Bank formulated the *2023 Work Plan of China Minsheng Bank on Education and Publicity of Consumer Rights Protection*, which explicitly outlined the annual key points of its education and publicity works of consumer rights protection, and required to combine comprehensive implementation and highlighted characteristics. It required that all operating units should concentrate efforts on the areas under their jurisdiction and actively expand the scope of activities to cover the surrounding rural areas, remote areas and minority areas. It also required to focus on key customer groups such as “the elderly, the teenagers and the new citizens”, and full cover all types of channels and consumer groups to enhance customer reach rate and influence.

- ❖ **For the Elderly**, the Bank focused on their financial demands to improve their sense of gain of modern financial services by providing basic financial knowledge education, launching anti-fraud campaigns, and offering trainings on the use of smart technologies. For example, Nanjing Branch continuously hosted salons themed “Guarding the Elderly from Fraud” at its outlets, Chengdu Branch carried out the education and publicity activity themed “Securing the Purse of the Elderly” in local communities, clubs and activity centres of the elderly.

- ❖ **For Teenagers**, the Bank valued the improvement of their financial literacy, and raised the risk prevention awareness among the younger group through microfilms, animations, interactive publicity or other means of interest to them. For instance, the Bank produced a consumer rights protection microfilm *When* to educate college students and freshmen of the Internet industry about the common forms and hazards of the crimes of assisting in telecom and cyber criminal activities, and gave them tips on how to avoid internet finance dangers. The institutions of the Bank have contributed to the improvement of financial literacy of teenagers through hosting themed activities such as “Financial Knowledge in Schools” and “Little Bankers”.

- ❖ **For New Citizens**, the Bank provided more financial assistance and consumer rights protection services to improve their sense of gain of modern financial services. For example, through the activity of “Minsheng Going into 10 Thousand Enterprises”, the Bank publicised financial knowledge and policies to small business customers, gave risk reminders in light of their specific situation, in an endeavour to enhance customers’ awareness of risk prevention and responsibility while helping them stay away from illegal financial activities.

- ❖ **For the Disabled**, the Bank paid attention to their financial needs and strove to increase their sense of gain, so that they would not be left behind in the tide of

financial development. For example, the Bank shot a consumer rights protection microfilm with the title of *Where There is No Sound, There is Minsheng* based on a number of real cases at the primary-level operating units, to demonstrate how the Bank cared for its consumers with hearing and talking issues. Nanjing Branch held activities themed “Special Love for Special You” in communities, disabled persons’ federations and special education institutions. Shenyang Branch collaborated with Shenhe District Disabled Persons’ Federation to offer online publicity of financial assistance to the disabled, and publicised financial knowledge using case studies and anti-fraud short videos to raise their awareness of protecting their legitimate consumer rights and interests.

- ❖ **Expanded Coverage of Education and Publicity to Rural areas, Remote Areas and Minority Areas.** For instance, Urumqi Branch carried out financial knowledge promotion activities in the Korla cotton farming area, the source of the local cotton industry, and Fuzhou Branch visited the village where the She minority lived in Beishan to offer introduction and risk reminders to the local villagers. In addition, the Head Office has collaborated with the branches in Nanning, Haikou and Jinan, to build financial education demonstration bases, going to the front line and fully leveraging its role in local areas to carry out financial knowledge promotion and education activities, to enhance capabilities in financial risk identification and self-protection of the general public.

VIII. Privacy Protection and Data Security

Privacy and Data Security Management Structure

The Bank has created a top-down information security governance structure. In accordance with the *Guidelines on Information Technology Risk Management of Commercial Banks (Yin Jian Fa [2009] No. 19)*, the Board of Directors and the Risk Management Committee under the Board of Directors regularly listened to reports on IT risk management and were responsible for reviewing and submitting the annual report on IT risk management to the relevant regulatory authorities.

At the execution level, the Bank has held the Party Committee responsible for cybersecurity, assigned the data security management responsibilities to related business department, data department, IT department, risk management department, and audit department, and let these departments work together to integrate data security into all facets of business operation and management.

Policies on Privacy and Data Security⁹

The Bank strictly complied with the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China* and relevant laws and regulations, and implemented such policies in all related businesses and at all branches and sub-branches of the Bank.

