



威海市商业银行

WEIHAI CITY COMMERCIAL BANK

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Short Name: Weihai Bank Stock Code: 9677



2021

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

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ABOUT THE REPORT

Weihai City Commercial Bank Co., Ltd. (“Weihai City Commercial Bank” or the “Bank”) is pleased to release its second environmental, social and governance report (the “Report”) to disclose the Bank’s environmental, social and governance (“ESG”) philosophy, strategy and performance in relation to corporate social responsibility and sustainable development.

REPORTING SCOPE

Unless otherwise provided, this Report covers the head office, majority-owned subsidiaries and branches of Weihai City Commercial Bank. The environmental key performance indicator (“KPI”) data covers the head office of the Bank. The Report covers the same time frame as the Bank’s 2021 Annual Report, spanning from January 1, 2021 to December 31, 2021 (the “Reporting Period”).

REPORTING STANDARD

This Report is compiled in accordance with the Environmental, Social and Governance (“ESG”) Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange” or the “HKEX”). The Report complies with the provisions of “Comply or Explain” under the ESG Reporting Guide and the four reporting principles (materiality, quantitative, balance and consistency).

Materiality	The Bank has identified and disclosed in this Report the process and criteria for selecting material ESG factors, the description of material stakeholders as well as the process and results of stakeholder engagement.
Quantitative	The statistical criteria, methods, assumptions and/or calculation tools used for reporting emissions/energy consumption (where applicable) in this Report and the sources of conversion factors are described in the explanatory notes to the Report.
Balance	This Report provides an unbiased account of the Bank’s performance for the Reporting Period and prevents the selection, omission or form of reporting that might unduly affects the reader’s decision-making or judgement.
Consistency	The statistical methods adopted for data disclosure in this Report are consistent. Changes, if any, will be clearly illustrated in the Report.

About the Report

REPORTING LANGUAGE

This Report is available in two languages, Chinese and English. Should there be any inconsistency, the Chinese version shall prevail.

REPORT APPROVAL

This Report was reviewed and approved by the board of directors (the “Board”) of our Bank on March 30, 2022 for release.

REPORT RELEASE

A soft copy of the Report is published on the official website of Weihai City Commercial Bank (www.whccb.com) and on the HKEX news of the Hong Kong Stock Exchange (www.hkexnews.hk).

REPORT FEEDBACK

The Bank highly values your feedback on this Report. Should you have any questions or suggestions, please contact us through the following channels:

Address: 9 Bao Quan Road, Weihai City, Shandong Province, the PRC

E-mail: whccb@whccb.com

Tel: (86) 631-5236187

1. ABOUT US

1.1 COMPANY PROFILE

Since its establishment in 1997, the Bank has remained committed to its original aspiration and mission of serving the real economy, its market position of “Serving Local Economy, SMEs and Urban and Rural Residents”, its service concept of “Keeping Your Company with Sincerity”, its persistence in reform and innovation, development and transcendence, as well as a development path with its unique characteristics. Currently, the Bank has 122 branches in Jinan, Tianjin, Qingdao and other locations, taking the lead with its outlets “Covering the Entire Province” among the local corporate banks in Shandong Province. In 2016, the Bank was the first financial institution in Shandong Province to set up a financial leasing company, which represented a substantial step in integrated operation. On October 12, 2020, the Bank was successfully listed on the Main Board of the Hong Kong Stock Exchange. In 2021, the Bank formally adopted the “Equator Principle (赤道原則)” and became the first “Equator Bank (赤道銀行)” in Shandong Province, making a new breakthrough in terms of green finance.

1.2 AWARDS AND HONORS

Leveraging on its quality service and good performance, Weihai City Commercial Bank has gained extensive acclaim from all walks of life. The Bank has been successively awarded the “Top 10 City Commercial Bank in China in the Golden Medal List of Chinese Financial Institutions · Golden Dragon Award (中國金融機構金牌榜金龍獎·全國十佳城市商業銀行)”, the “Leader of Corporate Standards in Bank Outlet Service (銀行營業網點服務領域企業標準「領跑者」)”, and the “2021 Socially Responsible Enterprise in Shandong (2021山東社會責任企業)”, with a much improved brand reputation and social influence. The main awards and honors of the Bank during the year are set out below.



1. About Us

1.2 AWARDS AND HONORS (CONT'D)

Major Awards and Honors Received by the Bank during the Year:

Awarding Agency	Awards and Honors
 Eight authorities such as the State Administration for Market Regulation (國家市場監督管理總局), the Ministry of Finance (財政部) and the People's Bank of China (人民銀行)	"Leader" of Corporate Standards in Bank Outlet Service (銀行營業網點服務領域企業標準「領跑者」)
 Research Association of Ideological and Political Work of China Financial Institutions (中國金融思想政治工作研究會)	Excellent Unit for Ideological and Political Work in the National Financial System (全國金融系統思想政治工作優秀單位)
 Financial News (金融時報社)	Top 10 City Commercial Bank in China (全國十佳城市商業銀行)
 Financial Digital Development Alliance (金融數字化發展聯盟)	2021 Financial Digital Development Gold List Award – Best Credit Card User Experience of the Year (2021年金融數字化發展金榜獎—年度最佳信用卡用戶體驗獎)
 Organizing Committee of the Annual Competition for China Financial Brand Cases (中國金融年度品牌案例大賽組委會)	"Annual Case Award for Integrated Marketing" at the Fourth (2021) Annual Competition for China Financial Brand Cases (第四屆(2021)中國金融年度品牌案例大賽獲「整合營銷年度案例獎」)
 China SME Investment and Finance Expo Organization (中國中小企業投融資交易會組織)	"Government E-finance (政e融)" was awarded as an outstanding case in the "2021 Financial Service Cases for SME and Micro Enterprises" (2021金融服務中小微企業案例徵集活動)
 China Corporate Culture Development Summit (中國企業文化建設峰會)	Outstanding Achievement in Corporate Culture Development in the New Era (新時代企業文化建設優秀成果)

1. About Us

1.2 AWARDS AND HONORS (CONT'D)

Major Awards and Honors Received by the Bank during the Year:

	Awarding Agency	Awards and Honors
	China Culture Administration Association (中國文化管理協會)	2021 Model Unit for Innovative Practice of Corporate Party Construction in the New Era (2021年度新時代企業黨建實踐創新典範單位)
	Shandong Provincial Department of Finance (山東省財政廳)	AAA Rating in Performance Evaluation of Local Financial Enterprises in Shandong Province (山東省地方金融企業績效評價AAA級)
	Shandong Provincial Payment & Clearing Association (山東省支付清算協會)	First Team Prize at the 9th "Payment and Clearing Cup" Vocational Skills Competition of Shandong Province (山東省第九屆「支付清算杯」職業技能競賽團體一等獎)
	Dazhong News Group (大眾報業集團), Federation of Industry and Commerce of Shandong Province (山東省工商業聯合會), State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government (山東省人民政府國有資產監督管理委員會), Shandong Administration for Market Regulation (山東省市場監督管理局) and Shandong Local Financial Supervision Administration (山東省地方金融監督管理局)	2021 Socially Responsible Enterprise in Shandong (2021山東社會責任企業)
	Weihai CPC Municipal Committee (中共威海市委員會) and Weihai Municipal People's Government (威海市人民政府)	Second in the Top 50 Local Tax Payers in Weihai City in 2021 (2021年度威海市地方納稅50強第二名)

2. SUSTAINABLE DEVELOPMENT STRATEGIES

To strengthen the Bank’s ESG management and promote the Bank’s sustainable development, the Bank has established an ESG management structure headed by the Board, which clearly sets out the responsibilities of all levels within the management structure with specific work division to ensure effective implementation of relevant policies. The Bank is also actively establishing a close communication with stakeholders through various channels to understand their expectations and requirements, to set the direction for future governance.

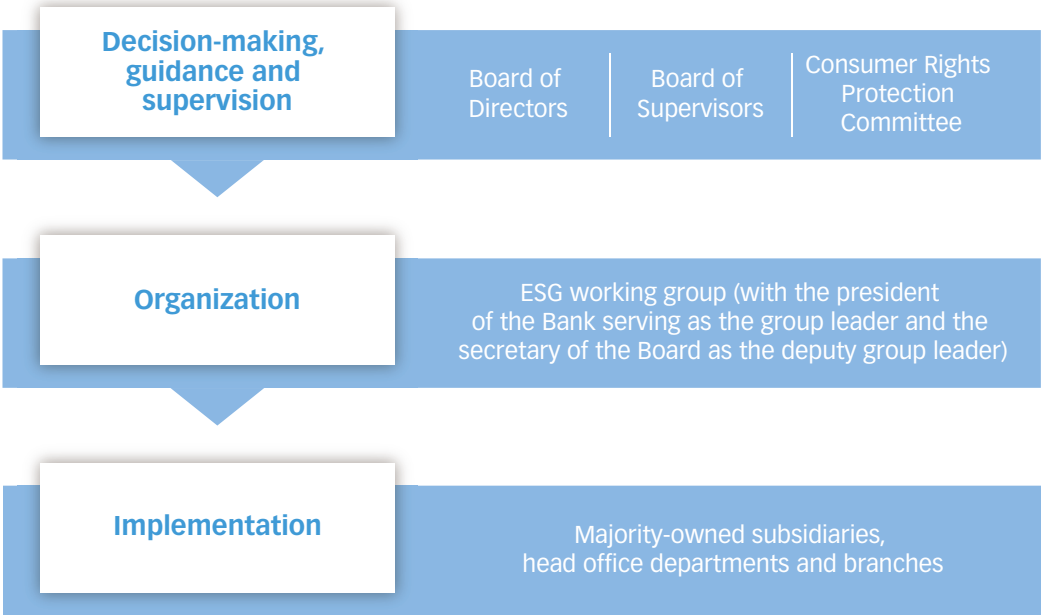
2.1 STATEMENT FROM THE BOARD

To strengthen its ESG practices, the Bank has established an ESG management structure to implement its corporate social responsibility and sustainability efforts. The Board is responsible for the overall oversight of the Bank’s sustainability efforts and regularly discusses, reviews and examines the Bank’s ESG management approach, strategy, risks and progress. In order to effectively implement sustainable governance, the Board has authorized the Bank to establish an ESG working group to oversee and drive the implementation of various ESG issues. The Board has full responsibility for the ESG strategy and reporting, and is responsible for approving and validating the sustainability policies and initiatives developed by the ESG working group. The Bank has set directional targets related to the environment and will conduct future progress reviews against its ESG-related targets to monitor and improve its sustainability efforts.

2.2 ESG MANAGEMENT STRUCTURE

In order to integrate ESG concepts into the Bank’s management guidelines, strategies, business plans and policies and actively fulfill its corporate social responsibilities, the Bank established an ESG management structure led by the Board covering all levels of the Bank, set up an ESG working group and clearly delineated responsibilities of all levels within the ESG management structure. The Bank has established a sound ESG management structure to implement the ESG strategies, objectives and work in the Bank’s daily operation and business.

ESG Management Structure



2. Sustainable Development Strategies

2.2 ESG MANAGEMENT STRUCTURE (CONT'D)

Decision-making, Guidance and Supervision

The Board, as the highest decision-making body in the Bank's ESG management structure, is responsible for formulating the Bank's strategic planning and institutional policies on ESG, ensuring effective implementation of relevant policies and assuming full responsibility for the related political system and reporting.

