
2022 China Merchants Bank Sustainability Report

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March 2022

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About this Report

China Merchants Bank Co., Ltd. (“CMB”, the “Bank”, our “Bank” or “We”) began periodically publishing social responsibility/sustainability reports in 2007, focusing on disclosing the Bank’s sustainability information in the environmental, social and governance (“ESG”) areas. This report is the 17th social responsibility/sustainability report issued by the Bank.

Reporting Scope

Organizations covered by the Report: This report is consistent with the organizational scope of CMB’s consolidated financial statements and covers the Head Office, branches at home and abroad, CMB Wing Lung Bank Group, CMB Financial Leasing Co., Ltd., CMB International Capital Holdings Corporation Limited, CMB Wealth Management Co., Ltd., China Merchants Fund Management Co., Ltd. and other major subsidiaries, as well as Cigna & CMB Life Insurance Company Limited, Merchants Union Consumer Finance Company Limited and other major joint ventures.

Reporting Period: From January 1, 2022 to December 31, 2022. Part of the Report is beyond the reporting period to ensure consistency.

Release Cycle: This is an annual report. The previous report was released in March 2022.

Reporting Standards

This Report is prepared in accordance with the Global Reporting Initiative (“GRI Standards”) (2021 Edition) issued by the Global Sustainability Standards Board (GSSB). For details about indicators described in this report, please see the section “GRI Content Index as per GRI Standards” in the chapter “Relevant Content Index”.

CMB is a listed company (stock code: 03968) on the main board of the Stock Exchange of Hong Kong Limited (“HKEx”). The Report also references Appendix 27 *Environmental, Social and Governance Reporting Guide* of the Main Board Listing Rules of the HKEx (the “*ESG Reporting Guide*”). For details about indicators described in the Report, please see the section “HKEx Environmental, Social and Governance Reporting Guide Content Index” in the chapter titled, “Relevant Content Index”. As a company listed on the main board of Shanghai Stock Exchange (SSE) (Stock Code: 600036), we also made reference to relevant disclosure recommendations of the SSE on social responsibility.

This report complies with the reporting standards of the *ESG Reporting Guide* of HKEx:

- **Materiality:** The materiality assessment work carried out this year is disclosed in the section “Strategy and Management” of this report, including the process and method of identifying ESG issues, the status of stakeholder surveys, and the ESG issue materiality matrix formed based on the survey results, as well as the identified stakeholder groups, the participation methods of each stakeholder

group and the expectations of CMB. The materiality analysis process and results, together with other content in this report, has been reviewed and approved by the CMB Board of Directors.

- **Quantification:** In this report, we use quantitative methods to measure applicable key performance indicators and disclose the measurement methods and processes. Specifically, the standards and sources of conversion factors used in the calculation of scope 1 and scope 2 greenhouse gas emissions and energy consumption in the “Environmental Performance” section of the “ESG Performance Report” are disclosed in this report.
- **Consistency:** The statistical method of some key performance indicators (KPIs) in this report is changed compared with the previous year. For details, please refer to the indicators and changes in the “ESG Key Performance” of this report.

Data and Information Disclosure

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

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

All financial data disclosed in the Report is derived from the 2022 Annual Report of CMB (the “Annual Report”). Should there be any inconsistencies between the Report and the Annual Report, the Annual Report shall prevail. Unless otherwise indicated, the currency used is RMB.

Report Assurance

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

How to Get the Report

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

Chairman's Message

Looking back at 2022, the changes unseen in a century accelerated, the impact of climate change became more and more obvious, and sustainability became the “golden key” to solve various global problems. This year, the 20th National Congress of the Communist Party of China was successfully held. It drew a bright future for comprehensively promoting the great rejuvenation of the Chinese nation through Chinese-style modernization and painting a beautiful picture of China's high-quality and sustainable development. This year, CMB persisted in financial improvement and financial excellence, fully integrated the ESG concept into the daily operation and management, and worked with stakeholders to create an inclusive, sustainable and resilient future.

Returning to the origin of finance and being the vanguard in supporting the real economy. We always aim to serve the high-quality development of the real economy with finance, and actively integrate into the overall development of China. In 2022, CMB actively assisted in the implementation of major regional development strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area and the integration of the Yangtze River Delta. Relying on the integrated advantages of investment and commercial banking, we supported the transformation and upgrading of traditional manufacturing industries and the rapid development of strategic emerging industries, which helped build a more modern industrial system. Additionally, we established a technological finance sub-branch to explore new models and new mechanisms for serving high-tech enterprises and “specialized, refinement, differential and innovation” enterprises. The inclusive finance department was established to focus on improving the inclusiveness of financial services, and actively supported agriculture and small businesses. We specifically helped SMEs, effectively supported rural revitalization, and further reduced the financing costs of SMEs; gave full play to the advantages of the comprehensive international layout, improved the global service system, and served China's opening up at a high level in the fields of high-quality joint construction of the “Belt and Road” and the promotion of RMB internationalization.

Practicing responsibility and creating a “booster” to improve people's livelihood and well-being. We strive to solve people's urgent and difficult problems, continuously improve the coverage of financial services, carry out quality customer service, provide in-depth targeted assistance, implement public welfare and charity, and promote the improvement of people's quality of life. In 2022, we continued to support common prosperity and provided professional asset allocation services to increasingly more customers; increased investment in areas of people's livelihood such as elderly care, education, medical care, and housing; upgraded the “people + digital” service model and promoted aging-friendly and barrier-free transformation of service channels to make high-quality, warm and intelligent financial services benefit all people. Moreover, we introduced six major working mechanisms for consumer rights protection, strengthened service improvement, and increased financial knowledge popularization; adhered to the solemn commitment of “Never Decoupling in Poverty Alleviation” and had helped Wuding and Yongren in Yunnan for 23 consecutive years; operated the “More Pleasure from Monthly Donations” and credit card “Points for Micro Charity” points donation projects, and carried out in-depth public welfare donations and volunteer service activities.

Expanding green finance and being a good “painter” of the ecological civilization picture. We paint a beautiful picture of China with the pen of finance at the pinnacle of harmonious coexistence between man and nature, help the green transformation of economic and social development, and promote the realization of the “3060” goal of carbon peak and carbon neutrality. In 2022, we formulated a green financial development plan, improved the green financial product system, increased our support for green industries, and accelerated the green transformation of development methods; gave play to the group’s flywheel effect, and fully integrated ESG concepts with multiple businesses such as asset management, investment banking and financial leasing. We vigorously promoted the development of ESG financial products, funds, and other financial products; carried out green finance-related training and research, and provided solid intellectual support for green development. Solidly promoted green operations, and advocated green and low-carbon concepts.

Optimizing corporate governance and building an anchor for steady and sustainable development. We keep in mind our original mission and continue to consolidate the foundation of sustainability. In 2022, we gave full play to the decision-making role of the Board of Directors in strategic leadership, and incorporated a number of ESG-related content into business purposes. All directors are diligent and responsible, and steadily hold the steering wheel of CMB’s sustainability. We established a sound talent training and development system, attracted and cultivated a group of excellent talents who are not only proficient in business, but dedicated, pioneering and innovative; built a compliance culture of “compliance first, compliance creates value, and compliance from the top management”, and created a solid foundation for development; strengthened the integrity construction, enhanced the awareness of self-discipline, and persisted in creating a good atmosphere of cleanliness and integrity. CMB maintained grade-A in its MSCI ESG rating, which was the best for domestically listed banks.

2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China and also a crucial year for the “14th Five-Year Plan” to inherit the past, usher in the future and advance the implementation. We will move step-by-step towards the vision of being “the best value-creating bank driven by innovation, with a leading model and distinctive features”. Customers are the source of our value, shareholders are the foundation of our value, employees are the foundation of our value, partners are the essence of our value, and social value is the pursuit of our value. We are willing to work with all stakeholders to continue to achieve symbiosis and mutual benefit, promote high-quality economic and social development, serve to build a new development pattern, and write a new chapter in the development of China Merchants Bank in the new era!

Miao Jianmin

Chairman

March 2023

President's Message

In the face of the complicated domestic and foreign situations in 2022, China Merchants Bank always insisted on making progress while maintaining stability. We actively practiced the concept of sustainability and ESG, firmly served the country and the people with finance, and contributed to CMB's high-quality economic and social development with a high sense of mission and responsibility.

Serve the country with finance and actively integrate into the new development pattern. We fully, accurately and comprehensively implemented the new development concept, kept in mind the great mission of financial work, and increased our efforts to serve the real economy. In the direction of the transformation and upgrading of the national economy, we increased support for manufacturing, especially strategic emerging industries; developed inclusive finance, accurately rescued small, medium and micro market entities, and promoted inclusive financial business with new structures, new models, new connotations, and new mechanisms; served the regional development strategy and increased resource investment in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta; gave full play to the advantages of comprehensive international operations, upgraded the cross-border financial service system, and served the high-level opening up to the outside world. By the end of 2022, the balance of loans made to manufacturing industries was RMB 443.852 billion, increasing by 38.68% year-on-year.

The amount of loans made to strategic emerging industries in the year was RMB 249.124 billion, increasing by 23.52% year-on-year. The balance of loans made to technology enterprises was RMB 295.608 billion, increasing by 44.86% year on year. The balance of loans made to inclusive SMEs was RMB 678.349 billion, increasing by 12.85% year on year. The deferred repayment of loan principal and interest amounted to RMB 42.235 billion for distressed customers such as SMEs, individual industrial and commercial households, and credit card customers throughout the year. The business volume of foreign-related receipts and payments of the year amounted to 408.236 billion US dollars, increasing by 10.38% year on year.

Serving the people with finance and improving the quality of life of the people. We practiced the core value of "customer-oriented and creating value for customers" which continued to expand the boundaries of financial services for enhancing people's livelihood, and brought more excellent service experiences to 184 million retail customers. We created a convenient service section on the CMB App to provide customers with convenient utilities payment, social security, medical insurance, provident fund and other services; actively supported the construction of a multi-level and multi-pillar pension insurance system and built a pension financial product and service system; explored the establishment of new resident financial services system, focused on improving service capabilities for groups such as college students, migrant workers, and couriers; actively promoted aging-friendly and barrier-free transformation of service channels, set up "elderly stations" in the lobby, launched the "elderly version" CMB App and the "caring version" CMB Life, and set up the exclusive 95555 "Elderly Dedicated Line" to improve the offline and online experience of elderly customers. We strengthened consumer rights protection,

achieved a response rate of 98% within one hour to handle complaints, and effectively solved the pain points of customer feedback. By the end of 2022, we issued a total of 47.5277 million electronic social security cards and 20.5557 million medical insurance electronic vouchers have been activated, and provided technological services to 81 provident fund centers across China; opened 1.6592 million personal pension fund accounts, sold a total of 121 personal pension funds, with sales scale of RMB 579 million. Moreover, 1,482 service items were connected to the convenient service cloud platform, and the annual number of service users reached 32.06 million.

Finance for good, contribute to the society with greater responsibility.