- ❖ The *Administrative Measures on Data Security of China Minsheng Bank* was formulated to standardise the full-life cycle management of data security to fully enhance the security protection of data activities, and prevent data security related risks.
- ❖ The *Administrative Measures on Data Classification and Grading of China Minsheng Bank* was formulated to clarify the work scope, data classification framework, data grading framework and typical rules for data classification and grading of the Bank, laying the groundwork for further optimisation and implementation of differentiated data security protection policies.

⁹ For more information, please refer to Disclosure of China Minsheng Bank's Policy on [Privacy and Data Security Protection](#) in the section headed Environmental, Social and Governance Information on the Company's official website.

- ❖ The *Administrative Measures on Personal Information Protection of China Minsheng Bank* was formulated to effectively secure personal information, which put forward the security management requirements for all processing stages of customers' personal information, and strictly managed authority settings and access scope. In addition, the administrative measures also clearly stated that the inspection and rectification of personal information protection should be a regular task, and the Bank should carry out comprehensive inspection and special investigation from time to time, and arrange specialised training for relevant employees at regular intervals.

Personal Information Protection Management

Minimised Data Collection. The Bank adopted minimised data collection in line with the principles of “lawfulness, legitimacy, necessity and integrity”.

Data Retention Restrictions. The Bank sets corresponding data retention periods for different types of data in accordance with relevant regulations of state and the financial regulatory authorities, as well as the time limits agreed with individual customers. Once the data retention period expired, the Bank shall delete the data. If it is technically difficult to delete, the Bank shall stop all handling of the data other than storage and necessary security protection.

Strengthened Management Constraints. The Bank specified the security management requirements over the full life cycle from data collection, transmission, storage, usage, deletion to destruction, and carried out classified and graded data security management. The Bank adopted effective measures, such as graded authorisation, authority control and technical control, to strengthen the protection of personal financial information and safeguard the legitimate rights of individuals regarding their personal information, and established corresponding supervision and inspection and emergency response mechanisms to prevent from information leakage and misuse.

Restrictions and Limitations on the Use of Third-Party Data. Only for lawful, legitimate, necessary, specific and explicit purposes, shall the Bank jointly process customers' personal information with third parties, and only those necessary for providing services will be jointly processed.

[Case] Supplier Management on External Data Procurement and Data Application

The Bank attached great importance to customer privacy and data protection specifications in external data procurement and data application. The Bank

explicitly stipulated in the contract the confidentiality obligations to be shouldered by relevant data suppliers during cooperation, including that the data sources should comply to laws and regulations, the information collection process should be authentic, and the data processing should not go beyond the agreed purposes, and copies of data should not be stored or retained without prior consent. In terms of the fulfillment of confidentiality obligations, the Bank required data suppliers to record and store the processing of relevant data for tracking purposes, and assist the Bank to conduct regular sampling inspections on relevant data records, systems, controls, processes, and procedures of suppliers. Suppliers failed to meet such requirements would be asked to make rectifications that are subject to verification and inspection by the Bank.

Privacy and Data Security Protection Measures

Encryption Technology: To protect consumers' personal information, the Bank adopted symmetric encryption algorithm, asymmetric encryption algorithm, digital signature, digital certificate, de-identification and other technical measures in the collection, transmission and storage of sensitive personal data to ensure data confidentiality.

Proactive Defence: Based on boundary defence, network isolation, host protection, intrusion detection and application security, the Bank has constructed an all-round and in-depth defence system. Through real-time monitoring over cybersecurity, early-warning reports, contingency response, technical testing and other measures, the Bank has developed an active, closed-loop comprehensive defence system for cybersecurity.

Access Control: In order to prevent the leakage of personal information, the Bank has issued the *Administrative Measures on Data Security*, the *Administrative Measures on Personal Information Protection*, the *Administrative Measures on Consumer Rights Protection* and other regulations, which are applicable to all departments of the Head Office, the Credit Card Centre and the branches inside the Chinese mainland. These regulations clarified personal information access strategies, standardised personal information processing, and ensured the security of personal information. In order to meet business needs, the Bank has made clear the confidentiality obligations of those who had access to personal information by signing confidentiality agreements and providing confidentiality training, and strictly prohibited to leak personal and customer information to the public. The Bank also adopted access control measures to protect consumers' personal information, such as user authentication, graded authorisation and authority control. Meanwhile, the Bank has included data security risk management into the comprehensive risk management system, and regularly carried out examinations on account authorities, network access relationships, and terminal security controls to ensure the effective implementation of policies.

