

# **China Minsheng Banking Corp., Ltd.**

## **2024 Interim Special Report on Sustainable Development (ESG)**

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## 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 2023 Annual Report of China Minsheng Banking Corp., Ltd., the 2023 Corporate Social Responsibility Report of China Minsheng Banking Corp., Ltd., the 2023 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 2023 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 2024 to 30 June 2024. 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.

## **Release of the Report**

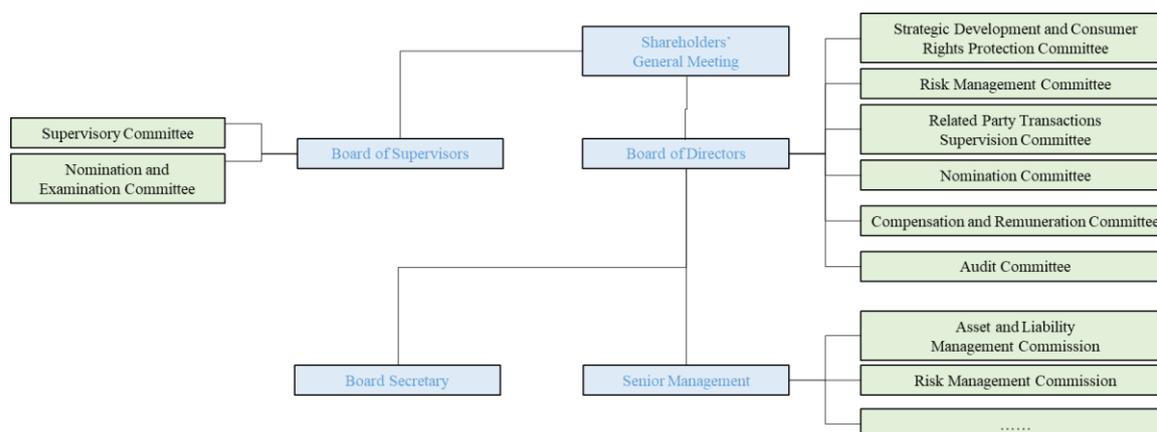
This Report is released online and is available at the Bank's official website ([www.cmbc.com.cn](http://www.cmbc.com.cn)).

## Governance

### I. Corporate Governance and ESG Governance

#### Corporate Governance

Based on its actual conditions, the Bank constantly improved the corporate governance system and advanced the organic integration of the CPC's leadership with its corporate governance in an in-depth manner. The Shareholders' General Meeting, the Board of Directors, the Board of Supervisors, and the Senior Management followed the principles of "each performing its own duties, each taking responsibility for itself, coordinated operation, and effective checks and balances", the corporate governance became more scientific and effective.



The structure of the Board members embodies qualities including independence, professionalism, and diversity, which helps ensure that the Board can make decision in a rational manner.

**Professionalism of the Board Members.** The Executive Directors of the Bank had been engaged in banking operation and management for a long time with extensive professional experiences. All Non-Executive Directors held key positions in large renowned enterprises and were experienced in management, finance, and accounting. One of them was from Hong Kong and was familiar with the IFRS and regulations of the Hong Kong capital market and equipped with extensive banking management experience. The number of Independent Non-Executive Directors of the Bank accounted for more than one-third of the total number of Board members, meeting the relevant regulatory requirements.

**Diversity of the Board Members.** The diversified composition of the Board is beneficial to enhance the quality of operation of the Bank. The Bank formulated the *Policy of Board Diversity*, specifying that the Bank should take various factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and term of office, into consideration in determining the members of the Board for more diversified Board composition. The final candidates shall be elected based on his/her value and contributions to the Board. The Nomination Committee shall supervise the implementation of the Policy of Board Diversity, and shall analyse and assess the structure, composition and diversity of members of the Board based on the requirements for diversified composition of the Board and make suggestions to the Board for implementation of the strategies of the Bank annually. The Board had reviewed the implementation and effectiveness of the diversity policy of the Bank and included one female director into the Board.

## Performance Evaluation for Sustainable Development

The Bank continuously improved the performance supervision and evaluation system with daily performance supervision as the basis and annual performance evaluation as the mainstay. It has improved the mechanism of deferred payment and recourse and recovery of remuneration, gradually established an incentive and restraint mechanism that balanced risks and returns, laid equal emphasis on long-term and short-term development, and reflected the principle of sustainable development, thereby promoting corporate governance entities to exercise rights and shoulder responsibilities in accordance with laws and regulations.

**The Mechanism for Deferred Payment, Recourse and Recovery of Performance-Based Remuneration.** In order to improve the incentive and restraint mechanism for performance-based remuneration, give full play to its leading role in corporate governance and risk management and control, strike a balance between current and long-term period as well as benefits and risks, and prevent radical operation behaviours and violations of laws and regulations, the Bank sets up the mechanism for deferred payment, recourse and recovery of performance-based remuneration regarding the senior management, employees in key posts and in posts having significant impact on risks. In cases of violations of laws, regulations, and disciplines, occurrences of abnormal risk exposure, or major risk incidents, performance-based compensation will be recouped and recovered from the responsible parties in accordance with regulatory requirements.

**Aligned Remuneration with Sustainable Development.** In accordance with the internal management mechanism, the total annual remunerations of employees of the Bank are determined after comprehensively considering the total number and structure of employees, development of young employees, talent introduction and cultivation in strategic business areas, risk control, operating results and other factors. In addition, the performance-based remuneration of employees is pegged to the comprehensive performance of the business unit (department) and themselves. In terms of evaluation indicators, key performance indicators, such as sustainable development, customer base, risk control, economic efficiency and social responsibility, are set up to align the remuneration with operating results, risk prevention and social responsibilities.

## 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 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, reviewed the progress of ESG management objectives, 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 is responsible for reviewing matters related to the performance of social responsibilities in economic, environmental and social and public welfare undertakings, providing suggestions to the Board, paying attention to the implementation of policies and plans, and assisting the Board in supervising the management in carrying out ESG related work.

## ESG Working Mechanism<sup>1</sup>

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

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<sup>1</sup>For more details of ESG Working Mechanism, please refer to the “ESG Governance” section in the [2023 Environmental, Social, and Governance Report of China Minsheng Banking Corp., Ltd.](#)

composed of relevant departments to advance ESG work from three levels of overall planning, coordinated promotion and implementation, respectively.

## II. Compliance-Driven Development

### Strengthening Compliance Management

The Bank continued to improve the internal control and compliance system, strengthened the building of a compliance culture, and continuously enhanced the awareness and capability of operating in accordance with laws and regulations throughout the whole bank.

**Improving Internal Control and Compliance System.** The Bank has established a compliance management system based on *the Administrative Measures on Compliance Management of China Minsheng Bank*, comprising policies from the compliance management department and various functional departments. This system includes the *Basic Provisions on System Management of China Minsheng Bank*, the *Administrative Measures on Internal Control and Compliance Inspection of China Minsheng Bank*, the *Code of Conduct for Employees of China Minsheng Bank (Revised)* and the *Regulations on Prohibited Conduct of Employees of China Minsheng Bank*.

**Strengthening Compliance Management Mechanism.** The Bank strengthened its pre-event, in-process, and post-event compliance management mechanisms. In terms of pre-event management, 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 strove to reshape the compliance culture, increase the intensity of inspections and rectifications, clarify performance evaluation criteria, strictly manage operational risks, control related-party transactions, strengthen anti-money laundering management, and upgrade compliance technology. By consolidating the “three-dimensional case prevention system” and the “grid-based management system for employees”, the Bank has enhanced its internal control management and case prevention capabilities.

### 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, Executive Vice Presidents, and some of the Senior Management as vice chairmen of the Committee. Accountability Committees have been established at various levels, including the branches, the Credit Card Centre, and the most of sub-branches. They are the decision-making and management units for accountability work at the corresponding level, which are responsible for supervising business ethics and rigorously addressing employee violations, disciplinary breaches, and unlawful activities in accordance with established authorities and regulations.

**Policies and Regulations.** The Bank has formulated the code of conduct, the administrative measures, and the detailed rules for practitioners, formulated the *Disciplinary Measures of China Minsheng Bank on Staff Violations* to rigorously monitor and empower all employees to adhere to ethical standards. Additionally, the Bank has implemented the *Accountability System for Performance of Senior Management of China Minsheng Bank*, which requires all management teams to set up good examples, and motivate employees to practice the corporate value of "making steady progress for long-term development."

**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. The Bank improved and issued the *Regulations of China Minsheng Bank on Prohibited Conduct of Employees*, which requires all formal employees and dispatched personnel of the Head Office and all branches to comply with the policies, so as to strengthen behaviour management of human resources.

**Capacity Building.** The Bank further promoted compliance publicity and anti-corruption training, and formulated regular training plans for all employees (including part-time) and contract staff on a yearly basis. For compliance training, the Bank provided online and offline induction compliance training for new employees. At the same time, specialised compliance trainings for all employees and outsourced staff, were provided at each business lines, which were tailored to the latest laws, regulatory

developments, company rules and regulations, and actual business needs. In terms of anti-corruption, the Bank continually strengthened the construction of a clean financial culture, carried out publicity on typical cases of violation of laws and regulations, and incorporated national laws, Party rules and discipline, company rules and regulations, and typical cases of violation of discipline of employees into the training curriculum, and held publicity and education activities in various forms on ethical conducts which covered all employees.

## Regular Audits on Ethical Standards

**Regular Review and Revision of Internal Policies.** The Bank conducts comprehensive internal control audit across all operational units in accordance with the principle of “full coverage in three years”, focusing on the internal systems related to ethical standards, employee ethical risks, and clean practices, and carries out all-round supervision on all business activities and personnel. During the reporting period, to ensure that its internal policies were consistent with changes in regulatory policies and requirements, the Bank re-examined the *Disciplinary Measures of China Minsheng Bank on Staff Violations*, and the *Regulations on Prohibited Conduct of Employees of China Minsheng Bank* and other internal policies on ethical standards in accordance with the changes in national laws and regulations and relevant regulatory provisions. In June, the Bank formally issued a revised version of the *Disciplinary Measures of China Minsheng Bank on Staff Violations*, which explicitly addressed anti-bribery and anti-corruption regulations in relation to bribery and duty embezzlement, and added over 10 new accountability clauses regarding serious violation of rules and disciplines such as bribery and corruption. The updated measures have been reviewed and approved by 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. During the reporting period, the Bank conducted audits on term of office and audits on departure of leaders, strengthened the determination of liabilities for problematic assets, the acceleration of digital transformation and other measures to better implement clean governance and prevent related risks.

## Anti-Bribery and Anti-Corruption Policies

**Strict Adherence to Regulations and Standards.** In response to changes in national laws, regulations, and regulatory requirements, the Bank reviewed and updated its rules and regulations in a timely manner, which included 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-related regulations regarding bribery and duty embezzlement, explicitly prohibiting employees from soliciting or accepting bribes, receiving kickbacks or commissions in violation of national regulations, and engaging in the transfer of benefits, insider trading and other behaviours, to strengthen institutional and supervisory mechanisms, maintaining zero-tolerance for corruption and bribery.

**Strengthening of 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, and continued to improve the mechanism for investigating and dealing with violations of regulations and disciplines, urging employees to abide by laws, regulations and disciplines. The Bank continued to strengthen the supervision on accountability management work, gave full play to the responsibilities and roles of the accountability committees at all levels. In compliance with the *Disciplinary Measures of China Minsheng Bank on Staff Violations*, these committees rigorously investigated and addressed violations and misconduct. Those who violates the criminal law will be transferred to the public security organs for legal action in accordance with the law.

## Whistleblower<sup>2</sup> Protection

The Bank receives complaints and tip-offs through public channels, such as telephone and emails. The discipline inspection committees at various levels handle the cases in accordance with their respective authorities. The Bank has formulated and released the *Working Measures on Supervision and Discipline Execution by Discipline Inspection and Supervision Institutions of China Minsheng Banking Corp., Ltd. (Trial)*, which defined the 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.