Adhering to the social responsibility concept of “originating from the society and giving back to the society”, we became a responsible corporate citizen in the new era, actively participated in rural revitalization, gave full play to the advantages of finance in benefiting and helping farmers, and increased the supply of agriculture-related credit; continued to help Wuding and Yongren counties in Yunnan, and created the five support modes of “education, medical, industry, residence and talent”; continued to promote the “More Pleasure from Monthly Donations” donation plan and the construction of the credit card “Points for Micro Charity” platform, focused on donations for children with autism, education assistance, environmental protection and other public welfare fields, and work together with employees, customers and all sectors of society to build a happy home. As of the end of 2022, the balance of agriculture-related loans was RMB 233.281 billion; we invested a total of RMB 50.9019 million in 48 support projects in Wuding and Yongren counties, Yunnan; the donation amount of the “More Pleasure from Monthly Donations” platform reached RMB 2.7711 million during the year, and credit card “Points for Micro Charity” platform donated 35.4883 million points throughout the year, which were used to redeem 15,200 hours of courses for children with autism, 139,500 healthy lunches, and 34,900 books for the Yangfan project. Total external donations of the year were RMB 94.76 million.

Support carbon peak and carbon neutrality, and take multiple measures to promote green transformation. We deeply practiced the green concept and sustainability, and contributed to the strength of CMB to promote green and low-carbon economic and social development; improved the top-level design, established a green financial business development committee, and formulated the *CMB Green Development Plan*. We enriched the supply of green financial products, increased product innovation in credit, bonds, wealth management, investment, etc.; carried out in-depth green operations, released CMB “green and low-carbon initiative”, built a smart energy management platform and integrated green concepts into daily life. As of the end of 2022, the balance of green loans was RMB 355.357 billion, increasing by 34.69% year on year. We issued two green bonds and one green credit asset-backed securities in China during the year, with a total issuance scale of RMB 16.5 billion. We also issued one green bond overseas with an issuance scale of 400 million US dollars. Furthermore, we underwrote 37 green bonds as lead underwriter, leading the market in terms of scale; saved 16.64 million pieces of paper by flexibly supporting paperless transactions on the online platform.

Improve governance and escort high-quality development. We improved our overall governance capabilities, and improved the quality of development through management. The Bank continued to improve the modern corporate governance

system, strengthen internal supervision and management, and deepen the due diligence mechanism of the Board of Directors, Board of Supervisors, and senior management. While adhering to the market-oriented selection and employment and salary incentive mechanism, we further strengthened the “six ability mechanism” and optimized the organizational structure to stimulate the vitality of the team and provide employees with a broad career development platform; built a fortress-style comprehensive risk and compliance management system and firmly held the bottom line of no systemic financial risks; vigorously advocated the culture of integrity and built a solid front of corporate anti-corruption. In 2022, we carried out 1,500 anti-corruption trainings, covering more than 160,000 employees; conducted 1,268 anti-money laundering trainings, covering more than 380,000 employees.

Be aware of the general trend of the times, and head to the world. An enterprise can open up a broader space for development and gain more vigorous and lasting vitality only in the overall situation of national and social development and choosing a high position. In the new era and new journey, we will take building a value bank as our strategic goal, thoroughly implement the concept of sustainability and ESG, actively integrate into the overall situation of Chinese-style modernization development, create greater comprehensive value for customers, employees, shareholders, partners and society, and achieve high-quality development of symbiosis, win-win results and sharing of achievements.

Wang Liang

President and CEO

March 2023

Our Sustainability Footprint in 2022

Environment

Indicator	2020	2021	2022
Balance of green loans (RMB 100 million)	2,085.88	2,638.42	3,553.57
Converted annual reduction of carbon dioxide equivalent of green loan projects (ten thousand tons)	1,237.86	1,525.24	1,613.05
Converted annual emission reduction of standard coal from green loan projects (ten thousand tons)	618.80	694.29	733.01
Converted annual emission reduction of chemical oxygen demand from green loan projects (ten thousand tons)	28.06	29.58	35.72
Ratio of credit card customers using e-bills (%)	99.63	99.59	99.58
Paper saved by using e-bills for credit cards (100 million pieces)	19.04	19.43	19.86

Economy

Indicator	2020	2021	2022
Total assets (RMB million)	8,361,448	9,249,021	10,138,912
Operating income (RMB million)	290,482	331,253	344,783
Net profit (RMB million)	97,959	120,834	139,294
Total tax payment (RMB 100 million)	503.06	568.68	610.04

Society

Indicator	2020	2021	2022
Balance of loans made to support strategic emerging industries (RMB 100 million)	1,714.15	2,191.54	3,023.23
Proportion of supporting strategic emerging industries in total corporate loans (%)	10.50	11.64	14.42

Balance of loans made to inclusive SMEs (RMB 100 million)	5,306.50	6,011.00	6,783.49
Remote online omni-channel customer satisfaction (%)	/	97.61	98.53
Proportion of smart self-service (%)	77.23	78.29	81.38
Number of ethnic minority employees	3,586	4,210	4,625
Percentage of female employees (%)	56	55	56

Governance

Indicator	2020	2021	2022
Number of directors	17	16	15
Number of anti-corruption trainings	750	971	1,500
Number of people covered by anti-corruption trainings (ten thousand)	12.78	16.28	16.40
Number of AML training	949	1,026	1,268
Number of people covered by AML training (ten thousand)	19.54	26.31	38.62

1 About CMB

1.1 Company Profile

Founded in 1987 and headquartered in Shenzhen, CMB is a commercial bank with distinctive operating characteristics and outstanding market influence. The Bank's business is mainly based in the Chinese market, and its branches covers central cities in Chinese mainland, as well as international financial centers such as Hong Kong, New York, London, Singapore, Luxembourg, and Sydney. CMB was listed on the Shanghai Stock Exchange in April 2002 and the Hong Kong Stock Exchange in September 2006.

Strategic vision: Becoming the top value-creating bank for driving business through innovation, maintaining a leading model, and providing characteristic services.

Strategic goal: building a value bank.

CMB adheres to the stable cycle advantages of retail banking and the inherent capital growth advantages of “light-operation bank”, and upholds the concept of win-win business and business for good. To build a value bank, we pursue the maximization of the comprehensive value of customers, employees, shareholders, partners and society, create a new pattern of high-quality development, and strive to grow into a world leading commercial bank.

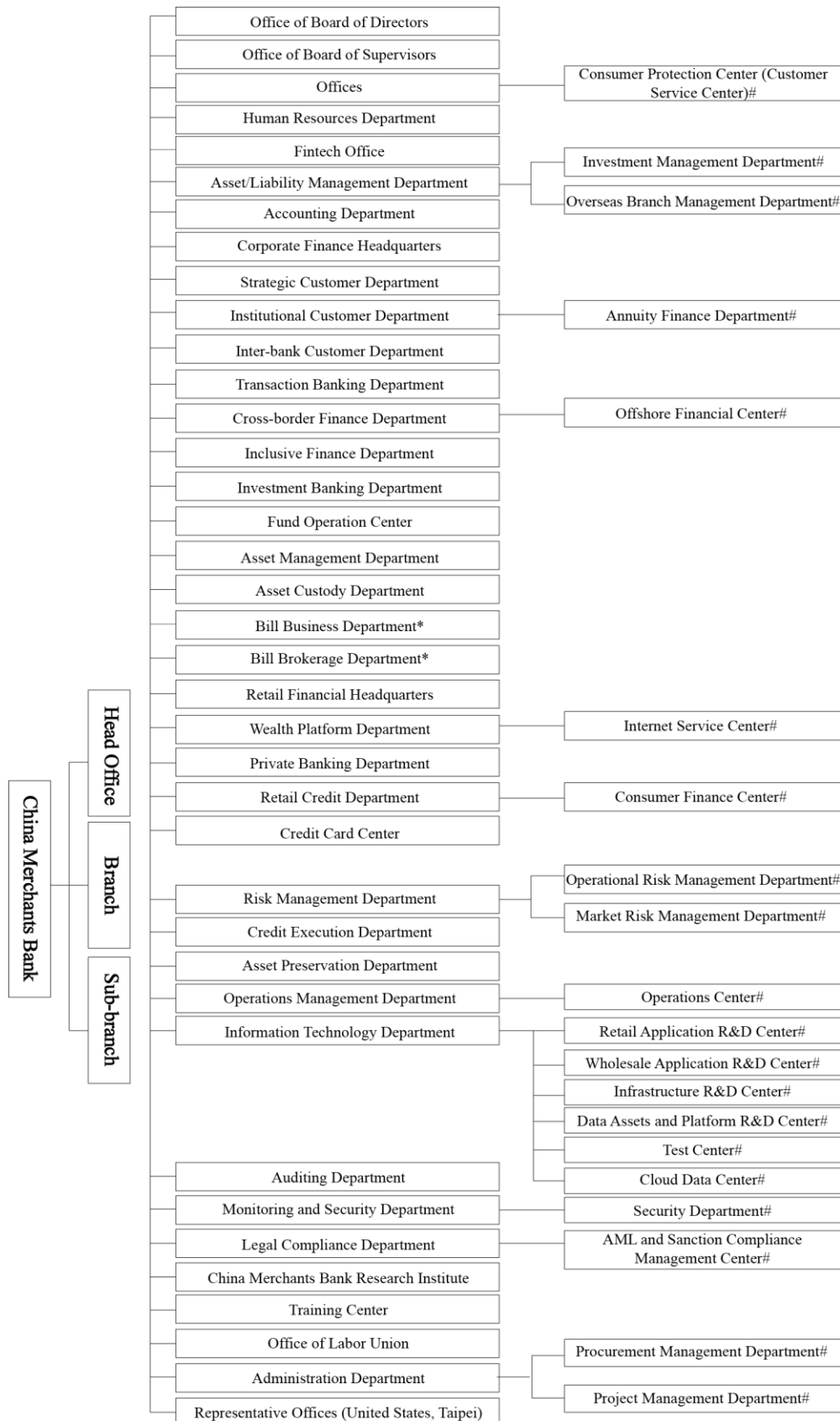
Core values: customer-oriented, create value for customers.

Strategic emphasis: Focusing on the construction of core capabilities in “wealth management, financial technology, and risk management” to promote the continuous evolution of organizational culture. Based on the needs of the state, the needs of enterprises and what CMB can do, we will earnestly implement the ESG concept, serve the real economy, meet the needs of people's livelihood, and create a new situation of high-quality development.

CMB provides customers with wholesale and retail banking products and services, and also conducts its own capital business as well as business for customers. Many innovative products and services launched by CMB are widely accepted by the market. Retail banking services include: account and payment settlement services based on AIO multi-function debit cards and credit cards, “Golden Sunflower Wealth Management”, private banking and other hierarchically classified wealth management services, retail credit services, CMB App and CMB Life, AIO comprehensive online banking services, etc.; wholesale banking services include: payment settlement, wealth management, investment and financing, digital services, cash management, technology finance, green finance, inclusive finance, supply chain finance and cross-border financial services, asset management, asset custody, investment banking, etc. We continue to deepen the customer's life circle and business circle, and provide customized, intelligent and comprehensive solutions for the customer's supply chain and investment chain.