Emergency Response: In order to ensure the security of business systems, devices, networks and data and the stable operation, and prevent the risk of data leakage, the Bank has established an efficient emergency response mechanism for data leakage, which clarified the division of duties and staff arrangement. The Bank formulated the *Emergency Response Plan for Data Leakage of China Minsheng Bank*, and carried out regular emergency drills. In the case of data leakage or potential leakage, the emergency organisation and personnel would take responsive and recovery measures in an orderly manner according to the process from monitoring and early-warning, analysis and assessment, notification early-warning, coordinated synergy to source tracing, and make every effort to protect the security of customer information, so as to avoid or reduce possible losses and impacts.

In the first half of 2023, the Bank has conducted drills for cyber attack and defence and important information system switching, which focused on data theft, data leakage, data backup and recovery and other scenarios, to continually improve the contingency plans and accumulate experience in responding to emergencies.

The Bank strictly complied with laws and regulations related to cybersecurity and data security, implemented regulatory data security compliance management requirements, adhered to the bottom lines of data security compliance. As of the end of June 2023, no security incidents such as data leakage occurred.

Training on Privacy and Data Security Protection

The Bank has formulated the *2023 Work Plan for Education and Publicity of Cybersecurity and Data Security*, and the relevant trainings targeted at all employees of the Bank and all outsourced personnel. During the reporting period, the Bank has completed the network and data security awareness assessment of 693 new outsourced personnel, and has completed a series of online cybersecurity and data security risk compliance training sessions that covered 14,150 outsourced personnel. Through these initiatives, a positive culture of maintaining cybersecurity and data security has been fostered among all personnel. In addition, the Bank arranged special training on data security and publicity campaigns on e-mail security management for middle-level managers and employees in certain positions, and organised relevant tests.

Information System Audit

External Certification and Audit of Information System: To actively implement the regulations on classified protection of cybersecurity, the Bank engaged authoritative third-party testing agencies to conduct evaluations and risk assessment on classified protection of cybersecurity of information systems every year, and organised internal and external ISO 27001 evaluations on information security management system, in a

bid to constantly optimise information security management system and operation procedures. During the reporting period, the Bank passed the ISO 27001 information security management system certification and the Level IV certification of classified protection of cybersecurity. Besides, the related systems received a “Good” rating in the 2022 Assessment of Classified Protection of Cybersecurity.

Internal Information System Audit: During the reporting period, to comply with relevant provisions on e-banking audit of the former CBRC’s *Administrative Measures on E-Banking* and the regulatory requirements on sensitive payment information security audit of the *Notice of the People’s Bank of China on Further Strengthening Bankcard Risk Management*, the Bank carried out the “special audit on the online financial platform and sensitive payment information security”. The audit disclosed the information security risks related to the construction of online financial platform, promoted the rectification of the issues identified, improved the management of the Bank’s online financial platforms and sensitive payment information security, perfected the information security system of the Bank’s online financial platforms, and consolidated the third line of defence of IT risk management.

Information Security Management System Certification¹⁰

The Bank’s information security management system has passed the ISO 27001 information security management system certification. The business scope of this ISO27001 certification included the design and development, operation and maintenance, and technical support of the information systems of the whole bank.

In March 2023, the Bank obtained the “Data Security Capability Maturity Model Level 3” certification. The certification aligned with the national data security standard GB/T 37988-2019 *Information Security Technology - Data Security Capability Maturity Model*, and was conducted by third-party certification agencies. The certification identified the Bank’s technical and management competences in customer privacy and data security in a systematic manner.

In addition, the Bank continued to improve the standardisation and systematisation of its information security management, and has passed the system certification of the China Cybersecurity Review Technology and Certification Centre. The Bank’s professional competence in protecting data, information, and privacy security of enterprises and customers has won international-level recognition.