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<sup>2</sup>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.

- **Smoothing up Channels for Complaints and Tip-Offs.** The discipline inspection committees at all levels have made public the postal addresses, reception addresses for visits, telephone numbers, e-mail addresses and other diversified channels for complaint and tip-off reporting, to promptly receive relevant impeachment and accusation.
- **Standardising the Handling Procedures for Complaints and Tip-Offs.** The Bank handled complaints, tip-offs and clues in strict compliance with the relevant provisions of the *Working Measures on Supervision and Discipline Execution by Discipline Inspection and Supervision Institutions of China Minsheng Banking Corp., Ltd. (Trial)*. The discipline inspection committees received complaints and tip-offs 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 report, and failure to protect the whistleblower in accordance with the regulations resulting in their infringement.

### Anti-Money Laundering (AML) Management<sup>3</sup>

**Optimising System Building.** The Bank strictly abided by the *Anti-Money Laundering Law of the People's Republic of China* and other relevant AML regulations, 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 AML internal control policies, updating digital and

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<sup>3</sup>For more information on AML management, please refer to the [2023 Environmental, Social and Governance Report of China Minsheng Banking Corp., Ltd.](#)

intelligent AML system, consolidating the foundation of AML work, and empowering frontline staff to effectively fulfil AML responsibilities.

**Strengthening 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 provided flexible and diversified AML training that covered all staff, tailored to different positions, and gave full play to its institutional characteristics, with the aim to improve the AML ability of all staff.

## Management of Related Party Transactions

**Enhancing Layered Duty Performance.** The Bank continuously strengthened the performance of the Board of Directors and the Related Party Transactions Supervision Committee and established the independent director special meeting mechanism. For significant related party transactions, the independent directors shall express independent opinions in advance on the fairness, compliance and internal approval procedures, and convene independent director special meetings to review them. 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 to carry out daily works 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*, the *Implementation Rules for the Management of Related Parties of China Minsheng Bank*, and the *Implementation Rules for the Governance of Related-Party Transaction Data of China Minsheng Bank*.

**Refining the List of Related Parties.** The Bank 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 update 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 regulatory requirements, the Bank continued to push forward the connection of business systems to the related party transaction system, launched compliance control function, strengthened the real-time monitoring and early-warning of related party transactions, achieved the automated generation of quarterly reports on the related party transaction supervision system, realised system-based management and control of related party transactions, and improved the digital management of related party transactions.

## Environmental Protection

### 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 formulated the *Administrative Measures on Green Finance of China Minsheng Bank* (hereinafter referred to as "*Administrative Measures on Green Finance*") to clarify the Bank's green finance management system and the division of responsibilities and management requirements of the Board of Directors, the Senior Management, relevant departments and operating units.

- 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.
- Establishing the Carbon Peak and Carbon Neutrality Office: The Carbon Peak and Carbon Neutrality Office was established at the executive level and operated in conjunction with the Green Finance Committee to coordinate the implementation of carbon emission and carbon intensity policy requirements within the Bank, so as to ensure the achievement of the relevant strategic initiatives and goals.

## ESG Risk Management System

The Bank paid close attention to ESG risk management, formulated and issued the *Measures on ESG Risk Management for Legal Person Customers*, 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 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, strictly adhered to environmental, social and governance risk assessment standards and compliance review checklists, continued tracking and monitoring customer ESG risks, reinforced dynamic evaluation, risk exposure management and namelist-based management, and responded to changes in their ESG risks with corresponding risk mitigation measures, early-warning handling or exit measures in a timely manner. The Bank embedded ESG risk management into the entire investment and financing risk management process, which served as a crucial reference for customer rating, credit access, management, and exit decisions, and adopts differentiated risk management measures in the "three reviews" of loans, loan pricing, and economic capital allocation.

In 2023, the Bank launched the full-process ESG risk management enhancement project to optimise key points of differentiated compliance review and content of pre-loan investigations for high-carbon industries, strengthen the collection, monitoring and analysis of data related to environmental and climate risks. Starting from the consideration for "E", the Bank has established ESG risk ratings for credit customers in key industries, optimised classified management, dynamic assessment and namelist-based management, and built an ESG evaluation model for key industries. By doing so, the Bank gradually embedded the ESG risk management requirements and evaluation results into the whole process of credit management including pre-loan, in-loan and post-loan in a standardised, structured and smart manner, and promoted the gradual embedding of ESG ratings and classified assessments into credit management systems.

## Credit Policies<sup>4</sup> for Segmented Industries

**Focus on Sustainable Development.** The Bank adhered to the principle of “controlling total quantity and making structural adjustment”, adopted the national green development and energy security strategies in a coordinated manner, 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 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.

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<sup>4</sup>For detailed policies of segmented industries, please refer to *the [2023 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.

## ESG Due Diligence<sup>5</sup> and Credit Review and Approval

**Identifying ESG Risks in Credit Due Diligence Process.** The Bank formulated the *ESG Risk Due Diligence and Compliance Review Checklist* to further enhance the credit due diligence system. This checklist clarified the credit investigation requirements in relation to ESG risks from the outset of credit application, mandating that potential ESG risks of customers or projects be clearly identified in the due diligence report. The report must include a corresponding risk assessment. If specific environmental, social and governance issues were found, the potential impacts and risk mitigation measures must be explained for further review by the credit approval department. Furthermore, the Bank developed industry-specific ESG risk due diligence checklists tailored to different industries and project types, including supplemental checklists for special customers such as nuclear power and large-scale hydropower projects. To ensure true and reliable results, the Bank conducted cross-validation and analysis of information from competent authorities, industry associations, credit agencies, regulatory authorities, media and other channels when identifying ESG risks. The Bank has made ESG risk due diligence a mandatory component of the due diligence process, with applications failing to follow the checklist will not being accepted. At the same time, the Bank is committed to continuously enhancing the standardisation and digitisation of ESG risk assessment in the credit due diligence process, deeply integrating ESG due diligence into the credit management system of the Bank.

**Predicting ESG Risks in Credit Review Process.** The Bank has developed the ESG compliance review documentation and key points checklist, which specifies the required compliance documents and compliance review points for environmental, social and governance aspects associated with customers and projects, encompassing nine high-carbon industries and three major industries that are of significant public interest. The Bank has clearly required that the completeness, compliance, and validity of customer (project) information be reviewed one by one.

- The Bank explicitly requires the review to ascertain whether the credit application entity has provided the ESG due diligence checklist. For applications that failed to meet the above requirements, the Bank implemented the “process returned” with review comments entered in the public credit risk system, and required operating units to further supplement and improve application materials. For customers

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<sup>5</sup>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.

classified as medium or high ESG risk, or whose ESG risk classification cannot be determined, an ESG compliance review opinion is required, including an overall ESG assessment and the ESG risk management measures that the customer should adopt. Among them, for customers classified as medium or high ESG risk with a negative review opinion, proceeding to the credit approval process is prohibited.

- The Bank will prioritise support for the business belonging to one of the following three categories: the business in the “C Manufacturing” industries listed in the national standard industry category; the business that was identified as green financial business in accordance with the *Administrative Measures on Special Statistics of Green Finance of China Minsheng Bank*, and that was selected as “green finance” in the credit approval comment; and the business involving agriculture-related loans that met the *Administrative Measures on Special Statistics of Agriculture-related Loans of China Minsheng Bank*.

**Assessing ESG Risks in Credit Approval Process.** On the enterprises side, for socially and environmentally friendly enterprises, the Bank continuously improved the service effectiveness of financing customers by using data-based tools to simplify processes and grant full authorisation. 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 that failed to meet the standards of environmental protection, quality, safety, and technology, and enterprises with significant environmental and social risks. Customers with significant environmental and social risks should not be approved in principle during the approval process.

On the industry side, 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". As at the end of the first quarter, 59 businesses related to industries with “high pollution, high energy consumption and overcapacity”, worth of RMB7,594 billion, were rejected.

#### **[Case] Due Diligence and In-Depth Assessment of High-Carbon Industries**

The Bank required that further environmental evaluation should be conducted for the comprehensive credit, project loans, and M&A loans granted to mid-to large customers in high-carbon industries. For example, the evaluation of enterprises impact on

environment was required in the due diligence report for comprehensive credit granted to enterprises in the electrolytic aluminium and non-ferrous metal industries, and the analysis of the reliability and reasonableness in promoting environmental protection was required in the due diligence report for fixed-asset loans granted to enterprises in the power, coal, and petroleum refining industries. Focused on the characteristics of high-carbon industries and the ESG risk evaluation model, the Bank formulated the ESG risk due diligence checklist for such industries, covering nine high-carbon industries, including thermal power generation, cement manufacturing, plate glass, petrochemicals and organic chemicals, iron and steel, paper-making, non-ferrous metals, inorganic chemicals, and civil aviation, as well as non-high-carbon general industries.

During the reporting period, a cement group applied to the Bank for a syndicated loan from the participating bank. As the cement manufacturing industry falls into the "high pollution, high energy consumption, and overcapacity" category, the Bank conducted a substantive review of the enterprise. The review revealed that the target company plans to significantly expand its production capacity in a short period, with limited market absorption capacity, posing a risk of overcapacity. Since it did not meet access criteria as stipulated in the Bank's credit policies, the Bank rejected the credit application.

### ESG Risk Escalation Provisions and Process

In accordance with the *Green Finance Guidelines for the Banking and Insurance Industries* and the *Key Evaluation Indicators for the Implementation of Green Finance in Banking Institutions (2024 Edition)*, the Bank formulated the *Measures on ESG Risk Management for Legal Person Customers*. The Bank classified customers' ESG risks into ten levels based on the impacts of their operation activities on the environment and the society, and conducted dynamic assessment and monitoring. ESG-A+ (Risk Level 1) to ESG-C+ (Risk Level 7) represent the low level of risks, ESG-C (Risk Level 8) and ESG-C- (Risk Level 9) represent the medium level of risk, and ESG-D (Risk Level 10) represents the high level of ESG risks. Among them, customers classified as high ESG risk typically exhibit very poor sustainability capabilities, low levels of overall ESG management, and have recently experienced frequent major ESG risk incidents that have significantly negative impact on the enterprise, clearly exposing extremely high ESG risks. For such ESG high-risk customers, the risk escalation management process will be triggered, and the fixed asset loans and other medium to long-term credit facilities 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 2024, the Bank continued to build the system of green finance brands and products, strengthened priority to support clean energy, green infrastructure, green manufacturing and green transport, launched financial service solutions for the iron and steel industry and comprehensive service solutions for the energy storage industry, and implemented carbon quota-based pledge loans and sewage discharge right-based pledge loans.

**Green Product Innovation.** The Bank actively supported environmentally friendly financing needs, made breakthroughs in the businesses of green bonds and sustainable development-linked bonds to support project loan financing in the field of carbon emission reduction, jointly launched innovative products such as “Farmer Photovoltaic Loan” to support low-carbon transformation of enterprises and farmers, and underwrote and issued the first targeted green carbon neutrality affordable housing bond.

**Green Inclusive Finance Products.** The Bank made continuous efforts to innovate in carbon finance services by launching the green financial product of “E-Carbon Loan” in Qinghai Province, supporting the low-carbon development of micro, small and medium enterprises (MSMEs) in the province. This business relies on enterprise "carbon account" data and carbon evaluation reports provided by the "Qinghai Credit Finance" Platform of the People's Bank of China Qinghai Branch to offer financing to eligible enterprises. Loan terms are linked to the enterprises' carbon performance and are adjusted accordingly as their carbon performance improves.