CMB continues to deepen its strategic transformation, and proposes a strategic vision of becoming “the best value-creating bank driven by innovation, with a leading model and distinctive features” based on the internal and external situation and its own development. Following the trend of transformation and upgrading of traditional industries in China, development and growth of emerging industries and steady advancement of common prosperity, CMB actively serves the real economy, helps people achieve a better life, and strives to create greater value for customers, employees, shareholders, partners, and society. Over the past year, CMB has achieved remarkable results in its development, continued to release its innovative vitality, optimized and upgraded its business model, steadily improved its three major capabilities in wealth management, financial technology, and risk management, practiced ESG concepts, and further enhanced its core competitiveness.

1.2 Organizational Structure



Note: # Tier-2 department, * Independent Tier-2 department

1.3 Accolades

Category	Granted by	Awards
Comprehensive	<i>Fortune</i>	<ul style="list-style-type: none"> Named on the <i>Fortune</i> Global 500 list for 11 consecutive years, ranking No. 174 with an operating income of 71.064 billion US dollars Named on the <i>Fortune</i> China 500 list, ranking No. 38 with an operating income of RMB 331.253 billion Listed in the “Top China’s Most Admired Companies”
	<i>The Banker</i>	<ul style="list-style-type: none"> Ranked No. 11 in tier-1 capital on the “2022 Top 1,000 World Banks”, increased by 3 places from the previous year, ranking among the top 20 for five consecutive years Ranked No. 10 on the “2022 Top 500 Banking Brands” list, with a brand value of 24.37 billion US dollars
	<i>Euromoney</i>	<ul style="list-style-type: none"> Won the “Best Bank in China” for the fourth consecutive year, which was the first “four consecutive titles” in the history of the award In the “2022 Market Leaders” rating, received a top rating in the four areas of corporate social responsibility (CSR), ESG, corporate banking, and digital solutions The best award in the field of charity consulting in China in 2022 Won the “Best Private Bank in China” comprehensive award, which was the 12th time
	<i>Asiamoney</i>	<ul style="list-style-type: none"> “Best Bank in Guangdong-Hong Kong-Macao Greater Bay Area - Best Innovative Bank” Award “Most Innovative Private Banking Award”
	<i>International Retail Banker</i>	<ul style="list-style-type: none"> “2022 Asia Pioneer Awards - Best Retail Bank in China”
	<i>Caijing</i>	<ul style="list-style-type: none"> 2022 “Sustainable Development Inclusive Award”
	<i>Global Finance</i>	<ul style="list-style-type: none"> “Best Bank for Corporate Social Responsibility” “Best Wealth Management Bank” “Best Private Bank for Sustainable Investment” “Best Transaction Service Bank”

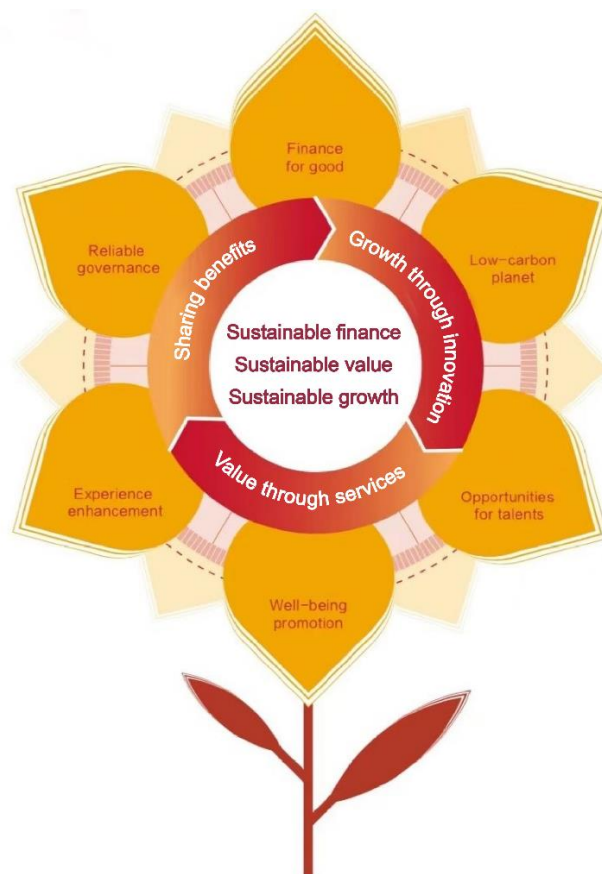
	<i>Institutional Investor</i>	<ul style="list-style-type: none"> • “Most Respectable Company in Asia” • “Best Company in Investor Relations Management” • “Best ESG Company”
	<i>The Asian Banker</i>	<ul style="list-style-type: none"> • “Best Wealth Management Bank in China”
Environment	<i>Global Finance</i>	<ul style="list-style-type: none"> • “Outstanding Leadership in Sustainability Transparency in the Asia-Pacific Region” grand prize
	Cailian Press, Environmental Planning Institute of the Ministry of Ecology and Environment	<ul style="list-style-type: none"> • “Green Financial Technology Innovation Award” (CMB Wealth Management)
Social	Zhaopin, The Institute of Social Science Survey of Peking University	<ul style="list-style-type: none"> • “Top 3 Employers in China” • “Most Socially Responsible Employer” • “Employer Most Favored by Female Employees”
	Chnbrand	<ul style="list-style-type: none"> • Credit card products ranked No. 1 in China’s customer recommendation index for the seventh time
	Cailian Press	<ul style="list-style-type: none"> • 2022 Cailian Press Zhiyuan Award · Social (S) Pioneer Enterprise Award
	Asia-Pacific Fortune Forum	<ul style="list-style-type: none"> • 2022 Best Ultra High Net Worth Family Charity Service Award
Governance	Shanghai Stock Exchange	<ul style="list-style-type: none"> • Obtained the highest grade A for the ninth consecutive year in the annual information disclosure work evaluation of listed companies
	Shenzhen Corporate Governance Research Association	<ul style="list-style-type: none"> • “2022 Top 20 Green Governance Listed Companies in Greater Bay Area”
	China Association of Listed Companies	<ul style="list-style-type: none"> • “Outstanding Achievement Award” in the 2022 Best Practice Case Selection of the Board of Supervisors of Listed Companies

2 Strategy and Management

As a financial service provider, CMB dedicates itself to creating long-term value for stakeholders. CMB adheres to the social responsibility concept of “gaining from and contributing to society”, optimizes and perfects the Sunflower sustainability model, continues to deepen the practice of sustainable development, and works with stakeholders in striving to achieve higher quality, more efficient, equitable, sustainable and safer development.






2.1 Sustainability Strategy


The sunflower represents optimism, loyalty and a positive spirit, which represents CMB’s business philosophy of “we are here just for you” and is the unchanged core of CMB’s company culture. We have formed a key practice area of sustainable development with “SUNFLOWER” as the core, and guided the Bank’s sustainable development to a new level.



CMB “SUNFLOWER” Sustainability Model

CMB “SUNFLOWER” Sustainability Model

<p>Finance for good</p>	<p>We fully integrate the ESG concept into the product and service system of the Bank; make finance an important positive force to promote social progress, social equity, and continue to satisfy people’s desire for a better life through financial means.</p>	
<p>Low-carbon emissions policy</p>	<p>We actively participate in climate governance, lead green financial innovation, improve green investment and financing policies, increase financial support for green industries, carry out green operations and green public welfare activities while comprehensively supporting the green transformation of the economy and society.</p>	
<p>Opportunities for talents</p>	<p>We persist in attracting high-quality talents, make the career development channel unimpeded, attach importance to the improvement of talent capabilities, enrich the talent training system, create an inclusive, friendly and open workplace environment, and promote the common growth of employees and the Bank.</p>	
<p>Well-being promotion</p>	<p>We implement the national rural revitalization strategy, actively carry out social public welfare activities, strive to become an excellent corporate citizen and help achieve common prosperity.</p>	
<p>Experience enhancement</p>	<p>With fintech, we continuously improve the ability, efficiency and accessibility of customer service, fully protect the rights and interests of consumers, promote financial knowledge and services to every household, and optimize customer experiences in all aspects.</p>	

<p>Reliable governance</p>	<p>We improve the corporate governance infrastructure, continue to improve the scientificity, stability and effectiveness of corporate governance, adhere to prudent operation guidelines, strengthen risk prevention and control, and provide a strong mechanism to guarantee high-quality and sustainable development of the Bank.</p>	
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2.2 Sustainability Management

The Sunflower sustainability model is integrated into CMB's own development strategy and operating activities. The sustainability management system has been created to put our concept of sustainability into practice and fulfill promises to stakeholders.

CMB Sustainability Management Infrastructure

- **Decision-making level:** Members of the Board of Directors and Board of Supervisors participate in deliberation and decision-making on major sustainability issues, including formulation of related strategies and policies, regular progress assessments for sustainability matters, and special deliberations for the annual sustainability report, annual inclusive finance development and work plan, annual consumer rights protection report and other related proposals. In 2022, we renamed the Strategic Committee of the Board of Directors to the “Strategy and Sustainability Committee of the Board of Directors”, and increased the responsibilities of the Board of Directors and the Strategy and Sustainability Committee of the Board of Directors in ESG and other aspects (the above content will be formally implemented after the approval of the China Banking and Insurance Regulatory Commission).
- **Management level:** The Head Office established an ESG Secretariat to identify sustainability issues related to the CMB; plan sustainability and ESG-related activities; prepare sustainability reports; organize sustainability knowledge publicity, etc. The Head Office also established the Green Finance Business Development Committee to be responsible for formulating green financial strategic planning and development goals, key customer groups and business operation strategies of the bank, promoting the construction of green financial products and green risk management system, researching resource allocation and green assessment supporting policies to create a green finance brand.
- **Execution level:** The branches, departments of the Head Office and subsidiaries shall be responsible for the daily promotion of sustainability management, and implement the centralized management of all sustainability issues according to the specific division of labor; carry out sustainability practices, and communicate closely with key stakeholders; regularly submit relevant implementation measures, performance indicators and excellent cases. In 2022, CMB continued to carry out sustainability training on the execution level, and publicized the sustainability and ESG concept. Interviews and investigations were conducted in key functional and operating departments of the Head Office, with the goal of understanding annual priorities, and communicating the sustainability risk and opportunity management situations, to help these departments better integrate sustainability concepts into their future work.

2.3 Goals and Progress

Focusing on key areas such as green finance, inclusive finance, and protection of consumer rights and interests, CMB has formulated development plan and goals related to sustainability, and the Board of Directors and senior management regularly review the achievement of relevant goals, and adjust the direction of the goals in a timely manner according to the inspection and the internal and external environment.