¹⁰ Please refer to “[China Minsheng Bank’s Information Security Management System Passing ISO 27001 Certification](#)” and “[China Minsheng Bank Passing Data Security Capability Maturity Model Level 3 Certification](#)” in the section headed Environmental, Social and Governance Information on the official website for details of the ISO 27001 certification and the data security certification.

IX. Talent-Driven Development

Talent Introduction Strategy

Planning the Selection and Appointment of Professional Talents in a Scientific Manner. Based on the full-cycle professional sequence talent management mechanism, and focusing on the key areas of strategic reform, the Bank scientifically planned the demands of talents in key areas, and pushed forward talent selection and appointment for key business areas including business segment, risk management segment and Fintech segment.

Optimising the Introduction of Excellent Graduates. The Bank continuously optimised featured graduate recruitment projects, developed the campus recruitment system with the main brand of “Future Bankers” and the sub-brands of “Young Sail Management Trainee Programme”, “Minsheng Chip Fintech Talent Programme” and “Fresh Bamboo Professional Talent Programme”. The Bank reinforced campus recruitment and optimised the introduction of excellent graduates, formulated campus recruitment plans and introduction objectives in a scientific manner, and formed a whole-process campus recruitment plans based on business development demands and the current talent structure, and coordinated the implementation by institutions at all levels.

Introduction of Core talents. In response to the overall national requirement of “integrating into national strategy and developing regional characteristics and advantages”, the Bank increased its HR support to talent recruitment in key regions and business areas by formulating lists of job positions for leading talents, optimising talent recruitment processes, and carrying out special recruitment.

Strengthening the Cultivation of Fintech Teams. The Bank enhanced the personnel arrangements for key Fintech positions and investment in R&D and data-related talent pool, and further refined the key areas, level structure and staffing to optimise the Fintech talents team. The Bank has formulated the *Fintech Talent Recruitment Workbook*, set up talent appraisal teams and built the recruiting system featuring synergy between internal and external channels.

Talent Development Mechanism

Improving the Mechanism for Professional Sequence Talent Development. The Bank has established a professional position system and talent standards to support business development, and conducted talent evaluation and appointment throughout the Bank with high standards and strict requirements for the whole process, scientific and reasonable rules, as well as open and transparent features. The institutions at all levels highlighted the organisation work with active participation of all employees, which effectively stimulated employees' work enthusiasm and creativity. At present, the reform on the professional sequence has shown positive effects both at the internal and external levels. The “capable, professional and hard-working” employees at the Head Office and the branches have played a vigorous role in undertaking key tasks and speciality empowerment, activating the internal driving force of teams. Meanwhile, supported by the professional sequence system, the Bank has gradually gained strengths in market competition, attracting more outstanding talents to join.

Developing Distinctive Talent Cultivation System. The Bank has provided employees with systematic training, whole-process coaching from tutors and growth points incentives, and built up distinctive talent supply chains to ensure healthy business development and maintain vitality and stability of all teams. The Bank designated high-performing executives and key business personnel to be the tutors to provide guidance for each new joiner and employee who was on job rotation, which enabled them to grow and improve rapidly. The Bank designed differentiated talent cultivation guidelines for each business line based on business model transformation, and planned the job rotation routes in an orderly manner to effectively lead the growth of talents.

Implementing the “Talent Rotation Programme”. The Bank has actively promoted talent rotation between the Head Office and the branches, and among the front, middle and back offices, and provided employees with adequate professional practices to enhance their professional values and sense of achievement.

Talent Growth

Building a Customised Cultivation System. In the first half of 2023, the Bank formulated and released the *2023 Work Plan for Training of China Minsheng Bank*, facilitating the optimisation of the training mechanism and the building of curriculum systems. The Bank was committed to the full-chain management of course development, application and iteration.

Layered and Classified Training System. Centred around the growth of employees and driven by the construction of a learning map, the Bank has built a new layered and classified training system that closely connected with the needs of organisational

capacity improvement and the career development of employees. The Bank has comprehensively promoted the optimisation of the training mechanism, engaged professional departments in analysing the learning and certification requirements of 134 sequences/directions throughout the Bank, and clarified the learning materials of different sequences and levels.