**Carbon Trading Product Innovation.** The Bank supported the innovation of carbon finance and environment-related equity products, revised the *Administrative Measures on Carbon Emission Rights-based Pledge and Guarantee of China Minsheng Bank*, and formulated the *Administrative Measures on Pollutant Discharge Right-based Pledge and Guarantee of China Minsheng Bank* to promote the standardised business development. Since the official launching of online trading in the national carbon market, the Bank has continued to strengthen comprehensive service innovation of carbon finance on the basis of carbon trading settlement services:

- The Bank continued to promote the green innovation product of "Minsheng E-Carbon Loan", jointly launched with State Grid Yingda International Holdings Co.,

Ltd. to empower MSMEs in the State Grid supply chain to achieve low-carbon transformation and development.

- The Bank innovated the model of carbon emission rights-based pledge loans, innovatively introduced carbon assets company of State Power Investment Corporation Limited to supervise and dispose the pledged carbon emission rights on behalf of the Bank, and optimised the financing plan, thus effectively utilising the carbon emission allowance assets of enterprises.

#### **[Case] China Minsheng Bank Officially Launched the Financial Service Solution for the CCER Carbon Market**

In March 2024, the Bank held the “Green Infinite, Carbon Future—China Minsheng Bank CCER (China Certified Emission Reduction) Carbon Market Financial Service Promotion Conference”, officially launching the Financial Service Solution for the CCER Carbon Market tailored to meet the needs of customers in the carbon market. The solution aims to help market participants in engaging with the carbon market, cultivating carbon assets, conducting carbon trading, and realising carbon revenue. It enhances the value of CCER, jointly fosters the carbon market, and promotes voluntary emission reductions by enterprises to achieve sustainable development. The solution extends the Bank’s “Carbon Peak and Carbon Neutrality” green finance brand into the carbon market. In the future, the Bank will actively practice green development, fulfill ESG responsibilities, and collaborate with customers and professional institutions to increase the supply of green finance, drive innovation, and jointly create a green and low-carbon development ecosystem, thereby promoting the development of green finance sector.

### **Sustainable Finance Products**

**Serving the Financial Needs of the Agriculture and Husbandry Industries.** The Bank continuously promoted “Agricultural and Animal Husbandry Loan” product, and cooperated with leading 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. As at the end of the first quarter, there were 1,763 customers with loan balances under the “Cotton Grower Loan”, with total loans incurred of RMB480 million and a loan balance of RMB438 million.

**Research and Development of ESG Index Series.** The Bank continued to enrich the “Minsheng Bank ESG Index Series” and its related products, and innovatively developing the “Minsheng Bank Rural Revitalisation Index Series”. The index series helped investors gain the investment returns of global sustainable enterprises on one hand, and indirectly invested in enterprises that paid more attention to environmentally and socially conscious on the other hand. “Minsheng Bank Rural Revitalisation Index Series” consists of “Minsheng Bank Rural Revitalisation Index” and “Minsheng Bank Rural Revitalisation Main-Category Asset Allocation Index”. Of which, the “Minsheng Bank Rural Revitalisation Main-Category Asset Allocation Index” was the first asset allocation index themed with rural revitalisation in the market, covering stocks, bonds and commodities. It combined rural revitalisation with ESG concepts, fully considered the impacts of environmental, social and corporate governance factors on business operation, and guided the capital inflow into high-quality enterprises. As at the end of the first quarter of 2024, the accumulative sales volume of ESG index products amounted to RMB26.25 billion, and the accumulative sales volume of rural revitalisation index products amounted to RMB960 million.

## Participation in Green Bonds

**Active Participation in Green Bonds.** The Bank actively implemented the national strategic deployments for financially supporting sci-tech innovation, promoting common prosperity and pushing forward green development through product innovation. As at the end of the first quarter, the Bank underwrote and issued eight innovative debt financing instruments with total scale of RMB2.4 billion, of which, four were green development bonds with a scale of RMB1.02 billion. The proceeds were used for low-carbon and energy saving and other green projects. The Bank also helped three corporate issuers to develop in a green, low-carbon and sustainable manner. As at the end of the first quarter, the Bank's balance of green bond investments totaled RMB51.193 billion, representing an increase of 51.97% as compared with the corresponding period of the previous year. The Bank also actively promoted the sale of green bonds, achieving a total distribution of RMB2.45 billion in the first quarter of 2024, representing an increase of 158.17% as compared with the corresponding period of the previous year. 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

**Formulating Climate Risk Management Plan.** The Board of Directors deliberated and approved the *Five-Year Development Plan for Green Finance of China Minsheng Bank (2021-2025)* (the Five-Year Plan), which clearly defined the initiatives and targets in six areas of climate risk management, including optimising policies and systems, strengthening process control, enhancing intelligent management, establishing ESG rating systems, carrying out stress tests on climate risks, and strengthening forward-looking studies on ecological protection. During the process of implementing the Five-Year Plan, the Bank actively responded to the development opportunities and risk and challenges brought by the environment and climate changes. Each year, according to the latest situation at home and abroad and the national policy guidance, the Bank formulates credit policies for relevant industries to improve the key points of environmental and climate risk control. In addition, the Bank formulated the annual *Risk Appetite Statement of China Minsheng Bank*, the *Risk Management Strategy of China Minsheng Bank*, and the *Credit Policy on Green Finance of China Minsheng Bank* in 2024, clearly specifying the requirements for actively supporting green finance business, enhancing ESG capabilities, and improving environmental and climate risk management. In line with the ESG development philosophy and a commitment to social responsibility, the Bank focuses on customer needs to provide all-round and comprehensive financial services and value-added services.

**Clarifying Climate Risk Management Requirements.** The Bank's Risk Management Committee of the Board of Directors deliberated on important matters of climate risk management and regularly listened to the Senior Management's reports on the risk preference, the implementation of risk strategies, and the rectification of the problems identified in comprehensive risk assessment (including climate risk management). 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 Board of Directors deliberated and approved the *Administrative Measures on Green Finance*, established and improved a green finance and environmental (climate) risk management policies, clarified the corresponding management process and responsibilities, and included the climate risk in the comprehensive risk management system. The Board of Directors emphasised the requirements on climate risk management in the Bank's annual risk preference statement, and further specified responding measures to climate risks in the annual strategy.

**Providing Corresponding Resources for Climate Risk Management.** The Bank intensified the introduction and cultivation of talents in green finance and climate risk management. The Bank provided corresponding financial resources to support green finance and climate risk management, formulated relevant incentive policies, and included green finance and climate risk management into the comprehensive performance appraisal of operating units. The Bank also established a cross-department working mechanism to promote the enhancement of ESG risk management.

**Paying Attention to the Forefront and Trends of Climate-Related Risks and Opportunities.** The Bank actively focused on ESG and climate-related opportunities and information related to ESG risk management and climate risk management. The Bank organised trainings themed with “green finance and environmental (climate) risk management”, invited industry experts to introduce green finance-related trends and policies, as well as the Bank’s green finance development goals, achievements, key initiatives and future plans to all Directors and the Senior Management.

### Participation in Climate Risk Analysis

**Fully Implementing the National Strategy of “Carbon Peak and Carbon Neutrality”.** The Bank actively responded to the development opportunities and risk challenges brought by the environmental and climate changes. The Bank regularly 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 2023, the Bank conducted two comprehensive self-evaluations on climate risk management in accordance with the *Guidelines on Green Finance for the Banking and Insurance Industries* issued by the former CBIRC and the *Principles for the Effective Management and Supervision of Climate-Related Financial Risks* issued by the Basel Committee. As at the end of the first half year of 2024, the Bank conducted climate risk sensitivity stress test for two consecutive years to examine the impact of the low-carbon economic transformation on the Bank’s asset quality and capital adequacy ratio. Under the mild, moderate and severe stress scenarios, the overall risk was controllable.

### Low-Carbon Operation

The Bank made active efforts to implement national strategies on green development by formulating and implementing corresponding green operation policies. The Bank

practised the philosophy of resource conservation and environmental protection in the whole process and all aspects of business operation, so as to attain an organic unity of economic benefits, social benefits and environmental protection benefits and achieve sustainable development. The Bank established and optimised a multi-dimensional green operation service system, continued to strengthen innovation of online, smart and digital product models, and explored and launched various paperless inclusive financial products. As a result, service quality and efficiency were continuously improved. Multiple high-frequency businesses, such as information maintenance of corporate customers, can be processed online by themselves.

## 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. 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.

## Social Responsibility

### VI. Accessibility to Financial Services

#### More Accessible Offline Services

The Bank continued to enhance the accessibility of offline financial services, focusing on key measures such as optimising the layout of outlets, establishing additional community outlets, strengthening the deployment of electronic machines, and advancing services for rural banks, to promote the overall popularisation, optimisation and upgrading of financial services.

**Optimising Coverage and Layout of Outlets.** To ensure that financial services benefit more less developed regions and further expand the coverage of financial service channels, the Bank carried out outlet construction planning and other related work in the regions where new branches were set up, and continued to enhance the accessibility of financial services. As at the end of the first quarter, the domestic branch network achieved full coverage of provinces, autonomous regions, municipalities directly under the Central Government and cities specifically designated in the state plan, which included 147 branch-level institutions<sup>6</sup> and 2,460 sub-branch outlets.

**Improving Offline Service Network.** To improve the offline sales network, the Bank allocated 4,391 self-service equipment<sup>7</sup> to fill the blank of outlets in emerging urban areas and enhance customer service accessibility. The Bank continued to develop and renovate new smart equipment by adding new functions, such as customer face verification, identity document recognition and remote audio/video assistance to the conventional equipment, and supported the installation of 160 business functions. The business carrying rate reached 87.2%, and the overall ‘one-stop’ business solution rate reached 71.86%. As a result, customers can enjoy one-stop and highly efficient business handling experiences.

**Enhancing Payment Convenience.** The Bank has actively responded to the requirements of the regulatory authorities on optimising payment services and upgraded its service measures. All the Bank's ATMs now support cash withdrawal functions of

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<sup>6</sup>Including 42 tier-1 branches (including Hong Kong Branch) and 105 tier-2 branches (including remote sub-branches)

<sup>7</sup>Refers to customer self-service equipment, including currently deployed ATM, CRS, CDT Cash Intelligent Teller Machine (Self-Service) and Cash Recycling System at and off banking outlets as at 31 March 2024.

three types of mainstream international bank cards issued abroad, namely UnionPay, VISA and MasterCard, to optimise payment services for foreigners coming to China. In addition, the Bank has also added account opening reservation service for foreigners coming to China and permanent residence permit recognition and reading service to create a more convenient and efficient account opening experience for foreign customers. As at the end of the first quarter, the Bank had issued more than 16,000 small change bags to meet the cash needs of foreigners coming to China and the elderly customers.

**Providing Community Financial Services.** The Bank has the largest and most widely distributed community outlets in China, and provides convenient and beneficial financial services based on community outlets. Adhering to the mission of bridging the "last kilometre" of financial services, community outlets has become an integral part of the Bank's efforts to practice inclusive finance and to serve customers, especially the elderly customer group and the new citizen customer group. As at the end of the first quarter, the Bank had set up more than 1,200 community outlets in more than 110 cities nationwide.

**Innovating Financial Service Channels.** Based on the existing layout of outlets, the Bank has made great efforts in building ecosystem scenarios, linking up with property companies and merchants around the outlets, and providing preferential services such as consumption and payment for the residents in the community. During the reporting period, the Bank gave full play to the lightweight and flexibility of community sub-branches, deeply integrated with the retail offline channels of shopping malls and supermarkets, and explored to set up distinctive service stands in Sam's Club stores, integrating consumption and financial scenarios to provide financial convenience to the customer groups of shopping malls and supermarkets.

**Strengthening Hardware Equipment Deployment.** The Bank has developed cooperative merchants in rural areas, set up service points for financial assistance to agriculture, rural areas and farmers in accordance with the principles of "negotiation and cooperation, merit-based development, and controllable risks", and deployed electronic machines (including but not limited to POS terminals, smart terminals, self-service inquiry machines and other hardware and software equipment) to provide customers in rural areas where there are no outlets with basic financial services, including withdrawal of financial assistance funds, cash remittance, transfer remittance, demand deposits to time deposits transfer, balance inquiry and others, and continued to promote services benefiting agriculture, rural areas and farmers. As at the end of the first quarter, the Bank had signed 52 contracted bank card withdrawal service points, serving more than 25,000 customers.