Principal Responsibilities of the Board

- Reviewing and approving the Bank's ESG management guidelines, strategies, plans, objectives and annual work, including assessment, prioritization and management of material ESG matters, risks and opportunities;
- Authorizing the Consumer Rights Protection Committee under the Board to carry out ESG-related work and establishing the Bank's ESG risk management and internal control system, with such implementation supervised by the Board;
- Regularly reviewing ESG performance and the progress in achieving related objectives.

Principal Responsibilities of the Consumer Rights Protection Committee

- Reporting the ESG strategy and work status and annual ESG reports to the Board;
- Guiding the ESG working group to carry out relevant work;
- Giving opinions on the Bank's ESG risk management and internal control system.

Principal Responsibilities of the Board of Supervisors

- Overseeing the ESG management policies, strategies, plans, objectives and annual work;
- Overseeing the Bank's ESG risk management and internal control system;
- Overseeing the implementation of ESG-related policies and work by majority-owned subsidiaries, head office departments and branches.

2. Sustainable Development Strategies

2.2 ESG MANAGEMENT STRUCTURE (CONT'D)

Organization

Under the leadership of the Board, the senior management has set up an ESG working group, with the president of the Bank as the group leader and the secretary of the Board as the deputy group leader. The office of the ESG working group is set up within the Service Supervision Department (i.e. the office of the Consumer Rights Protection Committee of the Board), which leads the coordination of the Bank's ESG work. Members of the group are the relevant department heads at the Bank's head office.

Principal Responsibilities of the ESG Working Group

- Identifying, assessing, reviewing and managing material ESG risks, opportunities and related matters;
- Preparing ESG management policies, strategies, plans, annual work and objectives for approval by the Board;
- Continuously tracking and reviewing ESG-related performance and progress in achieving the objectives;
- Regularly reporting to the Board via the Consumer Rights Protection Committee (through meetings or in written form).

Implementation

Principal Responsibilities of Majority-owned Subsidiaries, Head Office Departments and Branches

- Organizing, promoting and implementing ESG-related work in line with the deployment, requirements and work division of the Bank's ESG management policies, strategies, plans, annual work and objectives;
- Collecting and reporting ESG-related internal policies, systems and performance indicators;
- Complying with ESG-related policies and systems;
- Regularly reporting to the ESG working group (through meetings or in written form).

2. Sustainable Development Strategies

2.3 COMMUNICATION WITH STAKEHOLDERS

The Bank values communication with its stakeholders and therefore maintains close communication with them. The Bank employs a variety of effective channels to understand stakeholder expectations and requirements, which serve as an important reference in the formulation of the Bank's social responsibility and contribute to the Bank's sustainable development performance.

Stakeholders	Means of Communication
 Regulators	<ul style="list-style-type: none"> Regulatory policies Work reports
 Shareholders/Investors	<ul style="list-style-type: none"> Annual general meetings and other general meetings Interim reports and annual reports Corporate communication Results announcements
 Customers	<ul style="list-style-type: none"> Customer satisfaction surveys and feedback forms Customer service/consultation Visits by customer relations managers Daily operations/communication Online service platform
 Staff	<ul style="list-style-type: none"> Channels for staff to express their views (such as forms and suggestion boxes) Performance evaluation Meetings and interviews Volunteer activities Publications (such as staff newsletters)
 Suppliers	<ul style="list-style-type: none"> Meetings Site visits
 Business partners	<ul style="list-style-type: none"> Cooperation projects
 Communities/non-governmental organizations	<ul style="list-style-type: none"> Volunteer activities Donations
 Media	<ul style="list-style-type: none"> Press release

2. Sustainable Development Strategies

2.4 MATERIALITY ASSESSMENT

To identify key ESG areas of concern and for disclosure, the Bank commissioned independent consultants to identify social responsibility issues based on stakeholder needs and its own strategic priorities, assess the importance of ESG issues based on the views of the Bank’s management and stakeholders, and arrive at important issues.

1. Identifying key stakeholders and material ESG issues

The Bank identifies key stakeholders based on factors such as business operations and the mutual influence between stakeholders and the Bank. Based on the material issues listed in the previous annual report, 21 potentially material ESG issues were identified by considering the Bank’s business development direction and operations, with reference to the ESG Reporting Guide of the Hong Kong Stock Exchange and the materiality map of the Sustainability Accounting Standards Board (“SASB”).

2. Conducting an online questionnaire survey

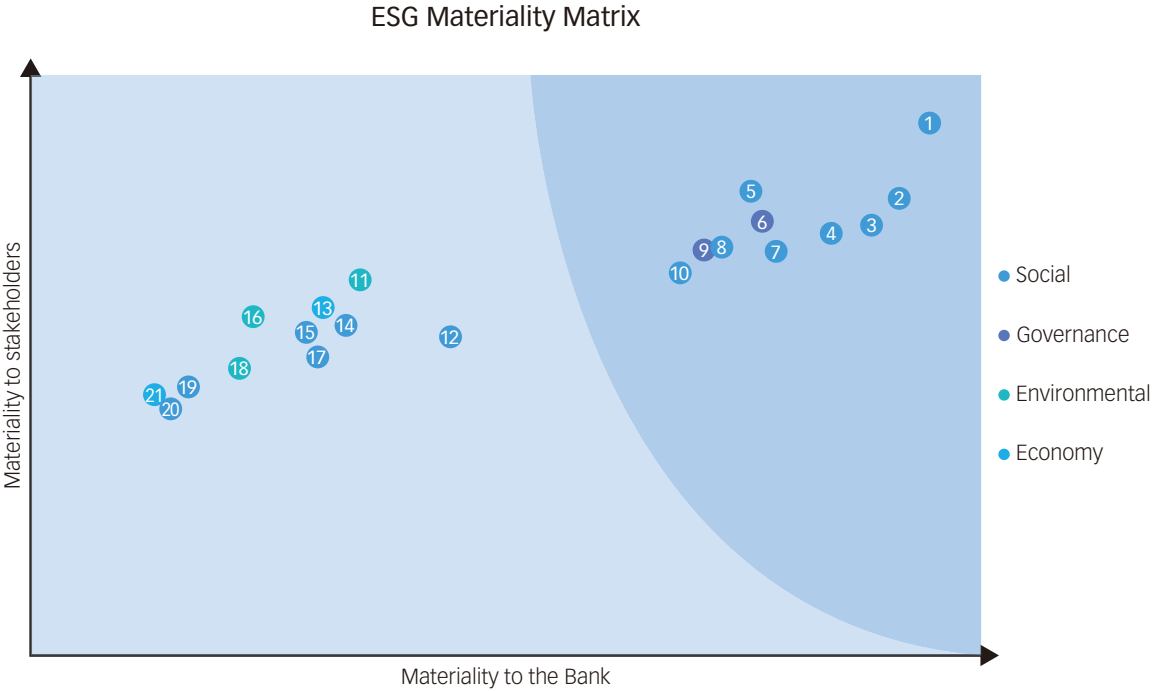
During the Reporting Period, the Bank distributed online questionnaires to key stakeholders and sequenced the 21 issues identified based on their materiality to understand their concerns and importance to the Bank on ESG issues.

3. Analysis of material ESG issues

Based on the results of its questionnaire survey, the Bank conducted a materiality assessment from two aspects that covered the importance to stakeholders and to the Bank’s development, sequenced such ESG issues based on their priority and developed a materiality matrix.

4. Determination of material ESG issues

The Bank confirmed the final results of the materiality matrix for ESG issues, which presented 10 highly material issues and 11 moderately material ones.



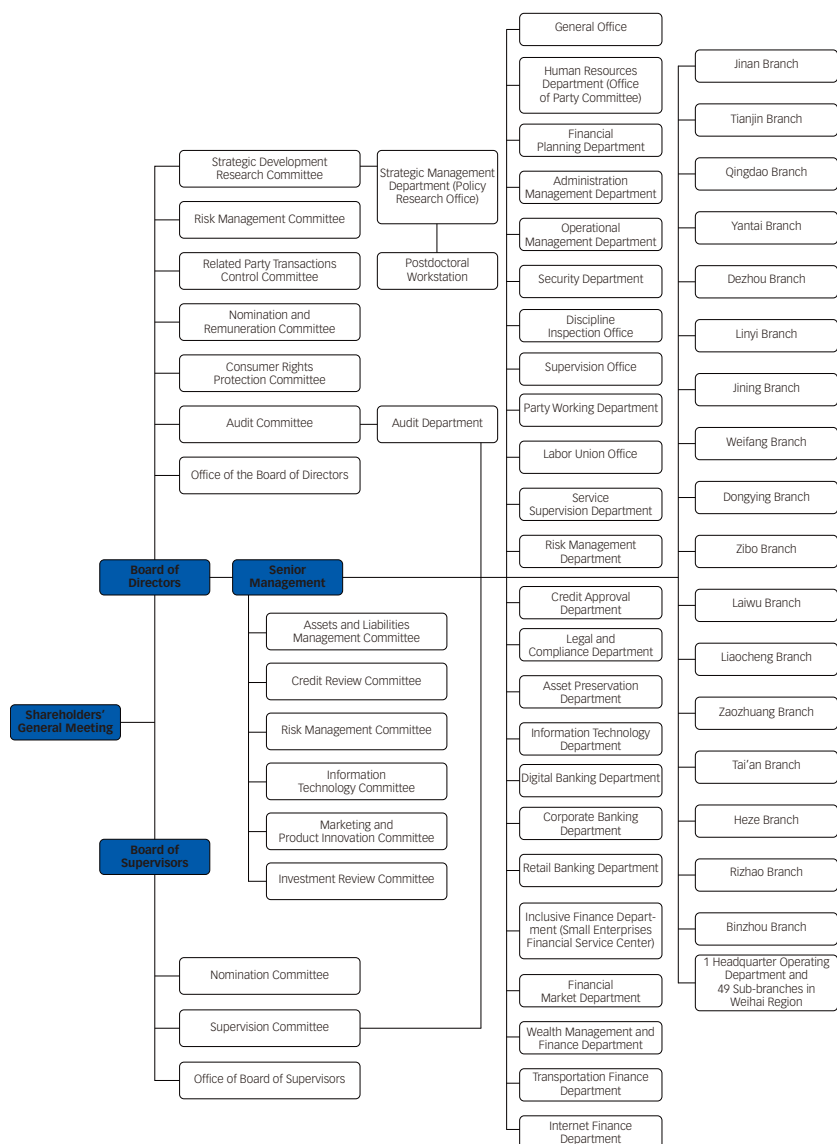
3. COMPLIANCE AND RISK MANAGEMENT

The Bank recognizes that compliance operation and stringent risk management are key to the sound operation of its business. Hence, the Bank attaches great importance to compliance and risk management. In addition to a consummate corporate governance structure and risk management system in place, the Bank keeps enhancing its systems and measures against corruption and money laundering, coupled with enhanced management of suppliers to ensure the robust operation of its business.