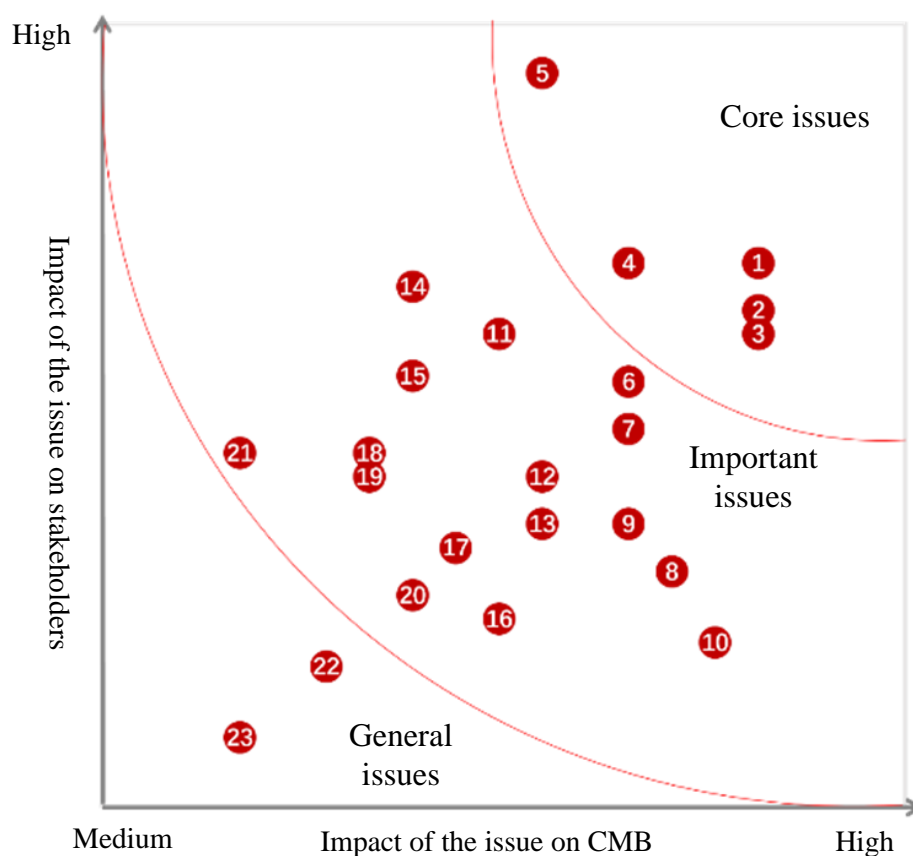
Issue	Goals for 2022	Whether achieved	Achievement	Future plan
Green finance	Green credit balance in the statistical method of the People's Bank of China increased by RMB 80 billion	√	<ul style="list-style-type: none"> By the end of 2022, the balance of green loan was RMB 355.357 billion, increased by RMB 91.515 billion over the end of the previous year, with a growth rate of 34.69% By the end of 2022, the ending balance of the capital operation center invested in green bonds was RMB10.415 billion, increased by 60.14% year-on-year 	Strive to invest more than RMB 500 billion in the balance of green loans and green bonds by the end of 2025
Inclusive finance	Growth rate of inclusive SMEs loans higher than the growth rate of various loans, and the number of SMEs with outstanding loans higher than that of the previous year	√	<ul style="list-style-type: none"> By the end of 2022, the balance of loans made to inclusive SMEs was RMB 678.349 billion, increasing by RMB 77.249 billion or 12.85% over the end of previous year By the end of 2022, the number of inclusive SMEs with outstanding loans was 990,700, which was higher than that of the previous year 	Make sure to meet the regulatory requirements of "two increases and two controls" for inclusive SMEs loans every year
	Inclusive SMEs loans increasing by RMB 61.484 billion	√	<ul style="list-style-type: none"> In 2022, the balance of loans made to inclusive SMEs increased by RMB 772.49 billion, and the growth rate of inclusive SMEs loans was higher than the growth rate of various loans 	Make sure to increase the annual growth rate of inclusive SMEs loans higher than the growth rate of various loans

Protection of consumer rights and interests	Total number of customers complaints about key issues in downward trend	√	<ul style="list-style-type: none"> The number of complaints from customers at the Head Office for key issues decreased by 43% The number of complaints from branch customers for key issues decreased by 36% 	Keep total number of customer complaints about key issues in a downward trend
	Compliance rate of customer complaint response reaching 95%	√	<ul style="list-style-type: none"> Compliance rate of customer complaint response: 98% 	Keep customer complaint response rate not lower than 95%
	On-time feedback rate of customer complaints reaching 95%	√	<ul style="list-style-type: none"> On-time feedback rate of customer complaints: 99% 	Keep the on-time feedback rate of customer complaints not lower than 95%

2.4 Materiality Analysis

CMB identifies, assesses and screens sustainability issues based on the materiality analysis model, and confirms material issues of great importance both for the bank and for our stakeholders.

Identification	Analyzing and acquiring in-depth understanding of macro-economic policies and industry hotspots; understanding the ESG areas that have captured the attention of institutional investors and capital markets; identifying policy directions and opportunities for fulfilling responsibilities in the banking industry; comprehensively analyzing relevant research outcomes and related Sunflower responsibility concept models based on CMB's development strategy and inherent characteristics, and identifying 23 materiality issues. Compared with 2021, this year, three issues were optimized or updated, and two new issues were added this year.
Assessment	Sent questionnaire for assessing the importance of sustainability issues to internal and external stakeholders, and obtained two-dimensional evaluation of the importance of issues based on the results of the questionnaire and the opinions of experts in the field of sustainability.
Screening and Reporting	After constructing a materiality analysis matrix (see picture below), the Report focused on core issues that are displayed in the matrix.



Importance	No.	Issues	Disclosure page
Core issues	1	Promoting green and sustainable finance	P49-P57, P71-P90
	2	Business ethics and compliance operation	P162-P174
	3	Supporting improvement of people's livelihood	P91-P97
	4	Comprehensive risk management	P158-P161
	5	Network security and privacy protection	P110-P114
Important issues	6	Serving the real economy	P71-P90
	7	Improving corporate governance	P151-P157
	8	Practicing green operation	P60-P68
	9	Serving high-level opening up	P87-P89
	10	Advancing fintech	P98-P104
	11	Enhancing customer experience	P98-P110
	12	Developing inclusive finance	P77-P84
	13	Supporting national strategy	P71-P90
	14	Protecting customer rights and interests	P107-P110
	15	Serving rural revitalization	P84-P87
	16	Tackling climate change	P35-P48
	17	Human capital development	P124-P138
	18	Stakeholder participation	P24-P27
	19	Participating in public welfare and charity	P139-P148
	20	Protecting employees' rights and interests	P134-P138
	21	Popularizing financial knowledge	P116-P123
General issues	22	Caring for employees	P136-P138
	23	Responsible supply chain management	P175-P176

2.5 Stakeholder Engagement

CMB seeks more ways to communicate with stakeholders in daily operations, and carefully listens to the voices and feedback of customers. We build a standardized communication system using digital technologies to enhance our communication with stakeholders.

Stakeholders	Expectations and Demands	Communication Channels
Government and regulators	<ul style="list-style-type: none"> Improving corporate governance Comprehensive risk management Business ethics and compliance operation Promoting green and sustainable finance Serving the real economy Supporting national strategy Developing inclusive finance Stakeholder participation 	<ul style="list-style-type: none"> Studying and complying with related financial policies Facilitating the formation of industry policy Related research and discussions Submitting statistical statements Taking part in research and studies Daily approval and regulation compliance
Shareholders and investors	<ul style="list-style-type: none"> Improving corporate governance Comprehensive risk management Business ethics and compliance operation Promoting green and sustainable finance Tackling climate change Stakeholder participation 	<ul style="list-style-type: none"> Periodic reports and announcements Roadshows and reverse roadshows Investor visits and meetings General meeting of shareholders
Customers	<ul style="list-style-type: none"> Protecting customer rights and interests Network security and personal privacy protection Enhancing customer experience Developing inclusive finance Serving the real economy Stakeholder participation 	<ul style="list-style-type: none"> Customer research Customer satisfaction research 95555 customer service platform Customer care activities WeChat, Weibo and other digital platforms

Employees	<ul style="list-style-type: none"> • Human capital development • Caring for employees • Protecting employees' rights and interests • Stakeholder participation 	<ul style="list-style-type: none"> • Employee representative conference • Employee satisfaction research • Employee recreation and sports activities • Complaint and reporting mechanism
Suppliers and partners	<ul style="list-style-type: none"> • Responsible supply chain management • Stakeholder participation 	<ul style="list-style-type: none"> • Day-to-day communication • Interbank communication and cooperation • Bidding and tender • Supplier research; visits to suppliers
Environment	<ul style="list-style-type: none"> • Promoting green and sustainable finance • Tackling climate change • Practicing green operations • Stakeholder participation 	<ul style="list-style-type: none"> • Complying with energy saving and emission reduction policies • Forums and meetings on green finance • Collection and disclosure of environmental protection-related data • Non-profit environmental protection activities
Communities	<ul style="list-style-type: none"> • Participating in public welfare and charity • Serving rural revitalization • Stakeholder participation 	<ul style="list-style-type: none"> • Rural revitalization and community building • Cardholder donation platform • Employee volunteering • Social services

3 Environmental- Green Development and Building the Ecological Civilization Together

Sustainability background

Green is the background color for China’s high-quality development. In recent years, China has placed tackling climate change in a more prominent position in national governance, implemented a national strategy to actively respond to climate change, incorporated the “3060” target of carbon peak and carbon neutrality (the “Dual Carbon” target) into the overall layout of ecological civilization construction and the overall economic and social development, and taken pollution reduction and carbon reduction synergies as the general starting point for comprehensive green transformation of economic and social development to promote new progress in addressing climate change. CMB actively implements the development concept of “lucid waters and lush mountains are invaluable assets”, thoroughly implements Xi Jinping’s thought on ecological civilization, accelerates the construction of ecological civilization, adheres to the development concept of innovation, coordination, green, openness and sharing, vigorously develops green finance, carries out own green operation, and helps realize the vision of beautiful China and the Dual Carbon goal.

Sustainable Development Goals (SDGs)



Our actions and achievements

<p>Robust green top-level design helping green transformation and development</p>	<ul style="list-style-type: none"> We established a Green Finance Business Development Committee under the Corporate Finance Business Management Committee and established five green finance project teams. We released the <i>China Merchants Bank Green Development Plan (2022 Edition)</i> to clarify the overall green development plan of CMB.
<p>Exploring management practices to actively respond to climate change</p>	<ul style="list-style-type: none"> We incorporated green development and ESG-related elements into the whole process management of credit extension business.
<p>Intensifying innovation and creating a green service system</p>	<ul style="list-style-type: none"> By the end of 2022, the balance of green loans was RMB 355.357 billion, increased by RMB 91.515 billion over the end of the previous year, with a growth rate of 34.69%, higher than the average growth rate of corporate loans. A total of RMB 18.725 billion in carbon emission reduction loans had been issued throughout the year, with a weighted average loan interest rate of 3.58%, driving annual carbon emission reductions of 3.6436 million tons of carbon

	<p>dioxide equivalent.</p> <ul style="list-style-type: none"> • We implemented the first ESG performance-linked loan in the wind power equipment industry in China. • We issued the first rural revitalization-themed green bond of commercial bank in China and the first green bond of commercial bank applicable to the <i>China Green Bond Principles</i> in China. • We issued the first green bond of joint-stock commercial bank overseas based on the <i>China-EU Common Classification of Sustainable Finance - Mitigation of Climate Change</i>.
Focusing on research and training, and continuously improving green capabilities	<ul style="list-style-type: none"> • We carried out in-depth research on green-related industries through industry “self-organization”. • We carried out a number of green finance and ESG related trainings to improve employees’ awareness of green finance.
Promoting green concept and protecting homeland together	<ul style="list-style-type: none"> • We built an online intelligent energy management platform to realize real-time collection, comparative analysis and monitoring of energy data of the Head Office building and 27 branches. • We released CMB’s “Green and Low-Carbon Initiative” to enhance employees’ environmental protection concepts and low-carbon awareness.