Coaching New Joiners and Employees on Job Rotation. The Bank has included new employee training into the annual training plan, which was designed to deliver core corporate values and help new employees know, recognise and thus trust and love the Bank. The training system for new employees has been comprehensively optimised, and is expected to be implemented within the year. The Bank continued to promote the online learning programme for new employees of “Growing with Dingding”, which was launched in 2022. Since its introduction till mid-June 2023, 4,998 new employees had completed the programme. The Bank designated high-performing executives and key business personnel to be the tutors to provide guidance for each new joiner and employee who was on job rotation, which improved training effectiveness.

Professional and Differentiated Talent Cultivation. The Bank has designed differentiated talent cultivation guidelines for each business line based on business model transformation, and planned the job rotation routes in an orderly manner to effectively lead the growth of talents. The Bank pushed forward the resource development and launching preparation of the learning map as planned, and has completed the launching preparation of the courses for corporate customer service sequence. The courses for special asset handling, collection and preservation sequences have entered into the launching preparation stage. In terms of technology segment, the Bank has completed 200 courses for 9 sequences, which are in the stage of launching preparation. By strengthening the coordinated planning and management of the training system, the Bank continuously consolidated the development of regulations, processes and training management system.

Conducting Professional Position Skill Training. In response to the business development needs and position requirements, the Bank provided necessary position skill trainings to employees and created harmonious work atmosphere by strengthening communication. In the first half of 2023, the Bank comprehensively promoted the optimisation of the training mechanism, built the curriculum system, and focused on full-chain management of course development, application and iteration. The Bank carried out the "Lecturer Pro" project to select and cultivate internal lecturers. The Bank also enhanced external qualification certification, improved the input-output efficiency of training resources, and consolidated the policy foundation for training management.

Developing Leadership and Management Capability. The project of Youth Growth Training Camp and Digital Champions CampLive was carried out by the Human Resources Department and the Youth League of the Bank in cooperation with the Corporate Learning China team of Harvard Business School, in an aim to build a leadership cultivation system for young talents with strategy transmission and empowered development to focus on the strategic positioning of the Bank and expand the growth path of young talents. The project focused on the Bank’s digital financial strategy priorities and combined the most cutting-edge theoretical research and practice of Harvard Business School. Through innovative digital leadership cultivation method, along with further incubation of the SMART Innovation Competition of the Youth League, the project accelerated the understanding of strategies, rapidly updated the cognition, and created an advance force to promote the Bank’s digital financial strategy, and to facilitate the Bank's transformation and innovation.

Supporting External Professional Qualification Certification. The Bank encouraged and supported all employees to obtain relevant qualification certificates, provided learning resources related to qualification accreditation to all employees on the internal learning platform, and supported employees to get the relevant qualification and skill accreditation, as well as to attend external training classes and lectures organised by external institutions to obtain core certificates such as Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM) during their employment, so as to enhance employee’s professional skills for specific position. Upon approval, the Bank would reimburse relevant expenses in connection with the external core certification for all employees (including regular employees and contractors).

Promoting Development with Performance Evaluation

Continuously Optimising the Remuneration Management System. The Bank has formulated remuneration plans in line with the strategic transformation requirements and business objectives of the Bank, and invested in human capital in a forward-looking and precise manner. Employees’ annual remunerations are subject to the Bank’s and their individual operation performance, risk prevention and social responsibility fulfillment results. The Bank reasonably formulated employees’ remuneration plans based on performance appraisal and encouraged employees to continuously improve their individual capabilities and value contributions, and grow together with the Bank.

Systematically Optimising Performance Management. In terms of performance management, in this year, the Bank issued the *Guiding Opinions on the 2023 Performance Management of the Bank* to optimise the employee performance management in a systematic manner. Under the management model of “playing the guiding role of comprehensive performance appraisal”, the Bank has formulated a

performance system with “unified strategic orientation, consistent appraisal logic, integration of institutions and employees, and orderly connection among the Head Office, branches and sub-branches”. By establishing a layered and classified performance management mechanism, developing a target-oriented remuneration system, introducing advanced appraisal tools, and strengthening the standard performance management, the Bank continuously optimised the employee appraisal management system and enhanced the quality and effectiveness of performance coaching and feedback of employees, to ensure the completeness, fairness and impartiality of the performance appraisal results, so as to create an open and transparent performance culture.