3.1 STRENGTHENING CORPORATE GOVERNANCE

Based on the development requirements for modern joint stock commercial banks, the Bank has established a four-pronged corporate governance structure that features clear delineation of authority and responsibility, respective performance of functions, independent operation as well as checks and balances. Apart from that, the Bank has shaped a modern corporate governance system for commercial banks with Chinese characteristics by combining Party leadership with improvement of corporate structure, which gives full play to the Party's core functions and improves corporate governance. Set out below is a chart of our Bank's management structure:

A Chart of Our Bank's Management Structure



3. Compliance and Risk Management

3.1 STRENGTHENING CORPORATE GOVERNANCE (CONT'D)

Shareholders' general meeting is the highest organ of authority. Every year, the Bank convenes and holds a general meeting of shareholders strictly in accordance with relevant regulations. Shareholders exercise their voting rights in accordance with the law by participating in the general meetings of shareholders to engage in major decision-making for the Bank.

The Board is the decision-making body of the Bank and consists of 15 directors, including 5 independent Directors. Under the Board are 6 special committees, namely, Strategic Development Research Committee, Related Party Transactions Control Committee, Risk Management Committee, Nomination and Remuneration Committee, Audit Committee and Consumer Rights Protection Committee. All their members are directors, with Related Party Transactions Control Committee, Nomination and Remuneration Committee and Audit Committee headed by independent directors. The Bank's Board and special committees can prepare strategic plans in a scientific manner, have regular knowledge of the Bank's operating and financial position, risk management, related party transactions and internal control, and make timely decisions on major issues. Independent directors are capable of giving objective and fair independent opinions on major related party transactions as well as the appointment and dismissal of directors and senior executives.

The Board of Supervisors comprises 9 supervisors, including 3 employee supervisors, 3 external supervisors and 3 shareholder supervisors. Under the Board of Supervisors are Supervision Committee and Nomination Committee, both headed by external supervisors. Each year, the Board of Supervisors issues an evaluation report on the annual performance of directors and senior management, which is subject to regular review with a focus on supervising any violations of laws and regulations as well as impairment to the interests of the Bank and shareholders in decision-making, management and execution, so as to continuously improve the effectiveness of supervision.

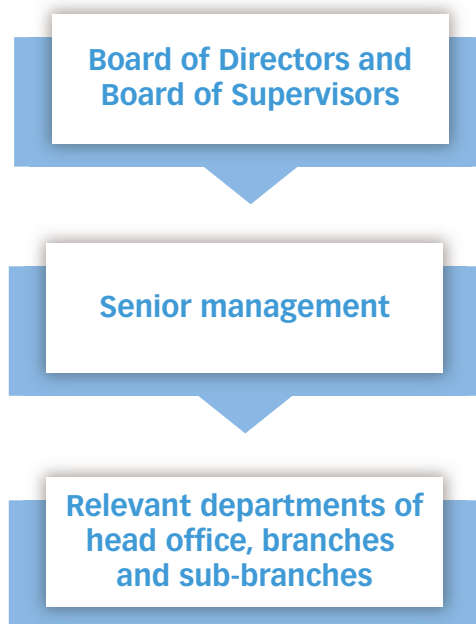
The senior management carries out operation and management activities within the scope of their powers in accordance with the law. According to the requirements of developing a bank with standard processes, the senior management has established an organizational structure with separate front, middle and back offices with effective checks and balances. It also implements a three-tier management model of "Head – Branch – Sub-branch". A comprehensive and systematic regime has been shaped that covers various business processes and critical risk points of the Bank. The senior management can regularly report to the Board of Directors and accept the supervision from the Board of Supervisors, strictly implement the resolutions of the Board of Directors, carry out business activities in accordance with the Articles of Association and the authorization of the Board of Directors, and ensure that the Bank's operations align with the development strategies, risk preference and other policies of the Board.

3. Compliance and Risk Management

3.2 IMPROVING RISK MANAGEMENT

The Bank has established a consummate risk management system and, having reconciled quality with efficiency and scale, prepared the “Risk Management Outline (《風險管理大綱》)” to continuously optimize the independent and balanced risk management mechanism and processes, and to clearly establish the organizational structure for the Bank’s risk management, departmental responsibilities and risk management regulations, with a view to comprehensively standardizing the Bank’s risk management and such acts and effectively preventing risks.

The Bank has built a centralized and vertical risk management system for its future development strategies, regulated the synergy and mutual restriction of its front, middle and back offices, and established a comprehensive risk management system covering the risks faced by the Group.



Organizational Structure for Risk Management



3. Compliance and Risk Management

3.2 IMPROVING RISK MANAGEMENT (CONT'D)

The organizational structure of the Bank's risk management covers all relevant departments of the Board of Directors, the Board of Supervisors, senior management, the head office, branches and sub-branches, each of which has different responsibilities. The Board of Directors, as the Bank's highest decision-making body for risk management, supervises the risk management by senior management and the relevant departments of the head office, branches and sub-branches, and bears the ultimate responsibility for overall risk management. The Bank has prepared a range of risk management methods and procedures to effectively identify, evaluate, monitor, control and report major risks in business such as credit risk, market risk, liquidity risk, information technology risk, legal risk, compliance risk, reputational risk and climate change risk to timely respond to and properly manage risks, avoid impeding business development and promote continued healthy growth of various businesses.

The Bank will also be more proactive in establishing a more comprehensive environmental, social and governance risk management and internal control system to identify, assess, review and manage significant ESG risks and opportunities in order to improve its governance framework.

3.3 OPERATING WITH INTEGRITY AND COMPLIANCE

The Bank is committed to ethical business operation and has established a management system to fight corruption and money laundering and protect intellectual property rights as well as measures for control and supervision, to ensure that the Bank operates with integrity and compliance.

3. Compliance and Risk Management

3.3 OPERATING WITH INTEGRITY AND COMPLIANCE (CONT'D)

Anti-corruption

The Bank strictly complies with the Criminal Law of the PRC (《中華人民共和國刑法》), the Supervision Law of the PRC (《中華人民共和國監察法》) and other relevant laws and regulations. The Bank strives to create an atmosphere of integrity and deepen the work on developing integrity and anti-corruption by establishing a coordination group for party integrity development and anti-corruption work, strengthening staff training and supervision, providing smooth reporting channels and enhancing supervision and management, to continuously promote the development of a "clean bank". During the Reporting Period, the Bank did not encounter any lawsuits involving corruption, bribery, extortion, fraud and other violations of laws and regulations.

Establishing a coordination group for party integrity development and anti-corruption work

- The Bank assisted the Party Committee of the Bank in coordinating, supervising and promoting party integrity development and anti-corruption work.
- The Bank convened a meeting of the coordination group for party integrity development and anti-corruption work every six months to communicate the issues and situations found daily among functional departments or offices such as audit, finance, legal affairs, credit and discipline inspection, to understand politics through business and responsibility through issues, provide more targeted and serious supervision, forge supervisory synergy and enhance governance effectiveness.

Strengthening supervision and management

- The Bank formulated its "Measures for Integrity Talk (《廉政談話辦法》)" and "Integrity Talk Work Plan (《廉政談話工作方案》)" to promote leaders of the Bank to assume their responsibility of daily supervision over cadres in the principle that "those who manage business shall manage integrity (管業務必管廉政)".
- The Bank formulated the "Interim Measures for Replying to the Opinions on Party Integrity (《黨風廉政意見回覆工作暫行辦法》)", made 362 replies to the opinions on party integrity, and strictly controlled the politics and integrity of personnel to be promoted and awarded.
- The Bank formulated the "Interim Measures for Managing Cadre Integrity Archives (《幹部廉潔檔案管理暫行辦法》)" and established integrity archives for 151 cadres, laying a solid foundation for daily supervision of basic information on cadre integrity.
- The Bank formulated the "Opinions on In-depth Promotion of Developing the Integrity Risk Prevention and Control System (《深入推進廉政風險防控制體系建設的意見》)", carried out integrity risk screening and regulated the operation of power.

Enhancing staff training and supervision

- In accordance with the requirements of the "Notice of the China Banking Regulatory Commission on Issuing the Guidelines on the Management of the Conduct of Practitioners of Financial Institutions in the Banking Sector (《中國銀監會關於印發銀行業金融機構從業人員行為管理指引的通知》)", the Bank has formulated the "Fifteen Prohibitions on the Conduct of Employees (《員工行為十五項禁令》)", thereby strengthening the requirements on staff learning and training, supervision and inspection, as well as accountability and responsibility.
- During the year, the Bank invited experts from the Weihai Municipal Discipline Inspection Commission to provide a special lecture on party rules and discipline, to further promote the Bank's party integrity development and anti-corruption work and provide its directors and staff with anti-corruption training on integrity and honesty, knowledge of rules and regulations, strict discipline and diligence.

Providing smooth reporting channels

- The Bank revised and improved the "Petition-letter Whistleblowing Management Procedures (《信訪舉報管理程序》)" to regulate the responsibilities, operating procedures and channels of relevant departments for petition-letter whistleblowing. The Bank formulated the "Implementation Rules for the Work Accountability System on Petition-letter Whistleblowing (《信訪舉報工作責任制實施細則》)" to provide clear regulations on the acceptance, processing and time limit on petition-letter whistleblowing matters.
- Whistleblowing channels include visiting receptions, letters and phone calls. The Discipline Inspection and Supervision Office of the Head Office is responsible for the registration of complaint filing, submitting it to the leaders for review and approval, assisting in investigations, replies and relevant departments investigation and verification. The Discipline Inspection and Supervision Office will submit the investigation results after the approval of the leaders.
- If the report is deemed to be true after investigation, the cases suspected of a crime will be transferred to the judicial authority for handling in accordance with the law.

3. Compliance and Risk Management

3.3 OPERATING WITH INTEGRITY AND COMPLIANCE (CONT'D)

Anti-money Laundering

The Bank strictly complies with the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), the Anti-Terrorism Law of the PRC (《中華人民共和國反恐怖主義法》), the Guidelines for the Management of Money Laundering and Terrorist Financing Risks of Legal Person Financial Institutions (Trial) (《法人金融機構洗錢和恐怖融資風險管理指引(試行)》) and other laws and regulations to fulfil anti-money laundering obligations and build an efficient, orderly and robust system for the compliance management of anti-money laundering.

Anti-money Laundering Management System	Anti-money Laundering Control	Anti-money Laundering Training
<ul style="list-style-type: none"> Formulated the "Anti-Money Laundering Work Management Procedures (《反洗錢工作管理程序》)" and set up an anti-money laundering work leading group at the head office to lead, manage and coordinate the Bank's anti-money laundering work and make decisions on important anti-money laundering matters for the Bank. 	<ul style="list-style-type: none"> Formulated the "Money Laundering and Terrorist Financing Risk Assessment and Customer Classification Management Procedures (《洗錢和恐怖融資風險評估及客戶分類管理程序》)" to establish and assess the criteria, classification and monitoring requirements for customer classification management, which will help determine customers' money laundering risk levels, prevent money laundering and terrorist financing activities, and enhance the effectiveness of anti-money laundering and anti-terrorist financing. 	<ul style="list-style-type: none"> Formulated the "Anti-Money Laundering Work Assessment Management Procedures (《反洗錢工作考核管理程序》)" to standardize the content and standards of anti-money laundering work training and strengthen the awareness of anti-money laundering throughout the Bank.

Intellectual Property Protection

The Bank respects the protection of intellectual property rights, strictly abides by the Patent Law of the PRC (《中華人民共和國專利法》), the Trademark Law of the PRC (《中華人民共和國商標法》) and other relevant laws and regulations, and has prepared the Intellectual Property Management Measures (《知識產權管理辦法》) to carry out intellectual property protection and management, so that intellectual property protection takes place in accordance with regulations. The Bank clarifies the division of responsibilities for intellectual property management of relevant departments. For example, the Legal and Compliance Department comprehensively works on the management of intellectual property rights across the Bank. Externally, the Bank monitors the situation involving intellectual property rights to prevent infringement on the intellectual property rights of others and ensures that all types of software used are legally authorized. Internally, the Bank applies, monitors and maintains its own patents, trademarks, copyrights and other intellectual property rights and is committed to protecting its rights against intellectual property infringements through litigation.