**Promoting Rural Banks to Serve Rural Revitalisation.** Since September 2008, the Bank has invested a total of RMB1.427 billion and initiated the establishment of 29 rural banks. The Bank continued to promote rural banks to adhere to their original positioning, tap into the county-level market, serve agriculture, rural areas and farmers, and boost rural revitalisation. The rural banks continued to strengthen comprehensive risk management, and improve the management level and quality of development and achieved good social and operational benefits. As at the end of the first quarter, the Bank's rural banks had total assets of RMB43.733 billion, total deposits of RMB37.626 billion, balance of loans of RMB26.316 billion, and served 601,000 customers of various types.

### 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 automobile manufacturers, and deeply integrated financial services with daily life scenarios and business scenarios of enterprises, thus providing customers with better quality and more convenient comprehensive services.

**Innovating 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 the retail customer group, 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 at the end of the first quarter, the number of users of online retail platform of the Bank reached 114,325.3 thousand, representing an increase of 1.48% as compared with the end of the previous year.

**Continuously Upgrading Online Corporate Service Platform.** Focusing 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 at the

end of the first quarter, the number of corporate platform users reached 3,712.7 thousand, representing an increase of 2.55% as compared with the end of the previous year. The number of customers of bank-enterprise direct connect was 5,410, representing an increase of 4.36% as compared with the end of the previous year.

**Building More Convenient Small Business Finance Service Platform.** The Bank continued to promote the online and digital products and services, established a full-channel and full-process digital management system, and upgraded the online channels of "Minsheng Small Business App 3.0 + Weixin Mini Programme + Minsheng Small Business Finance Family Official Account" to improve service quality and efficiency, and to meet the "short-term, small-amount, high-frequency and urgent" financial needs of the vast number of MSMEs. As at the end of the first quarter, the number of Minsheng Small Business App users reached 1.738 million.

**Giving Full Play to Advantages of Remote Banking Services.** The Bank's remote banking leveraged the advantages in online and offline channels, intelligent + staff teams, and technology-empowered + data-driven platforms, focused on key scenarios and developed inclusive finance in an integrated manner. Through continuous technological innovation and digital empowerment, the remote banking supported full-channel access to smart machines, mobile banking, online banking, H5 links, etc. The number of service scenarios reached more than 80, with more than 160 functions, realising the full coverage of high-frequency business scenarios, and effectively forming a diversionary substitution of outlets.

**Crafting Ultimate Experience for Corporate Account Services.** The Bank continuously iterated and upgraded corporate account products, comprehensively enhancing the "end-to-end" customer service experience.

- Innovatively launched customised account services, allowing customers to choose their favourite account numbers, providing a warm service experience.
- Fully integrated account opening forms by strictly adhering to the principle of "minimising the pages", and achieved significant results in reducing more than 90% printed materials for account opening through a series of innovative means such as information integration, term optimisation, and electronic archiving.
- Continuously enriched the "account + product" combination service content, enabling customers to enjoy a one-click access to a variety of basic services such

as account opening, tax payment, payroll agency, and non-financial benefits, enhancing the comprehensive service level for customers.

**Enhancing Innovation and Service Capabilities of Digital Financial Products.** The bank took systematic and all-round digital transformation as a new starting point for future layout, further optimised agile innovation mechanisms and supporting mechanisms, to continuously improve the innovation and service capabilities of digital financial products.

- The Bank focused on customers in the supply chains of core enterprises, such as construction, medicine, automobile manufacturers, e-commerce and other fields, continuously created and optimised seven major "Minsheng E-chain" series products, such as "E-Credit Finance", "E-Bills Finance", and "E-Credit Sales", enhancing digital and distinctive customer services in full-scenarios, full-processes and full-channels. As at the end of the first quarter, the balance of supply chain E-series business was RMB143.598 billion, representing an increase of RMB4.661 billion as compared with the beginning of the year.
- The Minsheng "Tax and Fees Express" product has integrated the State Grid's electricity bill deduction function, providing active electricity bill checking and payment services in some areas, further expanding the service scope for the convenience of enterprises. As at the end of the first quarter, total number of contracted Tax and Fees Express accounts was 246,300, with total tax payment of RMB9.486 billion.
- The Bank innovated and launched online credit products such as "Minsheng Benefits" unsecured loan and secured loan featuring active credit granting and smart decision-making mode. Among them, the Minsheng Benefits unsecured loan relied on data-driven identification of operating status of enterprises, and implemented automated decision-making and online loan disbursement; the Minsheng Benefits secured loan relied on smart decision-making and online process and improved the operational efficiency of standard secured business, giving full play to the scale effects, and making services readily accessible. As at the end of the first quarter, the Minsheng Benefits series products have attracted more than 50,000 new customers, and the loan balance exceeded RMB60 billion.

- The "E-Minsheng Family" platform, focusing on the three major areas of "human resources, finance, and management," provided digital services for MSMEs in aspects such as personnel management, payroll and tax payment agency, financial account booking, expense control and reimbursement, and express delivery logistics, creating a one-stop digital service platform for enterprise management and operation. As at the end of the first quarter, the number of value users of "E-Minsheng Family" exceeded 10,000.

## Accessibility of Financial Services for Special Groups

For people in special groups that are not easy in accessing financial services, in accordance with the *Plan for the Development of Barrier-free Services Relating to Client Application Software of Mobile Finance* issued by the People's Bank of China and the requirements of the relevant standards, the Bank continued to strengthen the construction of elderly-friendly transformation and barrier-free service facilities at its outlets. The Bank developed mobile banking Apps for different groups of people and gave full play to the advantages of community grid-based services to optimise financial and non-financial products and services for special groups.

**Providing Inclusive Financial Services.** The Bank continued to improve the system and mechanism for inclusive finance, broadened the breadth and depth of inclusive financial services, promoted the innovation of products and services, and integrated online and offline channels, so as to enhance inclusive financial service capabilities. As at the end of the first quarter, the total amount of inclusive small business loans of the Bank reached RMB 634.74 billion, representing an increase of RMB 22.47 billion as compared with the beginning of the year, and the number of accounts of inclusive small business loans amounted to 522,900, representing an increase of 9,600 users as compared with the beginning of the year.

**Protecting Need for Guarantee of New Citizens.** To further enhance the convenience and accessibility of services for new citizens, the Bank cooperated with JD Health to launch the second phase of the online medical consultation service for new citizens to meet their needs for medical consultation; and cooperated with Taikang Insurance to provide them with free "transportation passenger accident insurance" complimentary insurance services, covering more than 30,000 new citizens customers.

**Paying Close Attention to the Demands of Those are Physically Challenged.** The Bank explored remote video interpretation services for the hearing-impaired people at bank lobbies. In order to solve the problem of face-to-face communication between

those are hearing-impaired at outlets, the Bank established a pilot “Digital and Intelligent Sign Language Interpretation Platform ” that supported calling a professional sign language interpreter through the lobby service pad, in a bid to assist them better communicate and express their needs for financial services. The Bank's Mobile Banking 8.0 further upgraded the barrier-free services, and carried out targeted optimisation for the visually impaired people who were unable to recognise the graphic or slider authentication login resulting in login breaks, and guided the authentication through SIM card mode when the barrier-free mode was turned on. The Mobile Banking 8.0 has also added a new function of barrier-free text to voice reading, which greatly helped the visually impaired people to use the services.

**Iterating Exclusive Elderly-Friendly Services.** The Bank continued to strengthen the construction of elderly-friendly service facilities at its outlets by setting up exclusive “green channel” or “help window” and providing elderly-friendly facilities such as reading glasses and courtesy seats at the lobbies, and provided "remote + door-to-door" service mode for the elderly with inconvenience of going outside, thus to enhance customer service experience for the elderly. The 95568 hotline and the video channels automatically identify the elderly and provided them with direct access to staff services, and match customers to the best agent through the intelligent routing strategy; The remote banking has launched the new smart equipment assistant service for the elderly customers that provided same-screen staff assistance through live camera, which effectively reduced the operational difficulty. The Bank optimised and upgraded the elderly version mobile banking App with a new structured deposit module to fully meet the investment and financial needs of elderly customers. As at the end of the reporting period, all outlets of the Bank have provided elderly-friendly services.

**Offering Financial Support for Rural Development.** The Bank actively promoted the integration and coordination of inclusive financial development and rural revitalisation. During the reporting period, the Bank relied on open bank to interconnect its financial services with comprehensive rural service platforms, providing accounts, settlements and other comprehensive financial services for rural areas, effectively simplifying the fund settlement operation process for rural accountants and helping the competent authorities to achieve effective control over the collective funds of hundreds of villages, which empowering the high-quality development of rural revitalisation with high-quality digital finance.

## VII. Financial Consumer Protection

### Top-Level Design of Financial Consumer Rights Protection

The Bank has clarified the responsibilities of the Board of Directors, the Board of Supervisors, the management and the consumer rights protection department to continuously carry out the management of consumer rights protection, guide and promote its effective implementation, and effectively protect the rights and interests of consumers.

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 consumer rights protection duties by the senior management and others.

In the first half of 2024, the Board of Directors and the Strategic Development and Customer Rights Protection Committee reviewed the Bank's annual report and annual work plan on consumer rights protection, conveyed and studied important documents such as inspections and special circulars on consumer rights protection issued by the regulatory authorities, and supervised the Bank in improving the overall level and quality of its consumer rights protection work.

### Financial Consumer Rights Protection Mechanism

**Product and Service Innovation Management.** In accordance with the *Guidelines for Financial Innovation of Commercial Banks* and other relevant rules issued by the former China Banking and Insurance Regulatory Commission, the Bank has made it clear that the Board of Directors is the supreme leading organ for innovation management of the Bank as a whole, which is responsible for formulating the Bank's innovation and development strategies and incorporating it into the Bank's mid- to long-term development strategy, as well as formulating the risk policies in line with the innovation and development strategy. 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 under the leadership of the Board of Directors and the management.

**Review on Product and Service Management.** In order to promote the standardised management of the Bank's products, strengthen the overall planning and risk control of products, and to establish a product management system throughout the full-life cycle,

the Bank has formulated the *Measures on Product Management of China Minsheng Bank* in accordance with the *Law of the People's Republic of China on Commercial Banks* and other related laws and regulations, as well as the *Administrative Measures on Innovation of China Minsheng Bank (Revised in 2022)* and other relevant rules. The Bank conducts regular reviews of the Bank's products and services in terms of market and customer demands, feedback, customer experience, and other aspects.

**Flexible Loan Modification.** The Bank actively implemented the requirements of national policies and regulations, fully respected financial consumer rights to choose loan changes, and provided customers with systematic support and supporting services for loan changes. The Bank has formulated the *Administrative Measures on Personal Housing Mortgage Loans of China Minsheng Bank*, the *Operational Guidelines for Personal Housing Mortgage Loans of China Minsheng Bank* and other management rules, which clearly stated the definition, options, and process of loan changes. If a customer applies for a change in loan elements or personal information due to changes in income or other reasons, the customer can propose a change plan on his/her own, and the Bank will actively cooperate with the customer to make the loan change. In addition, the Bank provides online and offline channels to support customer loan change options, such as early settlement of loans, renewal of loans upon maturity, and changes in repayment methods, etc., as well as upgrade services.

**Debt Collection.** The Bank has formulated the *Administrative Measures on Credit Risk Monitoring and Early-warning of Retail Customer of China Minsheng Bank*, the *Implementation Rules for the Management of Monitoring and Warning for Retail Credit Business of China Minsheng Bank*, the *Administrative Measures on the Collection and Liquidation of Retail Credit Business and the Disposal of Non-Performing Assets of China Minsheng Bank* and the *Administrative Measures on the Personal Consumer Loan Business of China Minsheng Bank*. The Bank has clearly defined the management requirements for debt collection, strictly regulated the collection behaviours and scripts of the collection staff, and explicitly required special training and assessment for debt collection to ensure that it is carried out in a lawful and compliant manner.