Establishing Layered and Classified Performance Management Mechanism.

Through a layered and classified performance management model, the Bank has established a differentiated performance management mechanism for employees at different levels and positions, and constantly improved the alignment of the employee performance appraisal with their job responsibilities and value contributions, and optimised the refined management of the performance appraisal. In addition, the Bank has piloted the layered and classified performance appraisal schemes in certain business lines, which would be implemented in the appraisal process during the year. Through the delivery of the target-oriented remuneration, the Bank has strengthened the strategic and scientific nature of “performance target setting”, enhanced the rationality and standardisation of “performance appraisal and delivery”, intensified performance appraisal, ensured that performance appraisal targets matched with the responsibilities and powers of the positions, and pulled the team to make continuous value contributions.

Strengthening Performance Appraisal Process Management. Through phased performance reviews, the Bank has strengthened the appraisal process management and optimised the feedback process including performance coaching, continuously guided the management and line managers to promptly help employees analyse their achievements and gaps, and guided them to enhance performance and improve works. The Bank has given full play to the positive leading role of performance coaching and feedback in enhancing employees' comprehensive capabilities and organisational efficiency, and realised the alignment of employees' career development with the Bank's strategic goals.

Strengthening Standard Performance Management. The Bank has built a closed-loop performance management system covering “performance target setting - tracking and coaching - appraisal and delivery - feedback and improvement”, and unified the authority and standard requirement of performance management of the whole Bank. In addition, the Bank regularly conducted performance evaluation and communication and feedback to promote positive development of all businesses.

Protecting Employees' Rights and Interests

Protecting Legitimate Rights and Interests. The Bank strictly abided by *the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China* and other laws and regulations, and strictly prohibited any form of discrimination, harassment, or harm on employees. The Bank has formulated *the Administrative Measures on Remuneration of China Minsheng Bank, the Administrative Measures on Labour Contracts of China Minsheng Bank, the Administrative Measures on Employee Induction of China Minsheng Bank and the Administrative Measures on Employee Departure of China Minsheng Bank* and other management rules to ensure that employees' working hours are reasonable. When signing, renewing, terminating, and rescinding labour relations, the Bank strictly abided by legal procedures and continuously optimised management processes to ensure the fairness, openness and impartiality, irrespective of gender, race, or other factors.

Maintaining Work-Life Balance. In addition to statutory holidays, the Bank also offered employees with paid annual leave, and other vacation arrangements in accordance with the related regulations.

Improving Welfare Mechanism. The Bank provided all employees with basic social welfare and benefits from its own, made timely and full payment for basic pension, basic medical care, unemployment, work-related injuries, maternity and other kinds of social insurance and housing provident funds, and protected employees' labour rights and legitimate rights and interests in accordance with laws. The Bank has also set up the corporate annuity system, and provided supplementary medical insurance, physical examination and other benefits to continue to improve employee welfare guarantee.

Caring for Physical and Mental Health. The Bank has prepared workplace infirmaries to provide first aid or health consulting service to all employees during office hours. The Bank has also established the Employee Assistance Program (EAP) hotline, a 24/7 psychological counselling hotline, for all employees. The Bank publicised health education among all employees to improve their mental health and draw their attention to the physical and mental health.

Listening to Employees' Voices

Employee Happiness Index Survey¹¹. The Bank has been always emphasising on and dedicating to enhancing the happy experience and the satisfaction rate of employees in the workplace. Under the leadership and deployment of the Party Committee of the Head Office, the Trade Union of the Head Office carried out annual employee happiness index survey for all employees.

Respecting Employees' Right to Appeal. The *Disciplinary Measures on Staff Violations of China Minsheng Bank* specified the reconsideration and grievance procedure and the handling mechanism for employees who were subject to accountability treatment. When an employee disagrees with the disciplinary decision, they may submit a written application for reconsideration and appeal. The accountability committee shall make decision on reconsideration within the prescribed timeline. Where the employee still disagrees with the reconsideration decision, they may appeal to the accountability committee at a higher level, which will deal with the reconsideration and grievance according to the prescribed procedures to safeguard the legitimate rights and interests of employees. After reconsideration or review, the receiving accountability committee may maintain, cancel or alter the original disciplinary decision.