3. Compliance and Risk Management

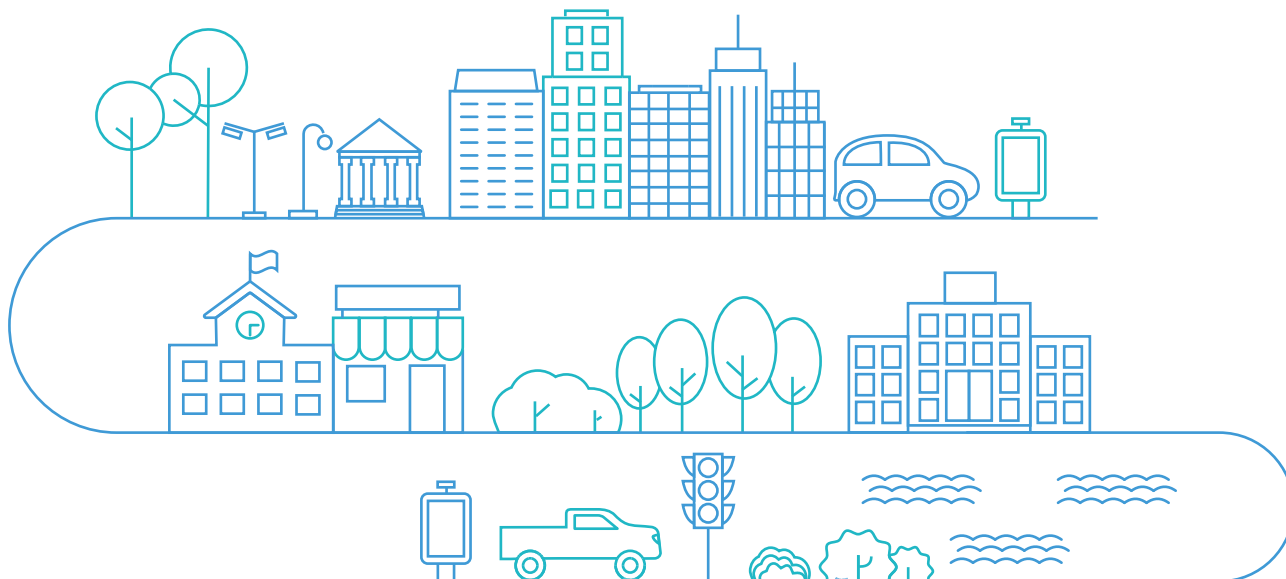
3.4 SUPPLIER MANAGEMENT

The Bank attaches great importance to environmental and social risk management in the supply chain. Therefore, in accordance with the PRC Law on Bidding (《中華人民共和國招標投標法》) and the Interim Provisions on Centralized Procurement Management of State-owned Financial Enterprises (《國有金融企業集中採購管理暫行規定》) and other relevant laws and regulations, the Bank has prepared regulations such as the Centralized Procurement Management Measures (《集中採購管理辦法》), the Bidding Management Measures (《招標管理辦法》) and the Regulations on Managing Non-Tendering Procurement (《非招標方式採購管理辦法》) that are applicable to the Bank. The Bank also follows the principles of openness, equity, fairness and good faith, and requires suppliers to meet compliance requirements by establishing unified procurement standards and procedures for external suppliers to control potential environmental, social and other risks in the supply chain and avoid any impact on the Bank's business activities.

Apart from giving full consideration to the business qualification, creditworthiness, financial status and quality of suppliers, the Bank will also consider the environmental and social performance of suppliers, such as employment and labor standards, health and safety as well as integrity. To ensure that its suppliers pay attention to their environmental and corporate social responsibility, the Bank will require those suppliers who work with it to sign a "Supplier Commitment (《供應商承諾書》)" to comply with all applicable laws and regulations, protect the environment, and meet employment and labor guidelines, occupational health and safety and integrity requirements.

The Bank has established a "Green Procurement Policy (《綠色採購政策》)", under which it must comply with relevant environmental legislation and requirements when procuring products and services, to minimize its impact on the environment. The Bank will prioritize the procurement of energy-efficient and environmentally-friendly products in feasible and cost-effective conditions. The Bank strictly stipulates that all bidding units and personnel must be law-abiding, honest and self-disciplined, with no favoritism or irregularities.

During the Reporting Period, the Bank had a total of 212 major suppliers for its head office, including 84 from Shandong Province and 128 outside Shandong Province, providing products and services such as core system building, technology software equipment, retail system development, security facilities and services, decoration and office supporting services.



4. SUPPORTING REAL ECONOMY

The Bank fulfils its social responsibility in the financial industry, always adheres to the market positioning of “serving the local economy, serving small and micro enterprises, and serving urban and rural residents”, with a focus on financial innovation to strongly support the development of private, small and micro enterprises, financial technology and the real economy, comprehensively improve service efficiency and quality, and propel regional economic development.

4.1 CARRYING OUT INCLUSIVE FINANCE

Our Bank has made great effort to develop inclusive finance focused on people’s livelihood in response to the country’s policy of inclusive finance and improve its financial services for small, micro and private businesses, with a view to further enhancing its services for such businesses.

Firstly, in respect of financial services for small and micro businesses, the Bank continued to implement the policy of deferring the repayment of principal and interest on loans to such enterprises and provide inclusive loan deferment and credit loans for them as much as possible. Secondly, the Bank also raised the percentage of inclusive finance to 12% in our comprehensive operational performance assessment, to boost the enthusiasm of all branches in developing inclusive finance business. Thirdly, the Bank made full use of the credit policies of supporting the development of small and micro enterprises, and actively applied for refinancing loans in support of small businesses and China Development Bank refinancing funds to continuously improve the coverage of financial services to support small and micro enterprises. Fourthly, in respect of services for private businesses, the Bank launched “Jointly Supporting Businesses and Benefiting People in Shandong (齊心魯力·助商惠民)”, a special campaign to support the development of private businesses, further localize the focus of inclusive financial services for micro and small businesses, help them to recover and enhance their vitality, provide them with more assistance and expand their room for growth.



4. Supporting Real Economy

4.2 GREEN FINANCE

The Board of Directors and the senior management of the Bank attach great importance to the development of green finance, by including the support of green credit development in its Articles of Association and incorporating green finance into the “14th Five-year” development strategies as one of the Bank’s financial development strategies.

Green Credit

In 2021, the Bank established a mechanism that prioritized the size and approval of green credit loans, and increased the proportion of green credit business and the capacity of green financial services by continuously optimizing the green credit management system and other means. In addition, the Bank issued the “‘Carbon Neutrality’ Business Marketing Guidelines (《「碳中和」業務營銷指引》)” to provide more precise marketing support to branches. At the same time, by paying more attention and visits to key areas and customers, the Bank implemented environmental protection policies for customers, actively communicated with them on green development concepts such as carbon neutrality and carbon peak, communicated differentiated development strategies on green finance, designed integrated service solutions for their green finance projects in advance, and provided suggestions for their subsequent green development.

Implementing “PV Loans”

- In active response to the industrial policy of green finance and carbon neutrality, the Bank launched the “PV Loan” business in September 2021. It is a credit loan product based on the “Quick e-Loan (快e貸)” platform for customers engaged in photovoltaic power generation, with their repayment source being the income from electricity tariff after the photovoltaic power generation equipment is connected to the grid. As of the end of December 2021, the Bank handled the “PV Loan” business worth RMB23,420,700 for a total of 171 customers.

Blue Carbon Finance

The Bank actively helped to promote the development strategy of building a strong maritime economy in Shandong Province, cooperated with the construction of the blue carbon trading platform in Weihai City, and proposed in its credit policy guidelines to prioritize the support for green industry development projects such as ocean carbon sink, developing maritime infrastructure and high-end equipment manufacturing industries that rely on coastal cities, transportation routes and open platforms, as well as outstanding projects such as desalination and new maritime energy and materials. As of the end of 2021, the aggregate balance of loans granted to coastal cities by the Bank amounted to RMB90 billion, accounting for 61.7%. At the same time, the Bank’s head office departments took the lead to work with operators in coastal cities to jointly study blue carbon transaction models and innovative financial products for ocean carbon sink. The Bank actively undertook the responsibility of serving local economy in its capacity as a financial institution, incorporated the characteristics of local economy for the national “Dual Carbon” goal, and helped to align maritime environmental protection and economic development in an organic way.

4. Supporting Real Economy

4.2 GREEN FINANCE (CONT'D)

Interbank Cooperation

The Bank was engaged in continuous collaborations with banks that have advanced development concepts on green finance, to discuss and share such green development concepts and experience in green finance practices among financial institutions, laying a good foundation for the Bank's green finance development. At present, a green finance expert group has been set up by the Bank to regularly compile and collate green finance policies. At the same time, the Bank organized a number of training sessions for the Bank's staff on the financial support for carbon emissions reduction, to guide the Bank's staff and those working in the Bank's operating institutions to practice the concept of green development and innovate green finance services, so as to contribute its financial strength to the timely realization of China's "carbon peak and neutrality" targets.

Equator Bank

The Bank launched the "Equator Bank" project in 2021 and officially announced the adoption of the "Equator Principles" on December 17, 2021, making it the first "Equator Bank" in Shandong Province and the ninth "Equator Bank" in China. "Equator Banks" are banks that have adopted the "Equator Principles". "Equator Principles" are a set of international voluntary benchmarks for the financial industry established by major global financial institutions such as Citigroup and ABN AMRO, with reference to the International Finance Corporation (IFC) Sustainable Development Policy and Guidelines of the World Bank. Such principles are designed to judge, assess and manage the environmental and social risks in project finance and advocate financial institutions to exercise due diligence in verifying environmental and social issues in project finance. In accordance with the requirements of the "Equator Principles", the Bank has improved its internal policies and systems, risk control, business processes and systems, improved its organizational structure for environmental and social risk management, formulated project financing management practices with the application of the "Equator Principles", developed an environmental and social risk management system to complement the "Equator Principles", and continuously improved its environmental and social risk management in line with international standards.

Having adopted the "Equator Principles" as part of its overall green finance plan, the Bank will use its development into an "Equator Bank" as a high starting point to continuously improve its innovation, service and financial supply capabilities in green finance and "carbon peak and neutrality".

Structural Transformation Risks

With the introduction of the "carbon peak and neutrality" target, China is facing the transformation of its industrial structure, with financial institutions confronted by the restructuring of their credit business towards the industrial structure. To cope with the possible transformation risks, the Bank has undertaken stress tests on environmental and climate risks to enhance its capabilities of managing climate and environmental risks. At the same time, the Bank has disclosed its information related to green finance in the 2020 Environmental, Social and Governance Report. Through a proactive information disclosure mechanism, the Bank has continued to enhance the transparency of its response to the green finance transformation and strengthen its environmental risk management capability.

4. Supporting Real Economy

4.3 INNOVATIVE FINANCIAL PRODUCTS

The Bank actively embraced financial technology, followed the “three-step” strategy of “offline business online, online business enrichment, and digital banking strategy” and acted on the three new concepts of “data standardization, online standardization and online intelligence”, with solid efforts to promote digital transformation and fully commit to building a smart first-class digital bank with leadership on two major fronts.