3.1 Robust Green Top-Level Design Helping Green Transformation and Development

CMB continuously improves top-level design for green finance, clarifies strategic development goals and implementation paths in the field of green finance, promotes the construction of a green financial governance infrastructure covering all employees, strengthens policy guarantees, accelerates product innovation, strengthens capacity building, and promotes the inflow of funds into green industries and fields.

3.1.1 Strategic Planning

During the year, CMB released the first special plan for green development - *China Merchants Bank Green Development Plan (2022)*, which described the vision, goal and path of CMB's green development, and built the overall framework of CMB's green development from the dimensions of green financial business, green risk management and green CMB operation system, and became the programmatic document for the green transformation development of CMB.

Main line of development	Development ideas
Green finance business	Accurately locating green scenarios and green customers, innovating and developing green wholesale finance and green retail finance, promoting the integration and rotation of the group's flywheel, building a digital business platform, comprehensively building a green financial business system, continuing to expand green finance business scale, and helping the comprehensive green transformation of the economy and society.
Green risk management	Keeping up with the national strategic deployment and policy orientation, continuing to deepen industry awareness and continuously improving investment and financing policies; researching and strengthening the whole process management of ESG risks, continuously optimizing supporting risk management tools, and comprehensively improving the ability to systematically prevent and resolve ESG risks.
Green CMB	Building a green operation management system comprehensively starting from the realization of low-carbon operation, establishment of green culture and brand, fulfillment of green public responsibility, etc.

3.1.2 Governance Structure

Under the overall leadership of the Board of Directors and senior management, a working mechanism has been formed in which the project teams of the Green Finance Business Development Committee coordinate and divide the work. Each unit of the whole group performs their own duties to jointly promote the high-quality development of green financial business.

<p>Decision-making level</p>	<ul style="list-style-type: none"> • Board of Directors: Strengthened the guidance and supervision of the green financial strategy and its implementation effects by regularly reviewing the sustainability report, strategy implementation evaluation report, performance report, risk management report and other proposals related to the environment and green finance. • Strategic Committee of the Board of Directors: Increased the responsibilities related to green financial development, including determining the green financial development strategy and planning, approving the green financial goals formulated by senior management and the green financial report submitted, supervising and evaluating the implementation of the green financial development strategy, and reviewing other green finance matters as required by regulations.
<p>Management level</p>	<ul style="list-style-type: none"> • In 2022, a Green Finance Business Development Committee was established under the Corporate Finance Business Management Committee, with the bank leader serving as the chairman of the committee to coordinate the development of the Bank's green finance business.
<p>Execution level</p>	<ul style="list-style-type: none"> • There are five project teams under the Green Finance Business Development Committee to organize all units of the group to implement green finance-related work. • Green development planning and implementation team: Prepared the green development plan and evaluated the implementation of the strategy. • Industry and industry chain research team: Organized and carried out research and analysis on key industries of the green economy and their industrial chains, connected and built external policy channels, and carried out training. • Customer management service team: Expanded customers in the industry chain, implemented service solutions and innovative products, acquired business opportunities, organized and promoted projects, etc. • Policy support team: Built a green risk management system, optimized resource allocation and assessment supporting mechanisms, carried out ESG information disclosure and external brand promotion, etc. • Green retail team: Built retail green financial system and support policies, innovated in green retail products and collected relevant data on green retail, etc.

3.1.3 Policy System

In accordance with the four major directions of accelerating the promotion of green and low-carbon development, improving environmental quality, improving the quality and stability of ecosystems, and comprehensively improving resource utilization efficiency as proposed by CMB according to the "14th Five-Year Plan" outline, we have formulated and continuously improved a series of policies that conform to the concept of green development, specified key support directions for green finance in

the policies and required projects and customers to meet environmental protection requirements to form a unified green financial risk preference.

In order to ensure the overall stability of the strategy, we further improved the credit policy, optimized, including but not limited to photovoltaic manufacturing, hydropower, wind power, Internet data center (IDC) and other industries, and further prioritized credit resources going towards green and low carbon industries and enterprises.

<p>Increasing support for green industry</p>	<ul style="list-style-type: none"> • Combined the research results of the “dual carbon” project and the relevant requirements of the regulatory authorities on green classification, we initially sorted out the industry policies of wind power generation, photovoltaic power generation, nuclear power generation, hydropower industry, biomass power generation, energy conservation and environmental protection, water pollution prevention and control, soil degradation prevention and control, new energy vehicle industry chain and urban rail transit, and integrated into the newly opened green sector.
<p>Strictly controlling credit extension for industries with high energy consumption and pollution</p>	<ul style="list-style-type: none"> • Revised the requirements for environmental protection, energy consumption and material consumption in the credit policy for industries with high energy consumption and pollution. • Increased the negative list of outdated production technology, equipment and products, and clearly prohibited access. • Strictly controlled new loans for industries with high pollution and high energy consumption. On the basis of general credit extension, required enterprises to comply with national environmental protection standards in terms of site selection, production technology, resource consumption, and pollutant discharge. • Implemented “one-vote veto” system on enterprises with poor environmental performance and huge social risks. • Implemented stricter controls on bond issuers from carbon intensive industries with high energy consumption, and set a cap on the total amount of underwriting for issuers on the white list of key control industries or issuers on the bond underwriting access list for key control industries.

CMB’s credit policies in key industries and fields (partial)

<p>Energy sector ¹</p>	<ul style="list-style-type: none"> • We prioritized support for the clean and efficient utilization of conventional fossil energy such as oil and natural gas. • We prioritized support for the development of clean energy such as hydropower and nuclear power, and focused on large-scale hydropower development projects in Southwest China, nuclear power projects with units complying with the third-generation
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¹Customers are mainly involved in coal mining and washing, oil and gas extraction, power production, etc.

	<p>safety standards, and power generation projects in line with the policy support direction of the new round of power system reform.</p> <ul style="list-style-type: none"> • We prioritized support for wind power projects with rich wind resources and grid access and consumption conditions, grid-connected solar power projects located in areas rich in solar energy resources, distributed photovoltaic power generation and biomass power generation. • We increased project support for the policies involving safe, efficient, green and intelligent mining of coal, clean and efficient coal processing, clean and efficient utilization of coal electricity, industrial clean fuel and clean heating, civil clean heating, comprehensive utilization of coal resources, and vigorously promoted the development and utilization of coalbed methane in accordance with market-oriented principles. • We formulated guidelines for credit audits in the oil and gas fields, and clarified customer selection criteria and cooperation strategies. • The above content is extracted from CMB's <i>Energy Sector Policy</i>, which applies to corporate loans, project loans and investment banking businesses.
<p>Coal industry</p>	<ul style="list-style-type: none"> • Overall credit granting principle: Control over total volume, structure adjustment, and list management • We controlled the overall scale of industry credit, focused on and gave priority to supporting white-listed customers with comparative advantages and core competitiveness, and ensured a close fit between credit investment and the direction of industrial policy adjustments. • We actively adjusted the credit structure, strictly implemented the requirements of the <i>State Council's Opinions on Eliminating Overcapacity, Overcoming Difficulties and Achieving Development in the Coal Industry, Guiding Opinions on High-quality Development of the Coal Industry during the 14th Five-Year Plan (Draft for Comment)</i> and other documents. We resolutely eliminated exposure to coal enterprises that fail to meet standards in terms of safety, technology, scale, environmental protection and operation. • We increased support for clean and efficient coal utilization projects and promoted green and low-carbon development in accordance with market-oriented principles. • We stopped providing new lending to coal mining enterprises which were reported by provincial coal mine safety supervision and administration authorities for unsafe operation with injurious accidents, or having failed to remedy major environmental hazards. We also took timely measures to mitigate related risks, and gradually eliminated or reduced exposure to the enterprises. • The above content is extracted from CMB's <i>Coal Industry Policy</i>, which applies to corporate loans, project loans and investment banking businesses.

<p>Extractive industry¹</p>	<ul style="list-style-type: none"> • Overall credit granting principle: Risk prevention, focus on environmental protection, selected customers and structure adjustment • The target customers were large mining enterprises with advanced production technology, satisfactory performance in energy saving and emission reduction, superior production cost control as well as standardized operation and management. • Customers were required to obtain pollutant discharge permits, and their pollutant discharge indicators must be in line with the national industrial policy and standards issued by related departments and commissions regarding energy consumption and clean production. They were also required to obtain the environmental inspection reports for the same year issued by the environmental protection agencies of the prefecture-level cities (or higher-level authorities) where they operate. • We limited our exposure to mining enterprises with insufficient investment in environmental protection and safety. Additionally, our exposure to enterprises with deficiencies in protection and safety was firmly eliminated. • We required that the main extraction work of mining projects be designed, constructed and put into use at the same time as their supporting facilities for environmental protection and safe production. • The above content is extracted from CMB's <i>Metal Mining and Dressing Industry Policy</i>, which applies to corporate loans, project loans and investment banking businesses.
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In addition, we further clarified the relevant requirements of green finance through CMB's *Green Finance Policy*. In corporate loans, project loans and investment banking, we comprehensively considered the requirements of safety production, environmental protection, resource utilization and energy efficiency level, paid close attention to the impact of enterprise production and project construction on energy consumption, carbon emissions, ecological environment and biodiversity, and resolutely withdrew from projects that did not conform to national industrial planning and environmental protection policies, and also enterprises that did not meet environmental protection and safety production goals.

3.1.4 Performance Assessment

CMB established a green credit performance assessment system in 2021, and set "green credit" indicators for Head Office branches and departments. Combining the regulatory requirements of the People's Bank of China, CMB has set the annual goal of ensuring that the green credit growth rate is not lower than the corporate loan growth rate to encourage branches to actively expand green financial business, integrate green concepts into business practices, promote industrial transformation and upgrading, and contribute to sustainable development.

¹ Customers are mainly involved in the metal ore mining and dressing industry. This includes the mining of ferrous metal minerals, commonly used non-ferrous metal minerals and rare metal minerals.

3.2 Exploring Management Practices to Actively Respond to Climate Change

In recent years, frequent extreme climatic events have brought about a series of catastrophic consequences, and climate change has rapidly risen as a global issue of wide concern. Whether it is gradual climate change or sudden natural disasters, economic growth and financial stability will be seriously damaged. CMB effectively guards against systemic financial risks that may be brought about by climate change risks, incorporates climate change into its risk management system, and manages climate-related risks by identifying and managing them to ensure that risks arising from climate change are under control

3.2.1 Identification of Climate Risks and Opportunities

CMB establishes and improves the climate risk management system, and builds a climate change risk and opportunity assessment framework.