The Bank attached great importance to the standardisation and normalisation of debt collection work and regularly organised training for debt collection personnel, covering professional knowledge, collection scripts, code of conduct, confidentiality of personal information and collection scenario drills, etc., to effectively enhance the overall quality of debt collection personnel and improve their ability to serve customers. During the reporting period, the Bank conducted six targeted training sessions for employees at different levels of the asset preservation line from the perspectives of responding to corporate bankruptcy, maintaining the legal time limit, and tax treatment for collection

and disposal of non-performing assets, covering a total of approximately 3,500 attendees from seven departments of the Head Office, as well as the branches, the Credit Card Centre and the subsidiaries. In addition, the Credit Card Centre conducted several professional trainings for debt collection personnel, including the use of the new collection system, risk compliance, collection business policies, etc., as well as monthly compliance trainings for outsourcing institutions.

***Administrative Measures on the Outsourcing of Personal Loan Collection and Liquidation Entrusted by China Minsheng Bank (Trial)***

*The Administrative Measures on the Outsourcing of Personal Loan Collection and Liquidation Entrusted by China Minsheng Bank (Trial)* stipulates the principles of management on outsourcing of personal loan collection and liquidation, division of responsibilities within the Bank, access to outsourcing institutions for collection and liquidation, daily management, supervision and evaluation, complaints and emergency management coordination, strengthening the management of cooperation institutions for collection and liquidation, complying with the requirements for the protection of personal information, and forbidding the violent or fraudulent settlement of personal loans, to ensure that the legitimate rights and interests of consumers are not being infringed upon.

## Fair Advertising of Products and Services<sup>8</sup>

**Policy-Making.** 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 consumer rights.

**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,

<sup>8</sup>Please refer to the [2023 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.

and view the product document by clicking on “Product Overview”. This makes it easier for customers to search various product information.

**Reinforcement of Source Management.** The Bank carried out supervision and management of the implementation of the system related to product promotion and service marketing publicity in a variety of ways. The business departments configured relevant sensitive words and appropriateness tips of online marketing to supervise and regulate the marketing behaviours of frontline staff. The relevant functional departments and operating institutions regularly accessed the marketing process files such as audio-visual recordings, security video recordings, telephone audio recordings, and the corporate Weixin platforms, to regularly review the marketing and promotion situation of the outlets and carry out rectification and disciplinary actions for non-compliance issues. At the same time, the Bank incorporated the standardisation of marketing and promotion into the key contents in internal inspections such as the annual head office's consumer protection inspection and internal control and compliance inspection, and carried out key inspections of the marketing and promotion process by means of unannounced inspections and secret inquiries to continuously optimise the management of the system and processes in response to the inspection issues.

**Marketing and Publicity Related Training.** The Bank conducted training on compliance points of product marketing and promotion, typical case studies and other training for employees through the Head Office Training Academy, cloud conferences, offline training at branches, regular meetings and other methods, which covered all relevant personnel engaged in product and marketing promotion services at branches and sub-branches. In addition, the Bank organised quarterly professional training on key points of review for all consumer rights protection reviewers and conducted monthly themed exchange training to continuously enhance the professional capabilities of consumer rights protection reviewers.

During the reporting period, the Bank conducted special training covering 42 branches, the contents of which included business rules, agreement articles, promotional texts, sales site management, sales process and audio and video recording, as well as risk assessment management. The Bank organised training on the compliant sales of wealth products, covering nearly 200 managers acting as compliance officers and compliance managers of the retail finance departments of the branches, and conveyed the requirements on passing the relevant training to all employees of all branches directly serving individual customers.

## Financial Consumer Complaint Handling

**Supervision on Consumer Complaints.** In respect of supervision on complaints, the Strategic Development and Customer Rights Protection Committee under the Board of Directors is responsible for studying and reviewing strategies, plans, and systems related to consumer rights protection, including complaint management. The Board of Directors and 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. The Bank has also formulated the *Administrative Measures on Audit of Consumer Rights Protection of China Minsheng Bank*, based on which the Audit Department oversaw the performance of consumer rights protection across the Bank, including complaint management, to constitute regular and standard internal audit and evaluation system.

**Smoothing Complaint Channels<sup>9</sup>.** The Bank provided multiple channels, such as the homepage of its official website, mobile banking Apps, 95568 customer service hotline and outlet lobbies, for customers to file their complaints, and placed the complaint access in a noticeable place or first-level menu to smooth customer complaint channels and actively listen to customers' demands.

**Standardising the Complaint Handling Process and the Complaint Supervision and Review Process.** When receiving customer complaints from different channels, the departments in charge timely transferred them to the responsible institutions for handling. In turn, the responsible institutions investigated and verified the matter in connection with the complaint based on requirements, and replied to the consumer with the handling result within the prescribed timeframe. The Bank has set up an independent internal complaint review institution and mechanism, whereby the complaint acceptance channel department conducts closure audits on the contents filled by the institutions responsible for complaint handling, and supervises their handling process and result. If the consumer disagrees with the result, they not only has the right to submit the complaint to the supervising department for review, but also may seek for dispute resolution through mediation, arbitration, litigation and other methods. The Bank has formulated a clear and complete complaint verification mechanism, specifying the channels for acceptance of verification, the organ responsible for verification, the verification process and the timeframe for processing. At the same time,

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<sup>9</sup>Please refer to the [2023 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.

the higher-level institution carries out comprehensive verification of the complaint handling and supervises the handling of complaints by the lower-level institution.

**Consumer Complaints Monitoring.** The Bank regularly monitored, analysed and circulated customer complaints, identified key business issues, announced the quality and efficiency of complaint handling institutions, and reminded responsible institutions to make relevant optimisation and rectification. Furthermore, consumer rights protection officers are designated at the consumer right protection departments of the Head Office, the business department and the operating units to carry out independent monitoring and analyses of complaints they received on a monthly basis as required.

**Complaint Management Objectives.** The Bank consistently takes enhancement of quality and efficiency of complaint handling as a management goal, continuously improves customer service quality and satisfaction through measures such as optimising processes, enhancing the ability to resolve disputes, and strengthening source rectification.

- **Improving Complaint Handling Efficiency and Enhancing the Quality of Customer Issue Resolution.** The bank has formulated and issued regulations such as the *Administrative Measures on Handling Consumer Complaints of China Minsheng Bank* and the *Rules for the Implementation of Consumer Complaint Handling of China Minsheng Bank*, established a mechanism for coordinated handling of complaints and improved the management of time limit for handling complaints. The Bank has developed a new-generation complaint management system, and continuously optimised the system functions, and achieved closed-loop management from complaint acceptance, source-tracing to rectification. The Bank continued to improve the complaint labeling system, strengthened functions of complaint statistics analysis, monitoring, and early-warning. Through digital and intelligent means, the Bank has further empowered complaint management and promoted the quality and efficiency of complaint handling. In addition, the Bank regularly carried out complaint monitoring and notification, continuously optimised complaint assessment indicators, strengthened complaint handling process management, supervised institutions to raise the level of attention, and took multiple measures to enhance the standardised management of complaint handling and improve quality and efficiency.
- **Enhancing Dispute Resolution Capabilities and Increasing Customer Satisfaction in Complaint Handling.** To constantly enhance the capability of handling complaints regarding key areas and products, prevent and resolve material risks from consumer complaints, the Bank promulgated the *Measures on Emergency Management of Material Consumer Complaints of China Minsheng*

Bank, the *Emergency Plan of China Minsheng Bank for Handling Material Consumer Complaints* and other regulations. The Bank also regularly organised emergency drills to improve its ability to prevent and respond to complaints. Besides, the Bank promoted the summary and sharing of experience in handling specific types of complaints, and issued complaint handling guidance to improve the capability, quality and efficiency of handling similar complaints. In addition, the Bank continued to refine the handling rules for complaints by letters and visits, enhance cooperation and process tracking, and promote the appropriate solution of key and difficult complaints. The Bank formulated the *Administrative Measures of China Minsheng Bank on Diversified Solutions of Financial Consumer Disputes*, to improve complaint solution effectiveness, settle customer disputes and protect customers' legitimate rights and interests. The Bank encouraged institutions at all levels to properly address customer issues through means such as small-value compensation and mediation, so as to improve complaint solution efficiency and customer satisfaction.

- **Promoting Complaint Rectification from the Source.** To solve complaint issues from the sources, the Bank constantly adjusted its rectification mechanism to trace the complaint issues to the source. The Bank formulated the *Detailed Rules for Rectification on Issues of Consumer Complaints from the Source of China Minsheng Bank* to develop a three-tier rectification mechanism from top to the bottom and vice versa. The Bank continually encouraged institutions at all levels to analyse and monitor complaints, make regular source tracing and rectification, continuously strengthen the complaint rectification quality, introduce anonymous commenting and post-completion data monitoring mechanism, continuously improve the quality of rectification, effectively promote the improvement of products and services, and safeguard the legitimate rights and interests of consumers.

**Closed-Loop Management of Complaints at Lobbies.** During the reporting period, the Bank launched the pilot project on closed-loop management and reduction of lobby complaints for the graded and classified management (account management and control) services of personal accounts, which had a relatively large proportion of complaints. The Bank promoted the reduction of complaints on account management and control by combining personal account lifecycle management, front-line customer communication skills, and return visits to customers with disagreement, optimising system functions, standardising front-line service communication skills, and intervening in potential complaints at the early stage. Since the launch of the end-to-end service return visit mechanism, the number of complaints on lobby account management and control dropped by 36% as compared with the corresponding period of the previous year, and the success rate of return visits for customers with disagreement reached 99.84%.

**Privacy Protection for Whistleblowers.** The Bank strictly controlled the scope of accessibility to information of whistleblowers, prohibited the leakage of their information, forbade retaliation against whistleblowers, and protected their privacy and safety in accordance with laws.

## Trainings on Financial Consumer Protection

**Proactive Training and Education.** The Bank's training presented level-based and layered characteristics with different focuses and distinctive features. The training sessions covered employees at all levels of the Bank, ranging from the Senior Management, the middle and senior management to the front-line employees and new joiners. As a result, these training sessions have effectively improved the Bank's management capability and level in addressing consumer rights protection. To facilitate the coordinated planning and unified management on training of consumer rights protection, the Bank published the *2024 Work Plan for Training of Customer Rights Protection of China Minsheng Bank*, which set out the key contents and requirements for training throughout the year. The Bank circulated and assessed its consumer rights protection training on a regular basis to maintain optimal training results.

**Highlighting Training Priorities.** To further ensure the implementation of new regulatory rules and policies, the Bank conducted special training for bank leaders, the senior and middle-level management, and the employees involving in consumer rights protection on regulatory standards and system requirements, continuously enhancing their ability to fulfil consumer rights protection duties. To continuously improve the professional capabilities of the consumer rights protection review and approval team, the Bank conducted professional skill training for consumer rights protection review and approval personnel across the bank on a quarterly basis, effectively preventing the infringement of consumer rights in products and services from the source. To enhance the awareness of consumer rights protection and compliance among all employees, the Bank carried out compliance sales training for wealth management business, covering nearly 200 management personnel such as compliance heads and managers of the retail finance departments of branches, and asked them to pass the training to the primary level personnel.

**Enriching 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. During the reporting period, the Bank launched the "Internal Control and Compliance Series - Consumer Rights Protection Direction" learning map, which included specialised courses on comprehensive consumer rights protection capabilities, consumer rights protection work systems, consumer rights protection review skills, and resolution of consumer complaints.

## Financial Knowledge Publicity and Education

For the education and publicity of financial consumer rights protection, the Bank strove to create an “intensive and regular” education and publicity system, establish the brand of “Minsheng’s Consumer Rights Protection in Action”, and conduct high-quality education and publicity of consumer rights protection.