Comprehensive Strategic Cooperation with Tencent and Huawei

During the Reporting Period, the Bank signed comprehensive strategic cooperation agreements with Tencent and Huawei respectively, committing to strategic synergy, resource sharing and complementary advantages, leveraging financial technology to accelerate digital transformation, further innovate service models, increase credit supply and serve the development of the real economy more precisely. The Bank will regard its comprehensive strategic cooperation agreements with Tencent and Huawei as an opportunity to build on a new stage of development, implement a new development concept and integrate into a new development landscape, continue to innovate service models and increase credit supply, keep improving its customer satisfaction, social contribution and core competitiveness, and keep developing into an excellent listed bank with faith, responsibility and value.

Strategic Cooperation with Tencent

On April 22, 2021, the Bank signed a comprehensive strategic cooperation agreement with Tencent to explore the establishment of new financial infrastructure such as an intelligent cloud computing technology platform and a big data platform, with all-round cooperation in areas such as video banking, WeChat ecological scenarios, financial risk control and mobile development.



4. Supporting Real Economy

4.3 INNOVATIVE FINANCIAL PRODUCTS (CONT'D)

Comprehensive Strategic Cooperation with Tencent and Huawei (cont'd)

Strategic Cooperation with Huawei

On June 3, 2021, the Bank and Huawei signed a comprehensive strategic cooperation agreement on all-round cooperation in financial technology, financial business and talent training, with joint exploration and practice in areas such as data center construction, innovative IT application and smart outlet development.

Innovative Online Credit Products

In recent years, the Bank has actively launched various online business products such as “Property e-Loan (房e贷)”, “Quick e-Loan (快e贷)”, “Shui e Rong (税e融)”, “Zheng e Rong (政e融)” and “Micro e-Loan (微e贷)” to meet the credit needs of micro and small enterprises and other market entities. The “Zheng e Rong (政e融)” has been awarded the “Outstanding Case of Financial Services for SMEs and Micro Enterprises in 2021 (2021年金融服务中小微企业优秀案例)” and has become a model of financial innovation in the industry.

Innovative Online Financial Services Platform

Through its cooperation with government departments, core enterprises and financial technology companies, the Bank led the digital transformation with financial technology, built an online financial services platform, connected to various real economy scenarios, and established an open and collaborative “new ecology” of financial scenarios during the Reporting Period. The Bank successively implemented financial technology projects such as paperless counters, intelligent operation and mobile credit to achieve paperless and intelligent operation, thereby greatly improving service efficiency and optimizing customer experience.

5. QUALITY CUSTOMER SERVICES

Our Bank adheres to the principle of customer first and thoroughly implements the concept of quality service. With the service concept of "Sincere Accompaniment, Happy Growth (心相伴·悦成長)", the Bank is committed to improving the quality of financial services, and attaches great importance to building long-term and mutual trust with customers, emphasizing customer service as the center of its work. Through such measures as the establishment of a sound service management system, strict service standards, strengthened supervision and assessment, enhanced complaint management, organization of service activities and service innovation, the overall quality of customer services has been improved.

5.1 IMPROVING SERVICE QUALITY

Customer Service Quality Assurance

Our Bank has formulated the Operational Guidelines on Customer Service Center Service (《客戶服務中心服務業務作業指導書》) and the Contingency Plan on Customer Service Center Telephone Banking (《客戶服務中心電話銀行業務應急預案》), to provide guidance to staff on handling customer service center emergencies efficiently, to improve staff's ability to address emergencies, and to protect customer experience and improve the Bank's service quality.

The Bank has formulated the Service Supervision and Assessment Measures (《服務監督考核辦法》), and have regularly assessed our branches and the sales agency supervised under the direct sub-branch based on the assessment standards, assessment content and calculation methods stipulated therein, to enhance the awareness of the importance of service work for all employees and to improve the provision of standard, uniform and quality services to our customers.

Communicating with Customers

The Bank provides both online and offline information sharing channels to communicate with customers. Customers can adopt online communication via channels such as the customer' terminals of the Bank's official website, WeChat official account, mobile banking and video banking. The Bank will also disseminate important management results, product and business information and user-friendly service measures through the above channels. The Bank provides its 24-hour service hotline and complaint telephone number for offline communication with customers at business outlets, to ensure smooth communication and feedback channels.

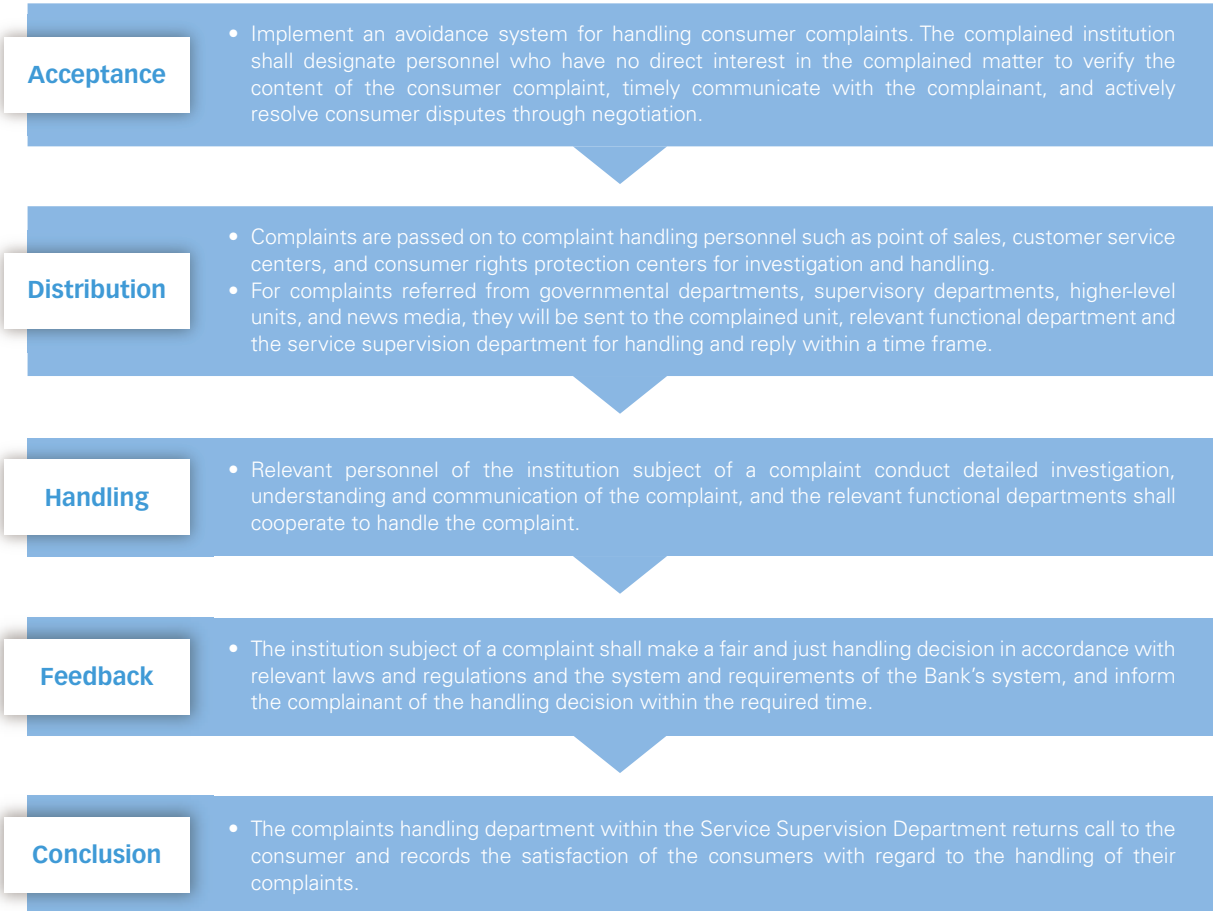
5. Quality Customer Services

5.1 IMPROVING SERVICE QUALITY (CONT'D)

Handling Consumer Complaints

The Bank adheres to the service concept of "Sincere Accompaniment, Happy Growth (心相伴·悦成长)" and continuously improves its services based on customer feedback, as well as complies with laws and regulations such as the PRC Banking Supervision and Regulatory Law (《中華人民共和國銀行業監督管理法》), the Commercial Banking Law of the PRC (《中華人民共和國商業銀行法》), the Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》), the State Council General Office's Guiding Opinions on Strengthening the Protection of Financial Consumers' Rights and Interests (《國務院辦公廳關於加強金融消費者權益保護工作的指導意見》), the Measures for the Administration of Handling Consumer Complaints in Banking and Insurance Industry (《銀行業保險業消費投訴處理管理辦法》) to standardize the handling of customer complaints and improve the information transfer process, thereby enhancing customer satisfaction. In order to further strengthen the Bank's complaint management, the Bank established the Measures on Consumer Complaint Handling Management (《消費者投訴處理管理辦法》), which stipulates the principles, procedures, time limits and requirements for handling customer complaints to ensure that customer complaints are resolved in a timely and effective manner.

The Bank's consumer complaint handling process is divided into five stages including acceptance, distribution, handling, feedback and conclusion.



5. Quality Customer Services

5.1 IMPROVING SERVICE QUALITY (CONT'D)

Handling Consumer Complaints (cont'd)

The Bank has set up public complaint channels and processing procedures on our official website, mobile customer terminals and business premises, so that our customers clearly understand the procedures, channels, methods and estimated processing time for complaints, in order to make our complaint handling transparent. Customers may file complaints through customer service hotline and correspondence. During the Reporting Period, the Bank has actively handled complaints and problems from various channels. Shandong Office of China Banking and Insurance Regulatory Commission notified a total of 38 complaints about the Bank's products and services in 2021. The Bank resolved 100% of its complaints.

5.2 SAFEGUARDING CUSTOMERS' PRIVACY

The Bank attaches great importance to the protection of customers' privacy and establishes long-term business relationships with customers with mutual trust, and adheres to the laws and regulations such as the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) and the "Guidelines on Information Technology Risk Management of Commercial Banks (《商業銀行信息科技風險管理指引》) in its business operations, safeguards the privacy of customers' information by means of institutional constraints and technical prevention and control, and builds a firm line of security. To protect information and privacy, the Bank adheres to the general direction of "safety first, prevention as priority, equal emphasis on technology and management, and comprehensive prevention" for information security management. In accordance with the regulatory requirements and the national information security level protection management system as well as relevant laws and regulations, the Bank has also established a more comprehensive information security system applicable to the Bank, namely the "Information Security Management Measures" (《信息安全管理办法》) and the Customer Information Protection Management Measures (《客戶信息保護管理办法》), to cover all aspects of information security management. The Bank has formulated the Operation Instruction for Operation and Maintenance Management of Security Products (《安全產品運行維護管理作業指導書》) to regulate the Bank's information security products, including the information technology internal control system, vulnerability scanning, security configuration verification system, security services and other information security product operation procedures and controls, and have set up the responsibilities, authorities and information operation procedures for employees in different positions to improve the management level of the Bank's security products and to achieve risk prevention. The Bank has formulated the Computer Operation and Maintenance Management Procedures (《計算機使用維護管理程序》), to carry out data center operation and maintenance safety self-inspection by various management posts, for the comprehensive investigation on the use of computer equipment, network system security risks, and the protection of computer room infrastructure.