Our “Identification–Assessment–Response” Framework for Climate Change Risks and Opportunities

- **Identification:** Based on the climate change questionnaire from the Task Force on Climate-related Financial Disclosures (TCFD) and the Carbon Disclosure Project (CDP), we identify the types of risks and opportunities faced by the Bank from transformation risks, entity risks and opportunities, and cooperate with third-party professional institutions to define and describe the risks and opportunities that climate change brings to the Bank in accordance with national laws and regulations, policy requirements, sustainability trends in China and overseas and the actual situation of the Bank.
- **Assessment:** For the identified risks and opportunities, we identify one-by-one the primary climate-related drivers that cause risks or opportunities, as well as potential major financial impacts, and the time frame and degree of impact that may be caused.
- **Response:** We formulate corresponding countermeasures based on identification and assessment to ensure that the Bank has sufficient capabilities and resources to deal with climate change risks, seize climate change opportunities, and form a closed-loop management mechanism for climate change risks.

Climate Change Risks and Opportunities Faced by CMB

* Time frame

- Short term: 1 year
- Medium term: 1-3 years
- Long term: 3-5 years

Risk aspect	Type of risk	Description of risks	Potential key financial impacts	Top climate-related risk drivers	Time frame*/ degree of impact	Responses
Transformation risks	Existing and potential policy risks	Since the “Dual Carbon” goal was put forward, China has established a “1+N” policy support system. Since 2021, the People’s Bank of China, the China Banking and Insurance Regulatory Commission and other regulatory agencies have successively issued directional documents such as the <i>Green Finance Evaluation Plan for Banking Financial Institutions</i> , <i>Guidelines for Environmental</i>	Increased indirect (operating) costs	Supervision of climate-related risks in the financial industry	Long-term/ high	<ul style="list-style-type: none"> • We carefully studied the policies and regulatory requirements of the state and regulatory agencies on “dual carbon” targets, and established a green financial management structure at the board of directors, senior management, and head office and branch levels to ensure timely implementation of

		<p><i>Information Disclosure of Financial Institutions, and Guidelines for Green Finance in the Banking and Insurance Industry.</i> If CMB fails to follow up and study national and industry policies in a timely manner, correctly judge the policy trend and formulate corresponding implementation measures, it may face certain operating restrictions.</p>				<p>policies and regulatory requirements.</p> <ul style="list-style-type: none"> Published our ESG-related report, and systematically explained the Bank's management measures and key performance related to climate change.
	Legal risks	<ul style="list-style-type: none"> The Bank's operation and management are bound by the laws and regulations related to the environment where it operates, and the green financial activities in the Shenzhen Special Economic Zone are subject to the <i>Ordinances for Green Finance in Shenzhen Special Economic Zone.</i> Seven departments including the People's Bank of China proposed in the <i>Guiding Opinions on Building a Green Financial System</i> state that it is necessary to study 	Increased indirect (operating) costs	Supervision of climate-related risks in the financial industry	Long-term/ high	<ul style="list-style-type: none"> We comprehensively studied the requirements of laws and regulations related to climate change and green finance, and promoted the further implementation of relevant provisions in different business aspects of the Bank.

		and clarify the environmental legal responsibilities of lenders. If the Bank's lax examination and approval of the environmental compliance qualification of the loan enterprise or project leads to accidental environmental pollution caused by loan companies or projects, it may be liable for environmental pollution accidents of the loan enterprise or project.				
	Technology risks	<ul style="list-style-type: none"> • Fintech and digital transformation that CMB is promoting can significantly reduce greenhouse gas emissions generated by paper usage and customers traveling to and from offline outlets. • Growing online traffic increases energy consumption in the back office, such as data centers. • If CMB fails to invest sufficient resources in a timely manner to master the 	Increased indirect (operating) costs	Transition to low-emission technologies	Short-term /Medium	<ul style="list-style-type: none"> • While deeply promoting the Bank's digital transformation development, we paid close attention to the climate change risks brought about by digital transformation, understood and applied low-carbon technologies in operation management.

		latest technologies in terms of digital transformation, energy conservation and emission reduction, it may face risks such as increased operating costs.				
	Market risks	<ul style="list-style-type: none"> CMB's valuation highly depends on its ability to develop sustainably in the long run. If a company has strong ESG performance, customers may be impressed by the company's achievement in performing social responsibilities, and thus be more willing to pay premiums for their products, which will boost the company's market share and profitability. Along with the market's growing awareness of climate change, it is expected that increasingly more customers will favor products and services that can bring social and environmental benefits. They will consider ESG as a selection criterion when 	Reduced revenue due to lower demand for products and services	Consumer behavior change	Long-term/medium-high	<ul style="list-style-type: none"> We actively developed and introduced financial products and services that conform to green or ESG concepts, encouraged innovation in green financial products and services, and enriched the supply of green financial products.

		<p>choosing financial products.</p> <ul style="list-style-type: none"> If CMB fails to develop relevant products in time, there could be a loss of customers and falling demand for products and services. 				
	Reputation risks	<ul style="list-style-type: none"> As the public pays more attention to the environment and climate change, if CMB's operations and business processes have a long-lasting destructive impact on the climate and environment, or cause environmental and social risks due to imperfect environmental and social risk management and lax review, it may face reputational risks and have difficulties in attracting and retaining customers, employees, investors and other stakeholders. 	Reduced revenue due to lower demand for products and services	Negative press coverage related to supporting projects or activities that have a negative impact on the climate	Short-term /Medium	<ul style="list-style-type: none"> We carried out reputation risk monitoring and early warning on topics related to climate change and green finance, established a public opinion response mechanism for possible negative events, and responded to public opinion concerns in a timely manner to minimize risks.
Entity risks	Severe natural factors	<ul style="list-style-type: none"> The company's main operations cover all of China and some overseas areas. Extreme weather and heavy 	Increased indirect (operating) costs	Increased severity and frequency of extreme	Long-term/ medium-low	<ul style="list-style-type: none"> We monitored the weather forecast and excavation of municipal construction around the

		<p>rains caused by climate change and poor drainage may cause rainwater to flood operating outlets in coastal areas. In addition, extreme weather and heat waves caused by climate change, temperature rise and water shortage brought about by drought may lead to increased energy consumption, insufficient water pressure for domestic water and air-conditioning supplementary water, which will affect business continuity and the safety of operation and maintenance of daily operation management.</p> <ul style="list-style-type: none"> • The increase in extreme weather has put forward higher requirements for the ability of new buildings and buildings under construction to withstand extreme weather, and CMB may need to invest more funds in renovation/construction or selection of office buildings 		<p>weather events, such as cyclones and floods</p>		<p>project, and regularly checked whether drainage pipes were unobstructed.</p> <ul style="list-style-type: none"> • We paid attention to power supply and water supply information, cooperated with municipal power supply to do peak-shaving operation of equipment and facilities, carried out water conservation publicity and rainwater recycling, and increased the operating temperature of air conditioners. • In accordance with the national data center design specification, we comprehensively considered the influence of terrain height, geography and climate, and kept data centers out of seismic zones and flood discharge areas. There is no threat of
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		that can adapt to climate change.					
	Long-term natural factors	<ul style="list-style-type: none"> Endemic natural disasters such as average temperature rise and rising sea levels will gradually affect all regions of the world, including China. This may have an impact on the office locations, offline business outlets, and service back office (data centers, etc.) of online channels, which in turn will affect the business continuity and undermine financial stability. 	Increased indirect (operating) costs	Average temperature rise	Long-term/medium-low	<ul style="list-style-type: none"> mudslides in the surrounding area, and there is a certain distance from the coastline, so there are less weather related problems. We designed the data centers with reference to the most stringent climatic conditions to ensure a greater capability for dealing with extreme climatic conditions. We considered multi-site and multi-center layouts, and realized remote disaster recovery for regional disasters caused by weather. 	

Opportunity aspect	Type of opportunity	Description of opportunity	Potential key financial impacts	Top climate-related opportunity drivers	Time frame*/degree of impact	Implementation strategy
Opportunity	Resource	<ul style="list-style-type: none"> As the use of new energy 	Reduced	Moving to a	Mid-term	<ul style="list-style-type: none"> We have gradually

	efficiency and energy sources	becomes more widespread, the evolution and development of low-carbon technologies keeps maturing, and the carbon trading market mechanism continues to improve, more and more energy-saving and emission-reduction methods are available for operations, which provides an opportunity to achieve carbon neutrality at the operational level as early as possible.	indirect (operational) costs	more energy-efficient office	/Medium	increased the proportion of new energy usage. In view of the characteristics of large turnover of project team personnel, we actively promoted shared offices in the Head Office building to improve the efficiency of the unit area and resource utilization of the office floor.
	Product and service	<ul style="list-style-type: none"> As a national strategic emerging industry, the green industry has diversified and individualized financial needs. The continuous and steady promotion of green financial product innovation will help improve the adaptability of the CMB's financial service system and service capabilities. 	Revenue growth from increased demand for products and services	Development and/or expansion of low emission products and services	Long-term/high	<ul style="list-style-type: none"> We increased the innovation and investment of green financial products and financing tools to support the comprehensive green transformation of the company's assets.
	Market	<ul style="list-style-type: none"> Addressing climate change has brought about a huge 	Access to newly	Increased diversification	Long-term/high	<ul style="list-style-type: none"> We studied the "dual carbon" development

		<p>investment and financing gap. According to estimates, China will need to invest about RMB 22 trillion by 2030 and about RMB 139 trillion by 2060 in order to achieve the goal of carbon neutrality, which means that the business scale related to carbon finance will continue to rise.</p> <ul style="list-style-type: none"> • Green transformation generates new momentum. In 2021, China fully launched the carbon market. The eight industries with the largest amount of emissions are electricity, petrochemicals, chemicals, building materials, steel, non-ferrous metals, papermaking and aviation became the main players in carbon market transactions. It is estimated that by 2030, the transaction volume will reach 800 million tons, and the market size will reach RMB 32 to 40 billion. The 	<p>developed markets contributes to revenue growth</p>	<p>of financial assets (e.g. green bonds and carbon asset financial products)</p>		<p>path, seized the market opportunities under the “dual carbon” target and promoted the development of green finance at both ends of investment and financing as well as for retail and wholesale customers.</p>
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		development of the carbon market and the enhancement of the financial attributes of carbon trading will provide CMB with a broad market space.				
	Adaptability	<ul style="list-style-type: none"> Aggressively investing in climate adaptation actions can avoid future losses, generate positive economic gains and bring extra environmental and social benefits. 	Increase in portfolio value due to asset appreciation	New products and services related to ensuring resilience	Long-term/medium-high	<ul style="list-style-type: none"> We increased investment and financing support for industries that can contribute to climate change mitigation or adaptation.

3.2.2 Management of Climate Risks and Opportunities

CMB incorporates the relevant requirements of green finance and ESG into the whole process of credit granting business, and effectively improves the effectiveness of climate risk management through perfect climate risk management in each link.