**Education for People with Limited Access to Financial Knowledge.** During the reporting period, the Bank formulated the *2024 Work Plan of China Minsheng Bank for Education and Publicity of Consumer Rights Protection*, explicitly reaching out to “the elderly, the teenagers and the new citizens”, as well as to key populations such as those in rural areas and persons with disabilities, to provide financial education.

- **For the Elderly**, the Bank focused on their financial demands and helped them acquire financial knowledge, prevent financial risks, understand smart financial services and share the convenience of digital life through colorful, warm and caring services and activities. For example, the Nanjing Branch continued to conduct a salon with the theme of “Guarding the Elderly from Fraud” at outlet lobbies, and the Guiyang Branch demonstrated the operating procedures of the Bank’s various self-service channels for elderly customers through the “micro-classroom at branches”.
- **For Teenagers**, the Bank actively joined hands with external organisations to carry out activities such as “Youth Financial Quotient Lessons”, “Safe Campus” and “Little Financier” to encourage young people to learn financial knowledge and cultivate their financial literacy. For example, the Xi’an Branch launched the “Ten Schools in Five Cities” campaign to create a financial enlightenment class for the whole process of growth.
- **For New Citizens**, the Bank encouraged its institutions to go into enterprises, commercial circles and communities to provide door-to-door financial knowledge services and regular financial knowledge training for new citizens. For example, through the activity of “Minsheng Bank - Enterprise Cooperation”, 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. In 2024, the Bank conducted more than 3,700 publicity activities for new citizens during the “15 March” financial consumer rights protection education and publicity campaign.

- **For People in Rural Areas, Remote Areas and Minority Areas**, the Bank has strengthened the coverage of its education and publicity work, sinking the focus of its publicity efforts to the primary-level to bring good products, policies and financial knowledge to villagers. For example, the Urumqi Branch carried out the "Golden Pomegranate - Benefiting Farmers Lecture" financial knowledge popularisation activity in a number of villages, telling farmers about the basic knowledge of financial management.
- **For People with Disabilities**, the Bank went into local special schools to deliver love, knowledge and carry out activities to help people with disabilities, in order to enhance the sense of financial gain for this group. For example, the Beijing Branch compiled a *Service Manual for Special Groups*, and the Nanjing Branch launched a "Special Love for Special You" themed activity in conjunction with the Disabled Persons' Federation.

**Establishing Partnerships with Financial Education Organisations.** The Bank actively explored new models to educate consumers and carried out publicity activities in collaboration with financial education organisations. For example, the Beijing Branch 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. Elderly people can log in to learn financial knowledge courses through the mobile phone client "China.com.cn", where a variety of learning resources are available in five learning sections, such as "Expert Lecture Hall" and "Live Events", so as to broaden the learning scenarios for the elderly people. The Wenzhou Branch jointly built the "Silver Hair Home" financial education base with Yueqing Dongta Elderly University, and through expert-led learning, public welfare teaching and individual self-study, effectively enhanced the awareness of financial fraud prevention among the elderly groups, and the "Silver Hair Home" financial education base was awarded the first batch of Wenzhou financial education demonstration base by the Wenzhou Central Sub-branch of the People's Bank of China.

In the first quarter of 2024, the Bank's consumer rights protection education and publicity activities accumulatively reached nearly 500 million consumers. The influence of education and publicity work has continued to improve, and the relevant work has been highly recognised by the regulatory authorities and the public.

## VIII. Privacy Protection and Data Security

### Privacy and Data Security Management Structure

The Bank paid great attention to the security protection of information systems and personal financial information, and has created a top-down information security governance structure. The Bank's Board of Directors and the Risk Management Committee attached great importance to data and information security management, actively exercised its duties in managing the IT risks of commercial bank, and listened to the *2023 IT Risk Management Report of China Minsheng Bank* during the reporting period, which reviewed the overall situation of IT management and major work in risk management, and released the key measures on IT risk management in the next stage in accordance with the issues and risks in the current IT risk management.

Under the supervision of the Risk Management Committee under the Board of Directors, the Bank set up a leading group for cybersecurity at the Head Office led by the Chairman of the Board, who was the primary responsible person for the cybersecurity of the whole bank, while the Chief Information Officer (CIO) in charge of IT was the direct responsible person to report the cybersecurity work progress regularly at the CPC committee meetings. The leading group for cybersecurity at the Head Office fulfilled both the responsibility of personal information and data security protection.

### Policies on Privacy and Data Security<sup>10</sup>

The Bank paid great attention to and continued improving its data and information security management, strictly implemented 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*, the *Guidelines on the Information Technology Risk Management of Commercial Banks*, as well as other laws and regulations and industry standard requirement. The Bank developed an information security management system, including information security guidelines, data protection and network defence, which covered the whole bank and all subsidiaries, and guided all employees to practise information security measures.

- The Bank further refined the cybersecurity system covering general policies, management specifications, standard rules, operational procedures and formulated information security systems covering the Bank, including the *General*

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<sup>10</sup>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.

*Information Security Strategy of China Minsheng Bank*. The Bank conducted information security education and training to all employees every year.

- The Bank formulated the *Measures on the Management of Customer Information Security of China Minsheng Bank*, which provided the principles in managing customer information security, and specified the requirements for the management, incident management, training and inspection of customer information security. The Bank published the *Implementation Rules for the Management of Customer Information Security of China Minsheng Bank*, which specified the security management in various stages, such as collection, transmission, storage, usage, deletion and destruction of customer information, and clarified the management requirements and technical measures for information of different security levels to protect customer information and privacy security from technology and management.
- The Bank formulated the *Administrative Measures on Data Security of China Minsheng Bank*, the *Administrative Measures on Data Classification and Grading of China Minsheng Bank (Revised Edition)*, established a standard for data classification and grading to improve over 4,000 rules and over 1,000 annotation rules for data item classification and grading. The Bank formulated a four-level grading standard for datasets, and promoted the application of these standards in source business systems and data usage scenarios, establishing a unified standard and implementation basis for the entire bank to identify data security levels and to implement data protection measures.

## Privacy and Data Security Protection Measures

The Bank attached great importance to the comprehensive system construction in privacy and data security. The bank focused on both security technology and security management and carried out various measures to protect consumers' personal data from the source.

**Security Technology.** The Bank set up a complete identity authentication and access control management system to protect consumers' personal information. Through identity authentication, classified authorisation and authority control for devices, applications and users, the Bank achieved effective access control management, clarified the detailed boundary of external visits, and established a "zero trust" security structure. The Bank adopted symmetric encryption algorithm, asymmetric encryption algorithm, digital signature, digital certificate, de-identification and other cryptography technologies in the process of collection, transmission and storage of sensitive personal

data to ensure data confidentiality and integrity. To protect the privacy of consumers' personal financial data, the Bank promoted the research and application of innovative technologies such as privacy computing, confidential computing and quantum secure communication to further enhance the protection of consumers' personal information. To strengthen the technical protection of data security throughout the full-life cycle, the Bank embedded data security protection measures into the relevant links of system design and development, and continued to build a data security risk monitoring system. The Bank conducted reviews of security design plans in line with the requirements for data classification and grading protection during the system design stage, and employed data encryption technology, sensitive data anonymisation, and access control to ensure the security of data throughout the system development process.

**Security Management.** To prevent personal information leakage, the Bank published the *Measures on Data Security Management of China Minsheng Bank (Trial)*, the *Administrative Measures on the Protection of Personal Information of China Minsheng Bank*, the *Guidance on Impact Assessment of the Protection of Personal Information of China Minsheng Bank*, to specify requirements on personal information access strategy, personal information processing rules, and personal information security protection. The Bank also made clear confidentiality obligations by signing confidentiality agreements and providing confidentiality training, incorporated data security risk management into the comprehensive risk management system, and enhanced security threat assessment and response capabilities. These measures significantly improved the automatic security incident assessment and emergency response capabilities. During the reporting period, the Bank has submitted security assessment for data transformation abroad to the competent national regulatory authorities, ensuring that data security measures were carried out in compliance with regulations.

To promptly and effectively identify and prevent data risks, the Bank put in place the data leakage incident response and handling mechanism to minimise data leakage risks and ensure customer data security.

- **Proactive Defence.** Based on boundary defence, network isolation, host protection, intrusion detection and application security, the Bank constructed an all-round in-depth defence system. On this basis, the Bank established a closed-loop cybersecurity operation system covering asset identification, bug management, monitoring and early-warning of vulnerability, analysis and assessment, coordinated synergy, response and source tracing.
- **Emergency Response.** In order to ensure the security of business systems, devices, networks and data and the stable operation, prevent the risk of data leakage, the Bank established an efficient emergency response mechanism for data leakage,

which clarified the division of duties and staff arrangement. The Bank formulated the *Special Emergency Plan for Data Security Incidents 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, emergency response, coordinated synergy to source tracing, in order to accumulate experience in responding to data security emergencies, and make every effort to protect the security of customer information, so as to avoid or reduce possible losses and impacts.

The Bank formulated the 2024 data security incident drill plan, which was intended to focus on conducting drills for scenarios such as data tampering incidents and social engineering data leakage incidents, and continuously improved its emergency response plan and accumulated practical experiences in responding to emergencies. During the reporting period, the Bank did not have any data leakage or other security incidents.

## Personal Information and Data Protection Management

The Bank attached great importance to the personal information and data protection management, continuously updated its privacy policy for online business channels, clearly informed customers of the ways in which their personal information rights can be realised, and specified rules for the collection, storage, sharing and transfer, and deletion of personal information, so as to fully protect the legitimate rights and interests of customers with respect to the handling of their personal information.

**Granting of Information Control Authority.** In the customer privacy policies, the Bank processed customers' personal information with their consent and specified customers' authority in controlling their personal information. The Bank is fully committed to protecting the rights of customers to access, copy, delete, request account cancellation, change the scope of consented authorisation, refuse personalised display, respond to requests and withdraw consent of personal information, in an aim to enable customers to have sufficient capabilities and channels to protect their personal information security, and execute their rights in relation to personal information.

**Accessing and Modifying Personal Information.** Customers can access or modify account information on the personal banking App or mobile banking App via the page of settings of website or mobile applications.

- **Deleting Personal Information.** Customers have the right to request to delete personal information when stop using the services provided by the Bank. Once the request is accepted, customers' personal information will be deleted in time, with the exception of information that shall be retained pursuant to laws and regulations (e.g., the transaction records that shall be retained according to the AML requirements).

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

**Data Retention Restrictions.** The Bank set corresponding data retention periods for different types of data in accordance with relevant regulations of the 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 was technically difficult to delete, the Bank shall stop all handling of the data other than storage and necessary security protection.

**Strengthening 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. As at the end of the first quarter, the Bank completed the labeling and review of more than 110,000 data items from 19 source business modules, of which more than 14,000 data items were attributable to individual customers. This work enhanced the Bank's capability in data management and protection, and established the foundation for the implementation of full life cycle security protection of individual customer data.

**Data Use Control on Third Parties.** The Bank only shared customer personal information with third parties for legal, legitimate, necessary, specific and explicit purposes, and only shared the personal information necessary for providing services. Besides, the Bank continuously strengthened the protection of the process by which third parties use users' personal information, and rigorously monitored the software development kits (SDKs) and application programming interfaces (APIs) used by partners to access information, in an attempt to ensure data security. Moreover, the Bank entered into strict confidentiality agreements with third parties, requiring them to

handle users' personal information in accordance with the Bank's instructions, policies and any other relevant confidentiality and security measures.