The Bank manages the use of information resources of employees based on the principle of limited authorization. Unauthorized access to information resources by any employee is strictly prohibited. When accessing and using personal financial information internally, each unit is required to strictly comply with the provisions of the operating procedures of each line of business and shall not provide and sell personal financial information to persons outside the scope of business without reason. The Bank's employees are arranged to receive information security and confidentiality training to raise their awareness of information security and protection accordingly, which will help them understand the importance of information security in the financial industry. The Bank regularly implements targeted and planned level protection, and education and training on internal control requirements for employees related to information systems, so that our employees are fully aware of their information security knowledge and responsibilities related to their jobs.

5. Quality Customer Services

5.2 SAFEGUARDING CUSTOMERS' PRIVACY (CONT'D)

In accordance with the Management Measures on Customers' Information Protection (《客戶信息保護管理辦法》), the Bank divides customer information into electronic and paper information. Customers' information includes customers' basic information, account information, product or channel information, etc., and is classified into three categories of high confidentiality, medium confidentiality, and low confidentiality by its security level. Different levels of data adopt corresponding security management measures in the process of inquiry, transmission, delivery, and application, so as to prevent data leakage and ensure data information security.

Our Bank respects customers' personal financial information security rights, by taking effective measures to strengthen the protection of personal financial information. No authorized alteration nor illegally use of customers' personal financial information is allowed. No personal financial information is allowed to disclose to any third parties without the authorization of, or consent from, the banking customers.

5.3 PROTECTING CONSUMERS' LEGAL RIGHTS

Management Organizational Structure of the Consumers' Rights

The Bank attaches importance to the legitimate rights and interests of consumers. In accordance with laws and regulations and industry rules and regulations such as the Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》), the Guidance on Consumer Rights Protections for Banking Industry (《銀行業消費者權益保護工作指引》) and the Guiding Opinions on Bank Insurance Institutions to strengthen the Work System and Mechanism Construction of Consumer Rights Protection by CBIRC (《中國銀保監會關於銀行保險機構加強消費者權益保護工作體制機制建設的指導意見》), the Bank has formulated the Administrative Measures on the Protection of the Rights and Interests of Consumers (《消費者權益保護工作管理辦法》) to protect the legitimate rights of consumers and set a standard level for the Bank's services to improve customer satisfaction. The Bank puts the protection of consumer rights and interests into practice, and promotes the healthy, stable and sustainable development of our Bank.

The Bank insists on being customer-centric, responds positively to customers' needs and opinions, and protects customers' privacy and assets. The Bank has incorporated consumer rights protection into its corporate governance, corporate culture building and business development strategies, established an institutional system for our financial consumer protection work from the top-level framework, and set up the Consumer Rights Protection Committee to be responsible for and report to the Board of Directors on relevant work. The Board of Directors is responsible for setting strategies, policies and objectives for consumer rights protection in the banking sector and ensuring that all consumers are treated fairly. The senior management has overall responsibility for organizing, planning, supervising and managing the consumer rights protection work of the whole bank. The Supervisory Committee oversees the consumer rights protection work. The Consumer Rights Protection Working Committee mainly aims to promote the protection of consumer rights and interests, actively fulfill its social responsibility and firmly establish the concept of safeguarding the legitimate rights and interests of consumers. The Consumer Rights and Interests Protection Committee has a Consumer Rights and Interests Protection Office, which is located in the Service Supervision Department of the Head Office. The Service Supervision Department is responsible for organizing, coordinating, supervising and guiding the work of other departments and subordinate agencies in the protection of consumer rights and interests. Each branch is directly responsible for the organization and implementation of the consumer rights protection work of its own institution. The Service Supervision Department has a Consumer Rights Protection Centre, which is responsible for the management of the Bank's consumer rights protection work, including the formulation and improvement of relevant work rules and regulations and supervision of implementation; strengthening communication with regulatory authorities and peers, organizing assessments, inspections and activities related to consumer rights protection work; managing complaints throughout the Bank, conducting the work such as complaint registration, investigation of process and scope, feedback, reporting, assessment, and conclusion.

5. Quality Customer Services

5.3 PROTECTING CONSUMERS' LEGAL RIGHTS (CONT'D)

Standardizing Advertising and Marketing

In accordance with the Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) and the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) and other laws and regulations governing the promotion of products offered by financial institutions, the Bank has formulated internal management measures such as the Administrative Measures on the Protection of the Rights and Interests of Consumers (《消費者權益保護工作管理辦法》), which aim to strengthen and regulate the advertising and promotion work for management bodies at all levels. The Bank stipulates the division of responsibilities, planning, budgeting, approval and internal control processes for work related to advertising and promotion to strongly ensure that product promotion is legal and compliant. In the process of product sales, a strict distinction is made between own products and products sold on behalf of the Bank, and the nature of the two must not be confused or blurred to mislead customers about the sale of financial products. At the same time, to ensure that the content conveyed does not contain false or misleading information, the Bank requires the departments that produce relevant materials to strictly follow the vetting and monitoring process when promoting business development and product services, and to be vetted by the Bank's head office publicity management department before publishing to ensure that the publicity information ultimately conveyed to the public and customers is true and reliable. The Bank strictly abides by and complies with the provisions on financial service charges of the PRC and our head office, discloses chargeable items and standards, and shall not impose extra charges or raise charging standards at will.

The Bank has formulated and improved the "Procedures for the Management of Publicity Work (《宣傳工作管理程序》)", which stipulates that infringement by text, pictures, audio and video or any other form is strictly prohibited during the advertising process, and clearly lists the specific responsibilities of various departments and branches of the Head Office in avoiding the risk of infringement. The Bank has formulated and improved the "Brand Management Procedures (《品牌管理程序》)", which regulates the use of the corporate visual identification system and clearly states that the design of advertisements to be released by each unit must comply with the specifications and advertising templates of the Head Office.

6. CARING FOR STAFF

The Bank believes that its employees are important assets and the cornerstone of its sustainable corporate development, and it actively promotes the “people-oriented” concept and the “happiness culture” as the core and essence of its corporate culture.

The Bank has formulated various regulations to protect the rights and benefits of its employees, provide comprehensive training to encourage staff development, provide assistance to protect the health and safety of its staff during the epidemic, and provide them with a work environment of diversity, equality and common growth.

6.1 PROTECTING EMPLOYEES’ RIGHTS AND INTERESTS

The Bank is in strict compliance with relevant laws and regulations including the Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) to safeguard our employees’ rights and interests.

The Bank has formulated the Operation Guide on Employee Recruitment (《員工招聘作業指導書》), and conducted recruitment through external and internal channels based on the principles of openness, fairness and selection of the best candidates, and assessed candidates’ qualifications and requirements in terms of academic qualifications, working experience and skills through interviews and written tests to select the best candidates who are suitable for the Bank. To ensure the qualifications of candidates, the Bank will check the identity documents of candidates during the recruitment process to ensure that they meet the minimum legal working age and to eliminate the employment of child labor. The Bank has formulated the Operation Guide on Labor Contract Management (《勞動合同管理作業指導書》), and followed the principles of legality, fairness, equality and voluntariness, negotiation and honesty when entering into and changing labor contracts with our employees, and prohibited forced labor. The Bank implemented a standard working hours system to allow employees to have reasonable rest periods. In the event that the Bank finds that a worker has violated the law or needs to terminate a labour contract, the Bank will act in accordance with the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and other relevant laws and regulations to protect the rights of our employees and the Bank. The Bank has formulated the “Guidance on Leave and Attendance for Employees (《員工休假與考勤作業指導書》)” and the “Guidance on Insurance and Provident Fund (《保險公積金作業指導書》)”. Employees are entitled to five insurance and one provident fund and holidays in accordance with the law, as well as sick leave, personal leave, marriage leave, maternity leave, breastfeeding leave, annual leave and other leave.

The Bank cares for its staff, has set up its trade union and organized various activities so that the staff can feel its care and warmth at all times.

6. Caring for Staff

6.1 PROTECTING EMPLOYEES' RIGHTS AND INTERESTS (CONT'D)

Ceremony for Recognizing "Outstanding Party Workers and Members and Advanced Party Organizations (两优一先)" and "Singing the Red Classics and Praising the Centenary of the Founding of the Party" Choral Performance

- To celebrate the 100th anniversary of the founding of the Communist Party of China, the Bank held a ceremony to recognize "Outstanding Party Workers and Members and Advanced Party Organizations" and a chorus performance of "Singing the Red Classics and Praising the Centenary of the Founding of the Party" to express our love for the Communist Party of China with loud and clear songs and high spirits, and to demonstrate the enterprising and unremitting spirit of the people of Weihai City Commercial Bank.



6. Caring for Staff

6.1 PROTECTING EMPLOYEES' RIGHTS AND INTERESTS (CONT'D)

Educational Lectures

- To commemorate the 102th anniversary of the May Fourth Movement, the Bank held a May Fourth commemoration event of "Working Hard for the 14th Five-year Plan and Setting Role Models for Youths" on April 27. The event invited professors from the Party School of Weihai CPC Committee (中共威海市委党校) to hold a special lecture named "Making Achievements in the '14th Five-year Plan'" for young staff, so that they can understand the profound meaning of the new development phase in the era, be fully inspired with the aspiration of making a difference at their posts, and work with greater enthusiasm.



6. Caring for Staff

6.1 PROTECTING EMPLOYEES' RIGHTS AND INTERESTS (CONT'D)

Hiking Activities

- The Bank seeks to establish a good atmosphere of “working with a smile and growing happily at work with a smile” to develop a culture of smiling. The Bank also leads its staff to integrate with nature and develop a good physical and mental state.



6.2 PAYING ATTENTION TO STAFF DEVELOPMENT

The Bank attaches great importance to its staff and team development and has a well-established system to help build a better and more professional human resources management team. The Bank also invests in staff training and skills development to enhance the professionalism of its staff in all aspects for all-round development, further enhance the strategic analysis and business thinking skills of its teams, and lay a good foundation for future business expansion and strategy implementation.

Management and Promotion

In order to motivate employees to work harder and attentively and stimulate their potential and performance, the Bank established the Performance Management Procedures (《绩效管理程序》) to regulate the management of employee performance and evaluate staff performance.

The Bank formulated the Operation Guide on the Appointment and Removal of Medium-and High-level Management (《中高级管理人員任免作業指導書》) to regulate the selection and appointment of medium-and high-level management. The selection process is not only fair, just and open, but also sticks to the three principles of “specialization, knowledge and youth”, prioritizes the selection of professional talents with good comprehensive qualities, solid professional capabilities, high academic qualifications and stronger ability in theory and young talents with energy and passion, and deepen the implementation of the “system of using talents beyond rules” (人才破格制), all in a bid to lay a good foundation for the Bank to build an outstanding management team. Priority will also be given to the recruitment of talented young officers when vacancies arise, so as to give the younger generation more opportunities for development and promotion.