<p>Classification of customers</p>	<ul style="list-style-type: none"> We formulated the <i>Green Classification Management Measures for Corporate Clients and Loans</i> that initially divides national economic industries into green industries and non-green industries. Additionally, it divides the corporate customers (loans) of domestic institutions into “three colors and four categories” (green CAT-1, green CAT-2, blue and red) according to the degree of impact of the enterprise or project on the environment and the magnitude of the environmental and social risks it faces.
<p>Due diligence and compliance review</p>	<ul style="list-style-type: none"> For granting general conventional credit: <ul style="list-style-type: none"> We conducted background checks to understand prospective borrowers’ governance and business qualifications. We investigated whether their equity structure, internal management and decision-making mechanism are reasonable, and whether the business model is sustainable. Green finance investigation: (1) Collect the main environment, energy consumption and other industry regulatory policy documents related to the applicant/project operation; (2) Check the operating qualification documents and green financial indicators of the applicant/project (including but not limited to: hazardous waste/franchising business license, environmental impact assessment, pollution discharge certificate, energy consumption index, core patent use authorization license, etc.), explaining the scope and validity period of various qualifications. With respect to enterprises whose operation involves core patents, technologies and other intellectual property rights, we conducted checks to verify that these enterprises have obtained clear and valid patent authorization, or whether there is any dispute over the source of intellectual property rights. Through on-site interviews and financial checks, we fully understand an enterprise’s employment, business environment, information disclosure, etc. Through third-party verification, we learn whether an enterprise is subject to a legal dispute, regulatory punishment, industry and commerce concerns, credit investigation, or other negative actions. We understand the regulatory policies of the industry to which the company belongs, conduct compliance risk assessments, and ensure that the declared customers,

	<p>businesses or products do not violate commercial bank laws, national or regional industrial policies, credit and product systems, regulatory provisions and other policies and regulations.</p> <ul style="list-style-type: none"> • Project loans: We further evaluated the feasibility of project technologies, intellectual property, resource endowment and social impact, and review various compliance approval documents such as project approval, land, and environmental impact assessment. • In May 2022, we iterated the credit e-stack (the risk portal “Risk Report”), and added a new subsection titled, “ESG and Social Environment Information”. This includes environmental supervision records, environmental credit ratings of enterprises by the government, Weilan dynamic credit, key pollutant discharge organizations, safety supervision records, limited and discontinued production, emergency environmental risks, enterprise accidents and social security data. Relevant employees can view ESG information of credit applicants through this section.
Credit approval	<ul style="list-style-type: none"> • We established a priority approval mechanism for green credit applications and designate a loan review officer to prioritize approval within the required time limit, and ensure timeliness. We also formulated a credit scheme with market competitiveness. • We established a key assessment mechanism for environmental protection factors to strictly admit and prudently approve customers or projects involving negative safety and environmental protection events, filter and block problematic business at the “access end”.
Contract management	<ul style="list-style-type: none"> • We add “Party B’s statement and guarantee on environmental and social risk management” to credit agreements, loan contracts and other documents with loan customers, include “environmental and social risks” into default events, and supervise customers to strengthen environmental and social risk management through contract terms.
Fund disbursement	<ul style="list-style-type: none"> • We reviewed the customer’s environmental and social risk management status during the lending process..
Post-loan management	<ul style="list-style-type: none"> • After learning of customers’ climate-related risks, we conduct verification and assessment, and divide the causes of risks into subjective and objective categories. • For minor risks, we remind customers to make corrections. For major risks, we adjust customer category from green to red, and strengthen management and control through the “one household, one policy”, and prohibit any new loans to customers except for the renovation of pollution control and emission reduction facilities.

In 2022, we continued to carry out special audits on green finance. Through audits on green credit, green mark, and internal collaboration, we put forward audit suggestions on green finance work focusing on the basic management of green finance, the development of green finance business and quality management of green finance data.

In addition, the subsidiary CMB Wing Lung Bank formulated for the first time the *Climate-related Financial Risk Management Measures*, which established a climate risk governance framework, clarified the transmission path of climate risk, established a risk management system for climate risk identification, measurement, monitoring, reporting, control and mitigation, and integrated climate risk into a comprehensive risk management framework.

3.3 Intensifying Innovation and Creating a Green Service System

CMB has increased innovation of green products and services, developed targeted products, met the diversified capital needs of enterprises in the process of low-carbon transformation, promoted green consumption in the whole society and provided a full range of financial services to realize the value of green development.

3.3.1 Green Credit

CMB vigorously developed green credit business and invested funds in fields such as energy conservation and environmental protection, clean production, clean energy, ecological environment, green upgrading of infrastructure, and green services. By the end of 2022, the balance of green loan was RMB 355.357 billion which increased by RMB 91.515 billion or 34.69% over the end of the previous year, being higher than the average growth rate of corporate loans.

- We cooperated with third-party professional institutions to accurately screen carbon emission reduction projects, scientifically calculated the carbon emission reduction benefits of projects, and carried out declaration and information disclosure of carbon emission reduction support tools. In 2022, we issued carbon emission reduction loans of RMB 18.725 billion to 181 projects. The weighted average loan interest rate of 3.58%, drove annual carbon emission reductions of 3.6436 million tons of carbon dioxide equivalent.
- We built an integrated operation system of power supply, grid, load and energy storage, formed a professional green energy management plan, and continued to build core customer groups, expand high-quality green customer groups and create a differentiated brand of green energy financial services.
- We implemented the first “ESG performance-linked loan” in the wind power equipment industry in China. This linked the loan interest rate with the ESG indicators of the company, and a certain interest rate discount to be given to customers with good indicator performance.
- We provided full life-cycle financial services for new energy power projects, including issuing non-recourse factoring innovation products for new energy power projects during the construction period and factoring innovation products for power sales (including electricity charges and renewable energy subsidies) for new energy power projects during the operation period.
- In July 2022, the subsidiary CMB Wing Lung Bank acted as the sustainability-linked loan consultant for the first time, and exclusively led the formation of a 100 million US dollars syndicated loan for China Datang Overseas (Hong Kong). The Hong Kong Quality Assurance Agency would provide sustainability-linked loan certification.

[Case] Xi'an Branch: Clear water wets the hearts of the people, clean water flows into the city – A practice of green finance in the ancient city

Xi'an Branch continued to increase financing support for green transportation, new energy, energy conservation, environmental protection and other fields. In 2022, the green financial loan balance of the branch exceeded RMB 10 billion, an increase of nearly 30%.

Turning green into gold and being a “constructor” of green finance

The branch organically integrated the construction of the green financial system with local economic development. While strengthening product and service innovation, it closely focused on the development goals of local governments and provided diversified and comprehensive financial services for green development, transformation and upgrading. In recent years, its support has increased year-by-year for green industries such as urban public transportation construction, energy conservation and emission reduction, and pollution control. The branch has also strongly supported a number of green financial projects such as Xi'an Metro Line 8 and sludge disposal in Xixian New Area. In addition, the branch successively underwrote the first green bond in Shaanxi and the first batch of sustainability-linked bonds in China, adding green cases to financial innovation and development in Shaanxi.

Deeply cultivating the local area and being a good service provider of green finance

The branch focused on the “dual carbon” goal, explored and established a three-in-one linkage service system of “branch-team-outlet” within the bank, and provided exclusive green financial service processes for key industries focusing on credit approval, business docking, business services, etc. Moreover, the branch actively studied the characteristics of green credit demand for ecological protection, clean energy, energy conservation and emission reduction projects and environmental protection industry chains. In addition, they developed credit products according to market characteristics, and supported green development with diversified financing tools.

[Case] Hefei Branch assisted mining group in low-carbon transformation

In order to support Huaibei in Anhui Province in optimizing its industrial and energy structure, Hefei Branch cooperated with Huaibei Mining (Group) Co., Ltd. (“Huaibei Mining”) to provide a project loan contract of RMB 160 million in May 2022, which was specially used for the construction of distributed photovoltaic power generation projects. The term was three years and the execution interest rate was 2.8%, which was 90BP lower than the loan LPR interest rate in the same period. This loan was the first successful application of the carbon emission reduction support tool of the People's Bank of China in Huaibei Mining Group, and would have a positive impact on promoting the green and low-carbon transformation and development of Huaibei Mining.

[Case] Xiamen Branch helped to create national green finance reform and an innovation pilot zone

Xiamen Branch actively promoted the establishment of national green finance reform and an innovation pilot zone, and carried out the construction of a green financing enterprise (project) database recommendation. In 2022, more than 30 green customers (projects) were reserved, and six of them were successfully included in the database. According to the documents such as *Issuing Several Measures for Promoting the Development of Green Finance* in Xiamen, eligible green financing enterprises (projects) in the database are entitled to a certain amount of financing discounts. The “Green Draft” and other policies of the People’s Bank of China will give priority to supporting enterprises in the green financing enterprises (project) database, which will further reduce the financing cost of enterprises.

3.3.2 Green Bonds

Under the guidance of the “dual carbon” goal, green bonds have become the second largest carrier of the green financial system. CMB actively focuses on the issuance, underwriting and investment of green bonds, and supports the comprehensive green transformation of the economy and society on the bond side.

3.3.2.1 Issuance of green bonds

In 2020, we established the *CMB Green, Social Responsibility and Sustainability Bond Framework* with reference to international standards, and successfully explored the issuance and listing of overseas green and sustainability bonds under this framework. In 2022, we issued one green bond overseas with an issuance scale of 400 million US dollars, and issued two green bonds and one green credit asset-backed securities in China, with a total issuance scale of RMB 16.5 billion, and achieving a number of “first orders”.

Before the issuance of green bonds, pre-issuance assessment and a certification report need to be provided by a third-party organization. During the duration of the green bond, we will carry out quarterly, annual and irregular monitoring management and external information disclosure as required.

Overseas	<ul style="list-style-type: none"> On February 23, 2022, the Sydney Branch successfully issued the first clean energy-themed green bond of 3-year 400 million US dollars from the joint-stock commercial bank based on the Sino-European <i>Common Taxonomy of Sustainable Finance—Climate Change Mitigation</i> and listed on the HKEx.
Domestic	<ul style="list-style-type: none"> On January 14, 2022, “CMB Hexin 2022 Phase I Auto Installment Loan Green Asset-backed Securities” with a scale of RMB 1.5 billion was issued in the national inter-bank bond market. This was the first green bond issued in the inter-bank market in 2022. The underlying assets were all installment loans for new energy vehicles of the Bank,

	<p>and all proceeds raised would be invested in new energy vehicle loans to further support green consumption.</p> <ul style="list-style-type: none"> • On May 11, 2022, CMB issued the first phase of green financial bonds in 2022 in the national inter-bank bond market. This bond was the first green financial bond issued by us in China, and also the first green financial bond issued by a commercial bank nationwide for rural revitalization. All the funds raised would be used for green industry projects within county scope that help strengthen financial services for rural revitalization. • On September 1, 2022, the second phase of green financial bonds in 2022 was issued in the national inter-bank bond market. This bond was the first commercial bank green financial bond applicable to the <i>China Green Bond Principles</i> in China. The issuance scale is RMB 10 billion with a bond period of three years, and the final coupon rate is 2.40%. The raised funds would be used for green industry projects stipulated in the <i>Green Bond Support Project Catalog (2021)</i>.
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3.3.2.2 Green bond underwriting

We robustly develop the lead underwriting business of green debt financing instruments (including carbon neutrality) by sorting out the target customers of green debt financing instruments (including carbon neutrality), formulating and updating service plan templates on a monthly basis, and holding bank-wide training. In 2022, we underwrote 37 green bonds with a total lead underwriting scale of RMB 39.178 billion. According to data from the National Association of Financial Market Institutional Investors, our lead underwriting amount for green debt financing instruments (including carbon neutrality) ranked first among small and medium-sized banks nationwide during the year.