Smoothing Feedback Channels and Specifying Reporting Process. The Bank has operated the platform of “Voice of Minsheng” for two consecutive years to collect and address business development needs and employees’ appeals on certain issues from the primary-level institutions. The Bank established long-term feedback mechanism for issues brought forward by employees, summarised key issues on a regular basis to report to the management for making decisions, and publicised the solutions for problems. To protect privacy and personal data of employees, the platform provided the option of anonymous question submission, follow-up question submission and anonymous commenting, by which employees can submit unlimited subsequent questions after receiving the feedback to ensure that the issue is ultimately and properly solved. The platform operation team is responsible for coordinating, tracing and expediting the problem-solving process, as well as evaluating the quality of outcomes and punctuality of the responding department. The Chairman of the Board and the Senior Management paid close attention to the issues and convened a number of special meetings to study and solve the issues raised by the primary-level operating units. In the first half of 2023, through the platform of “Voice of Minsheng”, the Bank solved more than 300 issues, and made public more than 1,100 issues collected through the platform and from business investigations and researches via other channels.

¹¹ For more information on the employee happiness index survey, please refer to the [2022 Environmental, Social and Governance Report of China Minsheng Banking Corp., Ltd.](#)

X. Social Responsibility Governance

Featured Assistance Promoting Revitalisation

2023 is a crucial year for effectively connecting the consolidation and expansion of the achievements of poverty alleviation with rural revitalisation. In order to implement the policies and decisions and deployments of the Central Party Committee and the State Council on the rural revitalisation strategy, the Bank further improved the management system, optimised the four-level synergy mechanism of the rural revitalisation leading group, the implementation group, the rural office and the agile working group. In accordance with the overall goal of "two focuses, three no's, and five improvements" during the 5-year transition period, the Bank mobilised resources of various parties, coordinated internal and external forces, gave full play to the advantages of social assistance, demonstrated the characteristics of financial assistance, and strove to make paired assistance "responsibility fields" into "demonstration fields" for rural revitalisation.

Innovating Assistance Model and Exploring Unique Paths. The Bank actively adapted to new situations, studied new requirements, expanded new fields, and took new measures. Focusing on the industrial development of counties receiving paired assistance, the Bank has launched a series of campaigns such as "New Working System of 'One Branch Supporting One County'", "Strategic Customer Partnership Plan" and "New Businesses for Financial Assistance to Agriculture, Rural Areas and Farmers", forming industry-based paired assistance with characteristics of China Minsheng Bank.

Assisting Farmers in Expanding Sales to Alleviate Their Difficulties, and Taking Multiple Measures to Shoulder Responsibility. The Bank has actively communicated with local governments, supported local agriculture, helped farmers promote and sell agricultural products, solved the problem of capital turnover, took multiple measures to help farmers generate and increase income and share the development achievements of common prosperity, and contributed to rural revitalisation. In the first half of 2023, the Bank directly purchased from and helped sell RMB12.45 million agricultural products of areas lifted out of poverty.

Promoting Key Models to Serve Rural Development. In order to further open up favourable channels for rural revitalisation services and fill the gap in rural financial services, the Bank has played an important role in the rural revitalisation strategy, took the heavy responsibility of serving the "agriculture, rural areas, and farmers", accelerated the promotion of key models such as "Photovoltaic Loan", "Revitalisation Loan", "Agricultural Loan Express", "Cotton Grower Loan", and "Minsheng Easy Leasing", and provided customised financial products and comprehensive financial services to promote rural revitalisation.

Initiating Public Welfare and Charity

Delivering Minsheng’s Warmth Through Charity and Public Welfare. Adhering to the principle of sharing development achievements with the society, the Bank fully utilised its advantages, optimised the public welfare service system, and carried out public welfare practices covering paired assistance, assistance to the vulnerable group and those in difficulties, education support, health and well-being, culture and art, and community development. The Bank has supported the AIDS prevention and control programme of China Red Ribbon Foundation, “Guangcai – Minsheng” medical care programme for children with congenital heart disease, and "Beautiful Xinjiang Minsheng Class" education funding project for many years, continuously shouldered its responsibility, delivered Minsheng’s warmth, and gave back to the society with practical actions.