6. Caring for Staff

6.2 PAYING ATTENTION TO STAFF DEVELOPMENT (CONT'D)

Diversified Employee Training

In accordance with the Annual Training Plan (《年度培訓計劃》), during the Reporting Period, the Bank focused on the principles of “serving strategies, issues as guidance and practical implementation (服務戰略·問題引領·實戰落地)”, concentrated on the two main themes of “enhancing human resource effectiveness (提升人力資源效能)” and “solving difficult business development issues (解決業務發展難點)”, deepened cooperation with excellent training institutions, further consolidated the training foundation, and increased practical training efforts. The following is the training content:

Leadership Enhancement Training
<ul style="list-style-type: none">• Further broadening of cadres' horizons and improving management effectiveness.
Internal Trainer Competition
<ul style="list-style-type: none">• Rapid personal improvement through the competition to help build the Bank's internal trainer team.
Bank-wide Training
<ul style="list-style-type: none">• Various activities such as induction examinations and live online training are conducted across the Bank to promote an overall upward trend across the Bank.
New Staff Training
<ul style="list-style-type: none">• To provide a solid foundation of business skills and compliance concepts for new recruits and help them adapt to the business.

Through training in different disciplines, categories and levels, the Bank is able to enhance the overall competitiveness of its team and provide a guarantee of talent for the rapid development of the Bank.

6. Caring for Staff

6.3 STAFF HEALTH AND SAFETY

The Bank understands the importance of the health and safety of its employees to the operation of the Company. Therefore, the Bank strictly follows the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and Fire Prevention Law of the PRC (《中華人民共和國消防法》) and other relevant laws and regulations, establishes various measures and systems to ensure the health and safety of its employees, and strengthens the health and safety management of its employees.

Regular Training

The Bank conducts different types of regular training for its staff to improve their crisis preparedness in the face of various unexpected cases.

The Bank organizes regular drills on emergency handling plans for staff at its business premises to enhance the safety awareness and emergency handling capability of its counter staff. The Bank also organizes regular fire safety education training and fire escape drills for high-rise buildings to further enhance staff awareness of fire safety and strengthen their ability to deal with fire emergencies and escape.

Responding to the Epidemic

Despite the challenges posed by the COVID-19 Epidemic to our staff and business, the Bank has put in place various solutions to address and protect our staff during the epidemic.

Regular Analysis of Trends in the Epidemic Changes

- Understand the direction of the epidemic, and optimize and improve prevention and control measures when appropriate.

Bank-wide Implementation of Normalized Measures for Epidemic Prevention and Control

- Access control is carried out at all business outlets and offices and all employees are required to wear masks, have their body temperature measured, have their health codes checked and be disinfected when entering and leaving the premises. The Bank should also maintain a clean and ventilated environment at all times to prevent the spread of germs.

Responding Positively to the Call for National Initiatives

- From the perspective of caring for employees and fulfilling social responsibility, leaders and staff will be organized for vaccination in a steady and orderly manner to ensure their personal safety.

Enhancing Staff Health Management

- All units shall strictly implement epidemic prevention and control measures in terms of personnel inspection and reporting, health monitoring and management, and travel reporting and control to eliminate the risk of epidemic transmission.

7. GIVING BACK TO SOCIETY WITH ENTHUSIASM

The Bank actively fulfilled its responsibilities as a corporate citizen and gave back to society by encouraging its staff to participate in helping and rescue activities and various voluntary services. During the year, the Bank organized a number of public charity and financial literacy activities. The Bank also made it an important task to strengthen the prevention and control of the epidemic and to support enterprises to resume work and production, and continued to enhance the protection of financial services to ensure that enterprises and the general public could enjoy financial services during the epidemic. The Bank also launched a series of epidemic prevention and control measures to contribute to the success of epidemic prevention and control. During the year, the Bank invested a total of RMB100,000 in various charity activities.

7.1 SUPPORTING PUBLIC PHILANTHROPY

In order to effectively promote public charity, the Bank has formulated a number of systems and measures, including improving institutional construction, clarifying system constraints, carrying out designated assistance and paying attention to disadvantaged groups, so as to improve the public welfare service system.

Improve institutional construction

- The Bank has established its Party-mass work department, mainly responsible for the development and organization of social welfare undertakings;
- Put in place a labor union, responsible for caring and assisting the Bank's employees in difficulties;
- Put in place a Youth League Committee and set up a volunteer team for social welfare undertakings, to carry out youth volunteer activities in the long run.

Clarify system constraints

- The Bank works to fulfil its social responsibility and actively incorporate public welfare volunteer activities into its corporate culture and establish a three-level activity mechanism of general, branch and sub-branch, and all units are required to organize and participate in voluntary activities from time to time.

Carry out designated assistance

- In accordance with the unified deployment of the Party Committee and government on assistance work, actively carry out visits to and surveys of targeted villages, to extensively understand their actual needs, and ensure that the assistance work achieves practical results;
- The Bank invests RMB100,000 each year to send consolation money and gifts to the underprivileged and poor villagers in the villages it helps, and to do a good job of one-to-one support to help improve and repair the public environment.

Pay attention to disadvantaged groups

- The Bank regularly visited the Weihai charity houses to send warmth and care to them; the Bank organized young employees to carry out voluntary work in nursing homes and actively cared for the socially disadvantaged.

7. Giving Back to Society with Enthusiasm

7.2 POPULARIZING FINANCIAL KNOWLEDGE

The Bank continued to promote financial literacy and improve the public's ability to identify financial risks by formulating the Measures on the Management of Publicity and Education Work in Promoting Financial Knowledge to Protect Consumer Rights (《消費者權益保護金融知識宣傳教育工作管理辦法》) to introduce financial knowledge to financial consumers through online and offline publicity, to do a solid and effective job in financial literacy publicity.

Online Promotion

- Production of short videos and forwarding of relevant publicity links from the Anti-Fraud Centre to the official website, mobile banking and various social networking platforms such as Wechat public accounts.

Offline Promotion

- Mobile publicity points were set up in rural areas, merchants, markets, communities, schools and construction sites to carry out targeted and focused financial literacy campaigns.

1. During the Reporting Period, the Bank launched a series of financial literacy publicity and education services such as "3 · 15 Consumer rights protection education and publicity week (3 · 15消費者權益保護教育宣傳周)", "Financial Knowledge in China's Financial Industry (普及金融知識萬里行)", "Financial literacy to Keep Money Safe (普及金融知識 守住錢袋子)", "Month on the Promotion of Financial Knowledge to Every Family and Striving to Be a Rational Investor and a Good Financial Netizen (金融知識普及月 金融知識進萬家 爭做理性投資者 爭做金融好網民)", "Safe Payments and Careful Guarding (安全支付 貼心守護)", and anti-money laundering month.
2. The Bank has normalized and diversified its financial literacy activities through the official website, mobile banking, Wechat public accounts, forwarding the relevant publicity links of the Anti-Fraud Centre and other means for extensive publicity, reaching out to villages, merchants, markets, communities, schools, construction sites, etc., focusing on senior citizens and children and special groups with low awareness of risk prevention, such as young people, the elderly, farmers and laborers, both online and offline to create an "Internet + financial knowledge education (互聯網+金融知識宣教)" mode of work to ensure the effectiveness of publicity, producing online publicity works such as articles, short videos and WeChat long pictures to help consumers improve their knowledge of financial products and guide financial consumers to protect their rights and interests in a legal and rational manner, thereby enhancing their awareness of financial protection.
3. The Bank actively innovated the content of publicity, promoted the history of red finance, integrated the red gene into financial knowledge publicity, promoted "learning the Party's history, feeling the Party's benevolence and following the Party (學黨史·感黨恩·跟黨走)", and further enhanced the financial literacy of the public.

8. CO-BUILDING GREEN ENVIRONMENT

The Bank has strictly abided by the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) and other relevant environmental laws and regulations, continuously improved measures related to green operations, promoted low-carbon services, advocated energy conservation among staff and actively promoted climate change management to contribute to the fight against climate change. During the Reporting Period, there was no case of violation of environmental protection laws and regulations by the Bank.

In addition, closely in line with the theme of environmental protection for public welfare, the Bank is committed to building a green and environmentally friendly bank for citizens and in support of environmental protection, by carrying out the “trade in unwanted items for eggs (廢棄物品換雞蛋)” campaign to help protect the environment and create a new image as a green and environmentally friendly bank.



8. Co-Building Green Environment

8.1 IMPLEMENTING GREEN OPERATIONS

The Bank belongs to the financial industry and has a relatively small impact on the environment and natural resources, mainly including office and heating electricity, water, office materials and paper use, office waste generation, and pollutant emissions when using its vehicles. However, the Bank continues to strengthen environmental and social risk management in our business operations, actively promote green and low-carbon operations, and comprehensively enhance the Bank's green finance efforts to help build an environmentally friendly society.

In terms of environmental target setting, the Bank will actively implement its energy conservation, greenhouse gas emission reduction, water management and waste reduction initiatives, setting initial directional targets to maintain or reduce electricity consumption and greenhouse gas emissions on the basis of 2021, and to maintain or reduce water consumption and waste generation on the basis of 2020, subject to similar levels of operation in the future.

Key Measures for Green Operation

Energy Management

Lighting System	Air Conditioning System	Electronic Office Equipment	Company Vehicles
<ul style="list-style-type: none">Remind staff to turn off the lights when they are not in use;Divide the office into a number of different lighting areas that can be independently controlled by lighting switches;Use energy-efficient lamps, such as LED;Install motion sensors in places that are not frequently used.	<ul style="list-style-type: none">Turn off the air conditioning system when not using the office;Adopt an energy-efficient air-conditioning system;Set the minimum indoor air-conditioning temperature in summer to 26 degrees Celsius.	<ul style="list-style-type: none">Turn off electronic equipment completely during non-working hours;Use energy-efficient electronic equipment;Use virtualized computer equipment to reduce power consumption and hardware installation.	<ul style="list-style-type: none">Carry out regular maintenance and inspections of the Company's fleet;Adopt green driving behaviour, e.g. avoiding sudden acceleration/braking, stopping with the key off;Encourage employees to take public transportation and shared transportation.



8. Co-Building Green Environment

8.1 IMPLEMENTING GREEN OPERATIONS (CONT'D)

Key Measures for Green Operation (cont'd)

Resource Management

Water Management	Waste and Resource Management	Paperless Office
<ul style="list-style-type: none">• Promote water conservation and post reminder signs in relevant places;• Firmly turn off the faucet after use;• Use faucets with water-saving labels and infrared sensors;• Arrange regular inspections and plumbing penetration tests on washbasins, drain valves, etc. to prevent leaks.	<ul style="list-style-type: none">• Non-hazardous waste is collected and disposed of by professionals;• Recyclable waste papers are sent to waste paper recycling companies for recycling;• Reduce the use of disposable and non-recyclable products;• Reuse envelopes, binders and other stationery.	<ul style="list-style-type: none">• Use electronic office system to reduce paper usage;• Perform paper usage statistics on a regular basis to monitor paper consumption;• Reuse and print on both sides of paper.



8. Co-Building Green Environment

8.1 IMPLEMENTING GREEN OPERATIONS (CONT'D)

Carrying Out Green Services

The Bank is also actively engaged in green services, developing electronic businesses and paperless counters, leveraging financial technology to enhance the Bank's services, with the customer experience at the center, so as to build a green and low-carbon bank.

Developing the electronic business

- The Bank has been committed to creating green service channels for different types of electronic payment financial products including mobile banking, direct banking, WeChat banking, online banking and self-service banking, etc. The new video banking remote online service channel breaks through the geographical limitation of physical outlets by facilitating customers to conduct business via remote video in place of the traditional business mode, thus greatly reducing paper consumption.