**Supplier/Partner Management in External Data Procurement and Data Application Processes.** The Bank placed great emphasis on customer privacy and data protection in the procurement of external data and the application of such data, continuously tracked and managed suppliers/partners, and supervised their implementation of confidentiality tasks. Before collaborating with suppliers, the Bank acquired information about the suppliers' information security certifications to ensure they possessed the relevant qualifications. The contract explicitly outlined the obligations that data suppliers must fulfil customer data and privacy confidentiality during the collaboration. This included ensuring the legitimacy and compliance of data sources and the authenticity of information collection processes, and no data processing beyond the agreed-upon purposes and no data copies should be stored or retained without consent. During the collaboration, the Bank monitored suppliers' adherence to the confidential obligations, requiring data suppliers to record and save the processing procedures of relevant data for traceability. The Bank also requested data suppliers to cooperate in conducting regular sampling checks on suppliers' data records, systems, controls, processes and procedures. Once a supplier fails to comply with relevant policies, the Bank will urge them to rectify it and will subsequently verify and monitor the rectification outcomes.

### Training on Privacy and Data Security Protection

At the beginning of the year, the Bank formulated the *Work Plan for Education and Publicity of Cybersecurity and Data Security*, and took various measures to actively improve information security awareness and capacity, with a focus on cybersecurity, data security, customer privacy protection, etc. The training targets covered all employees of the Bank and all contractors and outsourced staff.

In the first half of 2024, the Bank carried out special training for technical personnel on "National Security Education Day for All" with course contents including the situation of cybersecurity and data security, policies, and legal requirements, covering more than 2,000 employees in the Bank's technology business lines. At the same time, the Bank continued to conduct data security awareness training and assessment for technology outsourced staff, with training contents including data security compliance awareness, responsibility awareness, operational risk awareness, and emergency response awareness, achieving 100% coverage for training of new technology outsourced staff.

The Bank plans to carry out special training such as “Cybersecurity and Data Security Awareness Enhancement for All Employees” in the second half of the year. For technical staff, the Bank will conduct special training such as “Professional Capacity Enhancement of Cybersecurity and Data Security for Technical Staff”. For employees with data management responsibilities (including all employees of the Data Management Department and the data team of Minsheng Sci-Tech company), the Bank will offer data security training. For outsourced service staff, the Bank will conduct special training such as “Compliance Management Training for Outsourced Cybersecurity and Data Security,” to promote employees' familiarity with the internalisation of external regulations systems and processes, clarify the requirements for cybersecurity and data security protection as well as the response to security threats, and to undertake the cybersecurity and data security responsibilities set up for each position, thereby enhancing the Bank's cybersecurity and data security capabilities.

### Information System Audit

**External Certification and Audit of Information System.** In accordance with the requirements of the NFRA, the CSRC and other authorities on the disclosure of annual reports of commercial banks, the Bank conducted annual external information system audits, which covered the assessment of the design and implementation of information security policies and technology management processes, and disclosed the audit results in the Bank's annual report and the annual internal control evaluation report. To actively implement the graded protection of cybersecurity, the Bank engaged third-party testing agencies to conduct information system security testing and risk appraisals every year, and carried out internal and external evaluation of ISO 27001 information security management system, in a bid to constantly optimise information security management system and operation procedures.

**Internal Information System Audit.** The Bank strictly implements regulatory requirements and continuously carries out information security audits in the annual technology audit projects. During the reporting period, the Bank conducted two technology audit programmes, the “Special Audit on Regulatory Reporting of Data Management” and the “Special Audit on Information Technology Outsourcing”, revealing the information security management vulnerabilities and risks in the Bank's regulatory data submission management and important technology outsourcing activity management. These audits promoted the Bank's information security management capabilities in the relevant areas, promoted the continuous improvement of information management systems of the Bank, and constructed the third line of defence for IT risk management.

## Information Security Management System Certification<sup>11</sup>

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

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 approved by the National Certification and Accreditation Administration. 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 passed the system certification of the China Cybersecurity Review Technology and Certification Centre and the Enhanced Certification for “Trustworthy Evaluation of Security Maturity Model” (TSM) organised by the China Academy of Information and Communications Technology. The Bank's professional competence in protecting data, information, and privacy security of enterprises and customers has won international-level recognition.

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<sup>11</sup>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

**Dedicated to Building a Campus Recruitment Brand.** The Bank placed great emphasis on campus recruitment and cultivation of young talent, set the goals of developing young talent teams, and constantly increased the ratio of graduate students in the new recruits to lay a foundation of self-sufficient talent cultivation.

- **Innovating Campus Recruitment Practices.** The Bank focused on expanding the online promotion channels favoured among youngsters, proactively established contact with universities and arranged targeted publicity. In the spring and autumn campus recruitment and summer internship recruitment, the Bank formulated scientific campus recruitment plans from the perspective of business development needs and the current situation of the talent structure, attracting more than 190,000 enrollments to submit their resumes.
- **Deepening the Integration of Industry and Education.** The Beijing branch cooperated with several colleges and universities in Beijing, including the School of Finance of the Central University of Finance and Economics, Beijing University of Posts and Telecommunications, and the School of Economics and Management of the China University of Petroleum, to build a resource sharing mechanism and cooperation platform for talent cultivation and training, internship and employment. Through the form of university promotion, the branch provided summer and daily internship opportunities for college students, while accurately targeting outstanding graduates and effectively enhancing the influence of the employer brand.
- **Integrating Campus Recruitment Assessment Tools.** The Bank improved the talent evaluation model and reports, and developed training courses and manuals for interpreting campus recruitment assessment reports, thereby enhancing the quality and efficiency of selection and recruitment.
- **Optimising Featured Graduate Recruitment Programmes.** The Bank has established a campus recruitment system with “Future Bankers” as the main brand and the “Young Sail Management Trainee Programme”, the “Minsheng Chip Fintech Talent Programme” and the “Fresh Bamboo Professional Talent Programme” as sub-brands.

- **Carrying Out Innovative Fintech Contests.** In response to the digital transformation strategy, the Bank has attracted the participation of thousands of campus recruitment students in the technology research and development area to participate in fintech contests, which reserve quality talents for the Bank's high-quality development.

**Planning the Selection and Appointment of Professional Talents in a Scientific Manner.** In response to the overall national requirement of “integrating into the national strategy and developing regional characteristics and advantages”, the Bank increased its HR support for talent recruitment in key regions and business areas by formulating lists of job positions and profiling model for leading talents and fintech talents, optimising talent recruitment processes, and carrying out specialised recruitment.

## Talent Development Mechanism

**Expanding the Channel for Professional Job Sequence Talent Development.** Based on the new development stage and facing the new development requirements, the Bank focused on the business development priorities of the entire Bank, and based on the talent development management plans, the Bank continued to lay out core professional talents in key business areas, built up professional talent teams in various business areas. At the same time, the Bank formed the management mechanism for the development of professional talents based on the experience and practice in the the professional job sequence reform.

**Deepening the Implementation of Training and Development of Young Talents.** The Bank took campus recruitment as the main channel for talent introduction and used social recruitment to bring in mid-to-high-end talents. As at the end of the first quarter, the Bank created more than 3,000 positions in total. The Bank actively introduced diversified campus recruitment talents, including talents for management positions, fintech talents and specialised positions. The Bank divided talent cultivation into different phases, such as learning, growth and development, and clearly defined the cultivation positioning and initiatives at different phases. Through business training, mission practice, job rotation and exchange training and other diversified methods, the Bank accurately implemented “stepwise” cultivation of talents, continuously refined job skills, and consolidated the foundation of the talent teams.

**Focusing on Management Competencies and Leadership Development.** The Bank continuously improved the competence of management and reserve talents mainly in the following areas:

- **Strengthening the Selection and Cultivation of Reserve Talents.** The Bank established a clear orientation for selecting and employing personnel, created a professional and youthful team of managers, clarified the criteria for selecting and appointing managers, standardised the selection and recruitment procedures, and examined managers' work ability and leadership qualities in a multi-dimensional and all-round way, so as to enhance the scientific nature of selection and appointment.
- **Strengthening the Development of Management Teams.** The Bank has been committed to building a highly qualified, competent and well-structured management team, appointing more excellent young leaders, and constantly enhancing the age and profession structures of the middle-level managers. The Bank optimised and strengthened the leadership teams at all branches, and increased the opportunity and frequency of rotation and exchange of leaders at all levels in order to enrich their job experience, improve their comprehensive quality and enhance their ability in performing their duties.
- **Continuously Supervising the Management of Leader Teams.** The Bank enhanced supervision of management personnel's performance and fulfillment of their duties, and strengthened its efforts to remind, inquire and admonish them to ensure the integrity and efficiency of the leader teams.

## Talent Growth

**Improving the Mechanism for Professional Job Sequence-Based Talent Development.** The Bank has built and continuously improved the learning map system for all professional job sequences at all levels, and helped employees develop their career by accurately matching learning resources, optimising the training mechanism and enhancing employee experience.

- **Co-creating and Co-building, Iterating and Upgrading Learning Resources.** Through the collaboration with various professional departments, the Bank completed the first phase of the 2024 annual iteration and launch of full-sequence, full-level learning resources, optimised the employee learning experience, which included encouraging pre-course testing, increasing lightweight resources, etc., and issued notices to organise learning for all employees.
- **Collecting Feedback and Making Continuous Improvement.** Through research questionnaires and other means, the Bank collected nearly 7,000 employee

suggestions and opinions on the improvement of the first phase of the learning map, and carried out continuous optimisation.

- **Building General Competence Modules.** Targeting the Bank's general competence and the four major business lines of retail, corporate, risk, and financial markets, the Bank has built general competence modules and supporting learning resources to improve the framework of the learning map and enhance comprehensive skills of employees.
- **Upgrading UI Design and Interactive Experience.** The Bank comprehensively upgraded the UI design of the learning map, optimised the display page, enhanced the interaction among trainees, and improved the learning experience of employees.

**Focusing on the Cultivation of Key talents and Business Areas, Strengthening and Refining Key Training Programmes.** In accordance with the principle of focusing on reform priorities, key businesses and core talents, the Bank gathered quality training resources, focused on key training projects, organised and carried out party school training for senior management personnel, continued to increase reform advocacy, unified concepts and consensus, and inherited experience and wisdom, to strengthen the talent training system for digital transformation, upgrade the training system for new hires, and help improve the quality of training for young talents.

**Deepening the Long-Term Cultivation of Internal Lecturers and Creating a Culture of Knowledge and Experience Inheritance.** The Bank attached great importance to creating an atmosphere for internal knowledge and experience sharing, and has established a series of supporting mechanisms for the selection, cultivation, application, and motivation of internal lecturers, and developed a standardised and regulated internal lecturer empowerment system. As at the end of the first quarter, a total of 1,542 internal lecturers at various levels had been selected and trained, playing an important role in the efficient implementation of various training programmes at all levels and the cultivation of talents for the Bank.

**Partnering with Educational Institutions for Training.** The Bank cooperated with Harvard Business School, China Europe International Business School, Renmin University of China, and other educational institutions to carry out training programmes, introducing cutting-edge academic research resources from the academia to provide employees with professional training teachers and courses. Among them, the Bank cooperated with Harvard Business School's Corporate Learning Team in China to create a series of high-quality management competence enhancement training programmes. Through the introduction of Harvard's 39 high-quality management

competence maps and the use of large-scale digital community cultivation technology, the Bank designed and implemented layered and classified management competence enhancement training programmes at all levels across the Bank.

**Developing Leadership and Management Capability.** The Bank launched a series of high-quality management capacity enhancement training programmes for the whole Bank. Focusing on management priorities, the Bank designed and implemented management capacity enhancement programmes at all levels in a layered and classified manner, and enhanced the ability of employees at all levels to perform their duties through the three-level collaborative training of senior management, middle-level managers, and high-performance young employees.

- **High-Quality Management Capacity Enhancement Training Programme for Bank-Level Leaders and Senior Managers.** The training composed of offline instruction and online learning, covering strategic leadership, legal compliance, etc. The participants in this year's training included approximately 495 individuals, consisting of leaders at the head office level, principal and deputy senior management, high-level professionals in the technical sequence, and senior executives of subsidiaries.
- **High-Quality Management Capacity Enhancement Training Programme for Middle-Level Managers.** The training aimed to enhance basic management skills and introduced Harvard's 39 high-quality management competence maps. It focused on a three-year systematic learning programme centred around leadership, professional skills, and management abilities. In 2024, the Bank offered eight core competence training camps for over 8,000 middle-level managers across the Bank, covering topics such as strategic planning and execution, strategic thinking, business acuity, stimulation of innovation, and team management. These camps empowered participants through a 21-day online digital training programme.