Building Branded Distinctive Public Welfare Projects for Consecutive Years.

During the reporting period, the Bank donated RMB14.70 million to sponsor the distinctive public welfare project of the eighth session of the “Power of Minsheng’s Love – ME Charity Innovation Funding Scheme”, funding 27 innovative charity plans committed to rural revitalisation, community development, education support, health and well-being, ecological civilisation and other sectors. In these funded projects, there were multiple public welfare projects dedicated to ecological civilisation construction, environmental protection, and biodiversity, such as building a “Civilised Fishing Village” with “Ecologically-friendly Beach Comb”, the Nature Conservator Sprouting Plan, and the Saving Great Bustard Protection Action Network.

Leading Cultural and Artistic Public Welfare

Serving Society Through Artistic and Cultural Public Welfare. During the reporting period, the public welfare art institutions sponsored and operated by the Bank remained committed to cultural public welfare by organising key exhibitions of “Civilisation” series. The Bank has successfully explored an effective path to serve national strategies and the needs of the general public. As of the end of June, one of the art institutions has successfully concluded the “The Trace of Civilisation - The Great Art of Dunhuang”, attracting 240,000 visits during the exhibition period, providing 1,450 professional guide tours, and receiving widespread praise from all sectors of society.

Key Exhibition Projects of “Civilisation” Series. In the first half of 2023, the Bank has well-planned a series of key exhibitions of “Civilisation” series, including the “The Inheritance of Civilisation – The Great Art of Century–Old Masters” and the “The Integration of Civilisation – The Great Art of Silk Road”. Among them, the “The Inheritance of Civilisation – The Great Art of Century–Old Masters” officially opened to the public on 9 July. This exhibition was the largest group exhibition of Chinese

modern and contemporary art masters in 2023, gathering 185 cultural relic-level exhibits from more than 40 Chinese art masters in the 20th century. This exhibition presented an immersive experiential scenario and holographic presentation, depicting the artistic exploration, cultural inheritance, and patriotism of the masters in the 20th century in the context of “unprecedented changes in a thousand years”. "The Integration of Civilisation – The Great Art of Silk Road" has been in preparation. The “Civilisation” series of exhibitions will embark on a precious public cultural journey for the general public in Beijing and even across the nation, and make Minsheng’s contribution to the inheritance and protection of civilisation, cultural innovation and development.

[Case] The Trace of Civilisation - The Great Art of Dunhuang

From August 2022 to May 2023, one of the Minsheng public welfare art institutions successfully held the "The Trace of Civilisation - The Great Art of Dunhuang". This exhibition was the largest external exhibition of Dunhuang art to date, replicated 8 caves at the Beijing Minsheng Modern Art Museum, showcased more than 280 exhibits including mural replicas, sculptures, scriptures, and cultural relics from the Library cave. The exhibition opened for 179 days and attracted 240 thousand visits.

“The Trace of Civilisation - The Great Art of Dunhuang” was awarded “TimeOut Beijing 2022 Annual Exhibition of the Year”, “Beijing’s Most Worthy Visiting Exhibitions No.1”, “Beijing’s Seven-Day Selected Exhibitions No.1”, and “No.1 on the Hottest Weekend Exhibition List”. It was also awarded one of the “Top 10 Excellent Exhibitions of 2022” by the Ministry of Culture and Tourism, becoming the only exhibition by private art museum to receive this honour. The exhibition offered an art feast in carrying forward excellent culture and showing national self-confidence for the public in Beijing and even across the nation.

Meanwhile, Minsheng art institutions broke down the “walls” of art palace and adopted diversified ways, such as “going out”, “concerting online and offline efforts”, “Minsheng Art Empowerment Project (MA+)”, to inject fresh artistic nutrients and the cultural force of the Bank to public aesthetics education and rural revitalisation.

Suggestions & Feedback

This report is published both in Chinese and English, the Chinese version shall prevail. This report is provided in electronic format. If you have any comments or suggestions, please send email to esg@cmbc.com.cn or call 010-58560666-6221.

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