Building paperless counters

- The Bank's paperless counter project, which was formally launched in 2020, has reduced paper documents by over 70%, saving the Bank's operating costs and enhancing customer experience through electronic counter services.
- In order to further achieve full paperless operation, the Bank actively researched, developed and improved the technology, and officially put the new generation core system CBUS5.0 online in November 2021. On the basis of the original paperless counter vouchers, the Bank continued to enrich the types of paperless business, realizing the electronic checking of bank accounts, electronic telephone verification, electronic division of accounting staff, electronic management of seals and important items, electronic account management, electronic management of self-service equipment, etc., reducing paper registration, lowering counter operation costs and making business management more standardized.



8. Co-Building Green Environment

8.2 TACKLING CLIMATE CHANGE

In response to the national goal of “carbon peaking and carbon neutrality”, China’s industrial structure is facing a transformation and financial institutions are also facing a restructuring of their credit business towards the industrial structure. In order to address the possible transition risks, the Bank has started to conduct environmental and climate risk stress tests to enhance its ability to manage climate and environmental risks. The Bank has disclosed the Bank’s green finance-related information in “4.2 GREEN FINANCE” of this report. Through a proactive information disclosure mechanism, the Bank has continued to enhance the transparency of the Bank’s response to the green finance transition and strengthen its environmental risk management capability in parallel. In addition, the Bank has also identified climate change-related risks in its operations and formulated corresponding measures to further enhance its ability to manage climate change risks.

Climate Change Risks	Examples	Potential Consequences	Response Measures
Acute risks for entities	Typhoons, rainstorms, hurricanes or floods	<ul style="list-style-type: none"> Office locations may need to be temporarily closed 	<ul style="list-style-type: none"> Review the impact of extreme weather on operations and develop contingency extreme weather plans Strictly adhere to relevant extreme weather guidelines issued by the government and develop measures to ensure the safety of employees
Policy and legal risks	Central government introduces regulatory measures to reduce emissions	<ul style="list-style-type: none"> The Bank will face penalties or legal actions if it fails to meet the new policy 	<ul style="list-style-type: none"> Track the latest national and local related policies, laws and regulations, and formulate relevant response measures Conducting regular assessments and formulating relevant countermeasures in accordance with the requirements of regulatory bodies
Market risks	Stakeholders focus on climate change issues, and the Bank fails to meet consumer expectations	<ul style="list-style-type: none"> Decrease in operating income Decrease in portfolio value 	<ul style="list-style-type: none"> Set out guidelines for financing projects, such as avoiding companies that invest in certain sectors (e.g. those with considerable pollution and energy consumption) Prioritize environmental investments and financing projects to support the development of low carbon economy Develop and launch ESG-related wealth management products and services



APPENDIX I: KPI DATA TABLE

Environmental Performance ¹	Unit	2021
Air Emissions^{2,3}		
Nitrogen oxides (NO _x)	kg	93.29
Sulphur oxides (SO _x)	kg	0.22
Particulate matter (PM)	kg	8.94
Greenhouse Gas Emissions⁴		
Direct greenhouse gas emissions (Scope 1) ⁵	tonne of CO ₂ e	41.32
Indirect greenhouse gas emissions (Scope 2) ⁶	tonne of CO ₂ e	173.99
Total greenhouse gas emissions (Scopes 1 and 2) ⁷	tonne of CO ₂ e	215.31
Greenhouse Gas Emissions Intensity		
Greenhouse gas emissions intensity (area)	tonne of CO ₂ e/m ²	0.04
Greenhouse gas emissions intensity (person)	tonne of CO ₂ e/staff	0.37
Energy Consumption		
Total electricity consumption ⁸	kWh	285,189.00
Total electricity consumption intensity (area)	kWh/m ²	53.46
Total electricity consumption intensity (person)	kWh/staff	491.71
Gasoline consumption by vehicles	liter	14,737.00

¹ The scope of environmental data includes the Bank's head office.

² Air emissions from the vehicles of the Bank.

³ Calculated using the emission factors in the Appendix II "Reporting Guidance on Environmental KPIs" published by the Stock Exchange.

⁴ The calculation is made by reference to the Greenhouse Gas Protocol published by the World Resources Institute and the World Business Council for Sustainable Development.

⁵ The direct greenhouse gas emissions were generated from the sources owned and controlled by the Bank.

⁶ The indirect greenhouse gas emissions were caused by electricity generation, heating and cooling.

⁷ The total greenhouse gas emissions increased reasonably as a result of the increase in the total electricity consumption due to the increase in the area of the main office building for the Bank's own use and the larger scope of petrol collection for vehicles during the year.

⁸ The total electricity consumption has increased reasonably as a result of the increase in office space for the Bank's own use during the year.

Appendix I: KPI Data Table

Environmental Performance ¹	Unit	2021
Water Consumption		
Total water consumption ⁹	m ³	2,345.00
Total water consumption intensity (area)	m ³ /m ²	0.44
Total water consumption intensity (person)	m ³ /staff	4.04
Hazardous Waste		
Generation of used toner cartridges/ink boxes	unit	568
Recycling of used toner cartridges/ink boxes	unit	568
Generation of used batteries ¹⁰	unit	4
Recycling of used batteries ¹⁰	unit	4
Non-hazardous Waste		
Generation of non-hazardous waste ¹¹	kg	342.26
Non-hazardous waste intensity (person)	kg/staff	0.59
Recycling of non-hazardous waste	kg	171.13
Paper Consumption		
Paper consumption	tonne	11.27
Paper consumption intensity (person)	tonne/staff	0.02

⁹ During the year, total water consumption was approximately 3% lower than last year, due to the Bank's promotion of water conservation at the Head Office, which had some effect.

¹⁰ Refers to UPS storage batteries.

¹¹ During the year, the amount of non-hazardous waste generated was approximately 30% less than last year, due to the Bank's advocacy of emission reduction at the Head Office, which had some effect.

Appendix I: KPI Data Table

Social Performance ¹²	Unit	2021
All staff	person	3,044
Total Number of Staff (by Gender)		
Female staff	person	1,711
Male staff	person	1,333
Total Number of Staff (by Age Group)		
Aged below 30	person	760
Aged 30-50	person	2,154
Aged over 50	person	130
Total Number of Staff (by Staff Category)		
Entry-level staff	person	2,193
Middle management	person	840
Senior management	person	11
Total Number of Staff (by Geographical Region)		
Staff in North China	person	254
Staff in East China	person	2,785
Staff in South China	person	5
Staff Turnover Rate¹³ (by Gender)		
Female staff	percentage	5.32
Male staff	percentage	8.93

¹² The scope of social data includes the entire group.

Appendix I: KPI Data Table

Social Performance ¹²	Unit	2021
Staff Turnover Rate¹³ (by Age Group)		
Aged below 30	percentage	10.66
Aged 30-50	percentage	5.94
Aged over 50	percentage	0.77
Staff Turnover Rate¹³ (by Geographical Region)		
Staff in North China	percentage	8.27
Staff in East China	percentage	6.79
Staff in South China	percentage	0
Percentage of Staff Trained¹⁴ (by Gender)		
Female staff	percentage	56.21
Male staff	percentage	43.79
Percentage of Staff Trained¹⁴ (by Staff Category)		
Entry-level staff	percentage	72.04
Middle management	percentage	27.60
Senior management	percentage	0.36

¹³ Calculation method: number of staff turnover ÷ number of staff at the end of the year × 100%.

¹⁴ Calculation method: number of employees trained in this category ÷ number of employees trained × 100%.

Appendix I: KPI Data Table

Social Performance ¹²	Unit	2021
Average Number of Training Hours Per Staff (by Gender)		
Female staff	hour	40
Male staff	hour	40
Average Number of Training Hours Per Staff (by Staff Category)		
Entry-level staff	hour	40
Middle management	hour	40
Senior management	hour	40
Occupational Health and Safety		
Work-related fatalities in the past 3 years (including the current year)	person	0
Rate of work-related fatalities in the past 3 years (including the current year)	percentage	0
Lost days due to work-related injuries	day	283
Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the Bank or staff	case	0

APPENDIX II: HKEX ESG REPORTING GUIDE INDEX

Indicator Content		Respective Section	
A. Environmental Areas			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	8.1 Implementing Green Operations
	A1.1	The types of emissions and respective emissions data.	Appendix I: KPI Data Table
	A1.2	Greenhouse gas emissions in total and intensity.	Appendix I: KPI Data Table
	A1.3	Total hazardous waste produced and intensity.	Appendix I: KPI Data Table
	A1.4	Total non-hazardous waste produced and intensity.	Appendix I: KPI Data Table
	A1.5	Description of the emissions target(s) set and the steps taken to achieve them.	8.1 Implementing Green Operations
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	8.1 Implementing Green Operations
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	8.1 Implementing Green Operations
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Appendix I: KPI Data Table
	A2.2	Water consumption in total and intensity.	Appendix I: KPI Data Table
	A2.3	Description of the energy use efficiency target(s) set and steps taken to achieve them.	8.1 Implementing Green Operations
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	8.1 Implementing Green Operations The water consumed in the offices of the Bank is supplied by the municipal government, and there is no issue in sourcing water
	A2.5	Total packaging material used for finished products and proportion of per unit produced.	Not applicable, as the Bank's business does not involve packaging materials

Appendix II: HKEX ESG Reporting Guide Index

Indicator Content		Respective Section	
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	8. Co-building Green Environment
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	8. Co-building Green Environment
A4: Climate change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	8.2 Tackling Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	8.2 Tackling Climate Change
B. Social Areas			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6.1 Protecting Employees' Rights and Interests
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: KPI Data Table
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: KPI Data Table
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6.3 Staff Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6.3 Staff Health and Safety Appendix I: KPI Data Table
	B2.2	Lost days due to work injury.	6.3 Staff Health and Safety Appendix I: KPI Data Table
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6.3 Staff Health and Safety

Appendix II: HKEX ESG Reporting Guide Index

Indicator Content			Respective Section
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.2 Paying Attention to Staff Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, and middle management).	Appendix I: KPI Data Table
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: KPI Data Table
B4: Labour Standards	B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	6.1 Protecting Employees' Rights and Interests
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.1 Protecting Employees' Rights and Interests
	B4.2	Description of steps taken to eliminate such practices when discovered.	6.1 Protecting Employees' Rights and Interests
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.4 Supplier Management
	B5.1	Number of suppliers by geographical region.	3.4 Supplier Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.4 Supplier Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.4 Supplier Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.4 Supplier Management

Appendix II: HKEX ESG Reporting Guide Index

Indicator Content		Respective Section	
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5. Quality Customer Services
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, as the Bank's business does not involve product recall
	B6.2	Number of products and service related complaints received, and how they are dealt with.	5.1 Improving Service Quality
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Operating with Integrity and Compliance
	B6.4	Description of quality assurance process and recall procedures.	Not applicable, as the Bank's business does not involve quality assurance and product recall
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.2 Safeguarding Customers' Privacy
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	3.3 Operating with Integrity and Compliance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	3.3 Operating with Integrity and Compliance
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.3 Operating with Integrity and Compliance
	B7.3	Description of anti-corruption training provided to directors and staff.	3.3 Operating with Integrity and Compliance
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates, and to ensure that its activities take into consideration the communities' interests.	7. Giving Back to Society with Enthusiasm
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sports).	7. Giving Back to Society with Enthusiasm
	B8.2	Resources contributed to the focus areas.	7. Giving Back to Society with Enthusiasm