**Supporting Employee to Obtain Professional Qualification Certifications.** The Bank attached great importance to the professional development of its employees, provided financial support and guarantee for all employees to obtain external core qualification certifications, such as Chartered Financial Analyst (CFA), Certified Financial Planner (CFP), Associate Financial Planner (AFP), Association of Chartered Certified Accountants (ACCA), Financial Risk Manager (FRM), and Project Management Professionals (PMP). The Bank incorporated external core qualifications into the professional job sequence competence growth points dimension to quantitatively record the improvement of employees' competence and further enhance the motivation of employees to obtain professional qualifications. As at the end of the

first quarter, the total number of external professional qualifications and certifications obtained by employees across the Bank exceeded 66,000.

## Promoting Development with Performance Evaluation

**Establishing the Value-Oriented Remuneration Management System.** The Bank adhered to the principle of “rewarding employees according to their performance”, and determined performance bonuses on the basis of performance achievements of the employee's organisation, team and individual, objectively reflecting the actual value contribution of the employee and stimulating the employee to create value to their fullest potential. During the reporting period, the Bank completed the reform of the Bank's position-based remuneration system, implemented the remuneration concept of “scientific value evaluation, reasonable value allocation and value creation in full strength”, and established a remuneration management system of “setting up job positions as needed, setting remuneration according to job positions, changing remuneration when changing job positions, and getting paid according to performance”

**Building a Strategy-Orientated Performance Evaluation Process.** The Bank continued to optimise and improve the closed-loop performance management system of “performance target setting - tracking and coaching - appraisal and delivery - feedback and improvement”, and strengthened the role of performance appraisal in guiding and empowering the behaviour of employees by improving the employee performance appraisal mechanism and strengthening the performance process management. The Bank's performance process mainly includes the following:

- **Performance Objectives Setting and Planning.** The Bank focused on the implementation of graded and classified performance appraisal requirements, strengthened the strategic and scientific nature of performance target setting, and realised differentiated and refined management for all levels and types of employees.
- **Tracking and Coaching.** The Bank strengthened performance process management, continuously guided the management and line managers to help employees analyse achievements and gaps in a timely manner, guided employees to implement performance enhancement and improvement, and gave full play to the positive traction of performance coaching and feedback on the enhancement of employees' comprehensive professional capacity. Each Organisation can flexibly adopt Key Performance Indicators (KPIs), Objectives and Key Results (OKR), 360-degree evaluation, key matter evidence, etc. or a combination of various

methods to comprehensively assess the performance value contribution and behavioural ability of employees according to different job categories.

- **Performance Appraisal and Result Application.** The Bank strengthened the “layered, classified, comprehensive and balanced” performance evaluation principle. Through the implementation of the remuneration target system, the Bank strengthened the strategic and scientific nature of “performance target setting”, enhanced the rationality and standardisation of “performance appraisal and result application”, ensured that the performance appraisal targets matched the responsibilities and rights of the positions, and motivated the teams to make continuous value contributions. In addition, the Bank implemented a performance management model that integrated “annual comprehensive performance evaluation” with “periodic reviews”. This model encouraged employees to embrace a long-term perspective and stimulates them to be more creative.
- **Feedback and Improvement.** The Bank strengthened performance feedback management, provided timely performance feedback and communication, and formulated performance improvement plans to help employees improve their performance.

The Bank continuously improved the employee performance management system and gave full play to the traction of performance appraisal, and promoted steady business operation and sustainable development. In terms of appraisal mode, the Bank set up performance appraisal based on responsibilities of the position and performance capability appraisal based on professional competence, and conducted comprehensive and all-round appraisal of the value contribution of employees through a combination of quantitative and qualitative indicators, so as to guide the improvement of the comprehensive capability of the employees. In terms of assessment indicators, the Bank incorporated the results of inclusive finance, green credit assessment, and internal assessment of consumer rights and interests into the assessment indicator system of the employees with corresponding responsibilities. The Bank adopted “one-vote veto system” for the employees with significant risks, so as to continuously enhance their sense of responsibility and compliance awareness, as well as to practice the philosophy of sustainable development.

## Protecting Employees’ Rights and Interests

**Protecting Legitimate Rights and Interests.** When signing, renewing, terminating, and rescinding labour relations, 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. Constant efforts were made to optimise the

management process and improve the institutional system covering the whole process of induction, attendance, leave, salary, and dismissal. The Bank followed legal procedures to ensure that employees were treated in a fair, open, and impartial manner, regardless of gender, race, or other factors. In the attendance system, the Bank implemented all employees' rights and benefits such as maternity leave, parental leave and child care leave in compliance with laws. When formulating, modifying, or deciding rules and regulations or major matters that directly concern the vital interests of employees, such as labour remuneration, working hours, the Bank consulted with the Trade Union or employee representatives on an equal basis, and made the decisions known to all employees.

**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. In addition, the Bank has prepared workplace infirmaries to provide first aid or health consulting service to all employees during office hours.

**Maintaining Work-Life Balance.** In order to enrich employees' leisure life and improve their physical fitness, the Bank organised a wide range of mass sports activities for all personnel, such as badminton matches, dragon boat regattas, "Minsheng Cup" Chinese chess games and contract bridge games. By fully caring for employees' physical and mental health, and helping them to grow happily, the Bank created a favourable workplace ecosystem to elevate the operational efficiency of the organisation. At the same time, the Bank organised consolation activities during important holidays to care for employees and their families in difficulty and convey the warmth of the Bank. In addition to statutory holidays, the Bank also offered employees with paid annual leave, service standing leave, and other vacation arrangements in accordance with the related regulations. The Bank also paid attention to family life of employees, and carried out themed events and parent-child events on the 8th of March and the 1st of June to help employees maintain the balance between work and life and improve family happiness.

**Caring about Female Employees.** The Bank improved the organisation of trade unions and other female employee groups at all levels, and safeguarded the legitimate rights and interests of female employees to enhance their sense of belonging and honour, stimulate their enthusiasm and creativity, and create more opportunities and platforms for their career development. The Bank maintained the bank-wide programme of "Care

for Female Employees”, which provided on-site psychological counselling services with the theme of “Family Education”, physical and mental health services for women, and childcare services, to strongly and comprehensively support female employees.

**Paying Attention to Mental Health.** A psychological counselling Employee Assistance Programme (EAP) hotline was available 7×24 hours to provide all employees with timely psychological counselling and support. The Bank also set up a mental health station to promote affective interaction and mutual assistance among employees. The Bank organised a series of workplace-themed activities such as “Psychology Micro-Classes”, “Mental Care Advisory Station” and “Mental health Ambassador Training Classes”, and opened a psychological consultation room at the Head Office to help employees better understand the psychological problems at the workplace, and improve their psychological quality and handling ability.

## Listening to Employees’ Voices

**Deepening Democratic Management.** In accordance with relevant provisions of the *Trade Union Law of the People’s Republic of China* and the *Constitution of the Chinese Trade Unions*, the Bank actively put the *Provisions on the Democratic Management of Enterprises* into practice, supported the independent work of the Trade Union and the democratic election of its chairman, and made available relevant funds in full amount to protect the democratic rights of employees. The trade unions at various levels of the Bank continued to improve the corporate democratic management system with employee representatives congress as the basic form, organised employees to participate in democratic election, decision-making, management and supervision, and proactively encouraged employees to engage in corporate governance in an orderly manner. The primary-level units regularly organised and convened employee representatives congresses at branch level based on the related institutional requirements, deliberated and voted on the institutional measures concerning employee benefits. These meetings enabled employees to fully and effectively utilise their rights of information, participation, expression and supervision.

**Conducting Happiness Index Survey.** For a more pleasant occupational experience and higher employee satisfaction, the Bank launches the bank-wide happiness index survey on a regular basis, with the assessment results covering the whole year. In 2024, the Bank continued to conduct employee happiness index assessments to understand the real needs of employees, solve the pressing difficulty and problems that were of the greatest concern to the operating organisations and primary-level employees, and effectively enhance the sense of gain, security, and happiness of employees.

**Respecting Employees' Right to Appeal.** The Bank has formulated the *Disciplinary Measures on Staff Violations of China Minsheng Bank (2024 Revision)*, which 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 to the accountability committee or appeal to the accountability committee at a higher level. The accountability committee shall make decision on reconsideration within the prescribed timeline. After reconsideration or review, the receiving accountability committee may maintain, cancel or alter the original disciplinary decision.

**Smoothing Communication Channels.** The Bank has operated the platform of “Voice of Minsheng” for three 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. In the first half of 2024, through the platform of “Voice of Minsheng”, the Bank solved more than 380 issues, and made public more than 160 issues collected through the platform and from business investigations and researches via other channels.

## X. Social Responsibility Governance

### Promoting Revitalisation with Featured Assistance

In order to implement the policies, decisions and deployments of the CPC Central 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 groups, the rural offices and the agile working groups. 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 Client 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. As at the end of May 2024, the Bank directly purchased and helped sell RMB 4.432 million agricultural products of areas lifted out of poverty.

**Promoting Key Models to Serve Rural Development.** The Bank actively responded to the national strategy and used finance as an engine to financially support rural revitalisation and facilitate common prosperity. This year, the Bank formulated the *2024 Key Points of Paired Assistance* to clarify the objectives, division of work and specific measures of assistance. The Bank also signed letters of work responsibility with the primary-level CPC committees to fulfill the assistance responsibility. The Bank continued to increase financial support to rural areas through innovative products

and models, including “Revitalisation Loan”, “Photovoltaic Loan”, “Agricultural Loan Express”, “Cotton Grower Loan”, “E-Grain Finance”, and “Common Prosperity Loan”.

## 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.** As at the end of the first quarter, the Bank donated RMB 16,458,400 to sponsor the distinctive public welfare project of the ninth session of the “Power of Minsheng’s Love – ME Charity Innovation Funding Scheme”, funding 28 innovative charity plans committed to rural revitalisation, community development, education support, health and well-being, ecological civilisation and other sectors.

## Leading Cultural and Artistic Public Welfare

**Serving Society Through Artistic and Cultural Public Welfare.** During the reporting period, the public art institutions sponsored and operated by the Bank remained committed to cultural public welfare and served the national cultural development strategy and effectively satisfied the needs of the public for culture, art and public education. The Bank hosted the Exhibitions of “Civilisation” Series with high quality to promote the inheritance and development of outstanding traditional culture.

During the reporting period, the public art institutions of the Bank successfully held “The Integration of Civilisation: Echoes of Camel Bells: Arts, Civilisations Along the Silk Roads”. As at the end of May, the exhibition had been opening to the public for 128 days, attracting nearly 50,000 public visits. During this period, the art institutions provided 920 guided tours for the public and held 42 public education activities, serving

nearly 40,000 people both online and offline, and receiving widespread praise from all sectors of society.

In addition, the art institution in Shanghai was opened to the public at the end of May, and co-organised the exhibition of "Animating China: A History of Shanghai Animation Films" with the Shanghai Animation Film Studio, which led the public to relive the memories of the era. As at the end of the reporting period, the art institution in Shanghai had served nearly 8,000 visitors and was awarded the "Outstanding Lifelong Learning Culture and Art Experience Base for Shanghai Citizens in 2023".

### **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](mailto:esg@cmbc.com.cn) or call 010-58560666-6221.

### **Contact**

Cao Xuan  
Executive Office, Head Office, China Minsheng Banking Corp., Ltd.  
Email: [caoxuan@cmbc.com.cn](mailto:caoxuan@cmbc.com.cn)