- We underwrote the first carbon neutrality bond for the expressway industry in China. The raised funds were used for the distributed photovoltaic power generation project, which had good environmental benefits in terms of carbon emission reduction, pollutant emission reduction, and fossil energy substitution.
- We underwrote the first carbon-neutral Panda subordinated perpetual bond in China. The raised funds were used to replace loans for waste incineration power generation projects. The projects invested are clean energy power generation, which can reduce the landfill gas generated by landfill disposal and have significant benefits in greenhouse gas emission reduction.
- We underwrote the first equity-based wind power infrastructure REITs in China. The subject wind power project uses renewable wind energy resources to generate electricity, which can replace fossil fuel-dominated grid electricity and reduce greenhouse gas and pollutant emissions.
- The subsidiary CMB Wing Lung Bank acted as the joint lead manager and joint bookrunner, and assisted the Hainan provincial government in issuing RMB 5 billion offshore local government bonds in Hong Kong, which were respectively certified by the Hong Kong Quality Assurance Agency for blue and sustainability.

- As the exclusive green consultant and exclusive global coordinator, the subsidiary CMB International Capital assisted Jinko Power Technology Co., Ltd. in completing the issuance of a 3-year 100 million USD senior green bond. This was the first green USD bond issued with a standby letter of credit structure in China's photovoltaic power plant industry. The funds raised are invested in photovoltaic power generation projects, which would help promote low-carbon energy transformation.



Nanjing Branch underwrote the second phase of green medium-term notes for Eastern Airport Group Co., Ltd. in 2022. All the funds raised were used to repay the existing financing for the reconstruction and expansion project of Nanjing Lukou International Airport T1 Terminal

3.3.2.3 Green bond investment

We actively used our own funds to participate in green bond investment transactions. As of the end of 2022, the closing balance of capital operation center bank book investment in green bonds of CMB was RMB 10.415 billion, increasing by 60.14% year on year.

3.3.3 Green M&A

CMB attaches importance to the sustainable development of M&A assets, and has designed a variety of standardized innovative solutions to help customers quickly complete M&A transactions in green industries. In 2022, we supported the M&A transactions of a number of leading green energy companies, including participating in the bankruptcy reorganization and completing the acquisition of control rights of a leading solid waste treatment and waste-to-energy company, helping the integration of the waste-to-energy industry; assisting a leading wind power company to realize capital market refinancing; assisting a large central enterprise clean energy fund to acquire a wind power project through the method of “M&A loan + project loan”.

3.3.4 Green Notes

CMB resolutely implements the relevant policy requirements of the regulatory authorities, gives full play to the role of bank acceptance business in supporting the payment and settlement of the industrial chain of green and environmental protection

enterprises, and promotes the development of green acceptance business. As of the end of 2022, the balance of green acceptance business was RMB 47.98 billion, which increased by RMB 26.52 billion compared with the end of previous year. In response to the rediscount policy of the People’s Bank of China, CMB has continuously increased its financing support for green and environmental protection-related enterprises, the scale of green rediscount reached RMB 16.74 billion in 2022, and the balance at the end of the year reached RMB 4.52 billion.

3.3.5 Green Trusteeship

CMB actively develops green fund trusteeship services, and has managed a number of green and ESG-related products in the fields of private equity, public equity funds, and insurance asset management.

<p>Private equity fund trusteeship</p>	<ul style="list-style-type: none"> We hosted a number of green industry-themed private equity funds such as “Hubei Green Development Fund”, “Hainan Kaixian Green Energy Industry Investment Fund”, and “Chongqing Tongchuang Green Private Equity Investment Fund” during the year. After obtaining the capital needs of private equity fund managers, we used standardized templates to sort out the key elements of the funds, actively looked for potential investors, used internal and external resources to match the needs of managers and investors, and supported the development of green industries.
<p>Public fund trusteeship</p>	<ul style="list-style-type: none"> We hosted China Securities Shanghai Environmental Exchange Carbon Neutrality ETF (Exchange Traded Fund, trading open-end index securities investment fund) issued by Dacheng Fund, China Universal Fund and GF Fund, “Western Lide Green Energy Mixed Securities Investment Fund”, “ABC-CA Green Energy Selected Mixed Securities Investment Fund” and other green energy themed funds, and provided services for fund operations.

In addition, we also provided trusteeship services for ESG-related products from many institutions such as China Life Assets, Taiping Assets, Allianz Asset Management, Qingdao Rural Commercial Bank, AVIC Trust, and CCB Life Asset Management.

3.3.6 Green Financial Management

In terms of public offering wealth management, CMB took the initiative to introduce ESG-themed wealth management products. As of the end of 2022, we introduced six ESG wealth management plans issued and managed by third-party institutions. The products mainly invested in generalized green industries and the total scale of agency sales was RMB 947 million. In addition, we issued the first green structured deposit product linked to the photovoltaic industry index, providing investors with more choices of green investment targets.

In terms of private equity financing, we strengthened the introduction of ESG-themed wealth management, low-carbon and other themed private equity investment funds, innovative structured investment and financing products. In 2022, the “Dachen Chuangcheng Private Equity Investment Fund” was launched. The fund’s investment

industries are mainly concentrated in the new generation of information technology, big consumption and enterprise services, intelligent manufacturing, medical health and other emerging industries with high growth sub-sectors. By the end of 2022, the product scale reached RMB 490 million.

The subsidiary CMB Wealth Management issued two ESG-themed products within the year. As of the end of 2022, the product scale of “CMB Intelligence Hongrui Multi-Asset FOF (ESG) 360-day Holding Mixed Wealth Management Plan” was RMB 23 million, and the product balance of “CMB Wisdom Xinyuan Green Development Closed No. 1 Enhanced Fixed Income Financial Plan” was RMB 504 million. When our subsidiary CMB Wing Lung Bank introduces wealth management products, under the same conditions, it gives priority to products that have been included in the ESG product list of the Hong Kong Securities and Futures Commission, as well as products that meet the EU Sustainable Financial Disclosure Regulations and other international ESG standards.

3.3.7 Green Leasing

In 2022, the subsidiary CMB Financial Leasing formulated the *Green Finance Development Plan* to support low-carbon transformation of the economy and society by increasing green leasing efforts and establishing differentiated products. CMB Financial Leasing issued green lease loans of RMB 38.369 billion throughout the year, accounting for 42.97% of the total amount; as of the end of 2022, CMB Financial Leasing’s green lease assets reached RMB 105.371 billion, accounting for 43.01% of total lease assets, increased by 16.88% over the end of the previous year.

- **Green ship leasing:** We delivered a 6,000-ton dual-fuel environmental protection tanker this past year to a company listed on the London Stock Exchange. The tanker was independently developed and designed by Jinling Dingheng Shipyard (Yangzhou) Co., Ltd., a subsidiary of China Merchants Group. It is leading among similar ships in terms of environmental protection performance, carbon emission control and operating cost savings.
- **New energy leasing:** The new energy power generation business covers ground centralized and distributed photovoltaic, household photovoltaic, onshore centralized and decentralized wind power and offshore wind power, and has made a breakthrough in providing power station operating leasing services.

In addition, in 2022, CMB Financial Leasing released the first green report under the sustainability financing framework, and built a complete overseas green financing process of “framework establishment - green financing - post-event report” that laid a good foundation for the continuous promotion of green leasing financing.

3.3.8 Green Investment

CMB practiced the concept of responsible investment, incorporated ESG considerations into all processes and aspects of asset management, and supported the development of enterprises with more social and environmental benefits through responsible investment.

CMB International Capital	<ul style="list-style-type: none"> • We issued <i>Active Actions to Address Climate Change</i> to integrate climate-related risk factors into investment risk management on our official website. • When conducting research and interviews with companies, we paid close attention to whether the founders and management of the company understand or implement ESG-related concepts. • Domestic asset management business line has invested in companies in the field of new energy such as Cathay Biotech, Juwei Yuanchuang, and China National Energy Storage that practice ESG concepts.
China Merchants Fund	<ul style="list-style-type: none"> • We set up a sustainable investment decision-making committee under the general manager's office meeting, with the General Manager as the chairman, responsible for implementing the ESG investment philosophy in formulating basic policies and major investment decisions for funds or entrusted asset investments. • We established an internal and external ESG evaluation system, and stipulated in the <i>China Merchants Fund Company Stock Pool Maintenance Guidelines</i> that the investment targets entering the core stock pool must be comprehensively evaluated in terms of their ESG performance in corporate governance and negative public opinion. Targets that do not meet ESG requirements are not allowed to enter the company's stock pool. • We gave early warning of announcements, news and events that had a significant impact on the relevant targets of the holdings or key stock pools. The investment research team conducted research and communicated with listed companies, and called out or sold in time if the ESG performance of the target significantly deteriorated. • We performed the management functions of managers, performed the voting function, and participated in 345 listed company votes throughout the year. It not only protected the legal rights of small and medium investors, but also contributed to corporate sustainability and sustainable investing for asset management institutions. • As of the end of 2022, China Merchants Fund had eight ESG-related investment products, with a surviving scale of RMB 3.662 billion, increasing by 150.48% compared with the end of previous year.
Cigna & CMB Asset Management	<ul style="list-style-type: none"> • Equity investment: We excluded industries that did not conform to values through negative screening; used the existing framework to conduct standardized screening according to whether there were financial fraud and other dishonest events. We included enterprises with good economic and environmental benefits in the scope of investment through positive screening. After selecting investment targets, we proactively improved the ESG performance of the investment targets through due diligence management. In addition, we preliminarily established an ESG evaluation framework in equity investment to provide reference for investment decisions by evaluating how governance and

	<p>environmental factors affect the fundamentals and industries of investment targets within different investment periods.</p> <ul style="list-style-type: none"> • Bond investment: We comprehensively used ESG investment methods such as the integration method, screening method and thematic method; combined attractive risks and returns with the intention to promote the realization of specific environmental or social benefits, selected issuers that address sustainability challenges, actively participated in green bond investment, and included enterprises with social or environmental benefits into the scope of investment. • Investment bank: We gave full play to the long-term capital advantage of insurance funds. Seven insurance asset management products issued in 2022 have been certified by evaluation agencies as green, with a total registered scale about RMB 9.5 billion.
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3.3.9 Green Consumption

CMB has set up a number of new energy vehicle brand areas using the CMB App and CMB Life which allows browsing information on new energy vehicle models online, getting the installment purchase amount with one click, and making appointments for test drives in stores. We provided millions of publicity opportunities for new energy vehicle brands throughout the year. CMB also established a professional offline comprehensive service team for paying for new energy vehicles in installments to provide round-the-clock service support for new energy vehicle stores, provide exclusive one-on-one VIP services for all customers who apply for new energy vehicle installment plans, and advocate and encourage green consumption.

[Case] Xining Branch served green building projects and supported green housing consumption

In 2022, Xining Branch further strengthened green financial services, and issued green building loans of RMB 358 million to the residential project of Xining Wanda Real Estate Co., Ltd. in Beichuan Wanda Plaza, Chengbei District, Xining throughout the year, issued RMB 608 million of green personal housing mortgage loans, supported enterprises to develop more than 6,700 green residential projects, and realized the first green building and green mortgage loan issuance in Qinghai Province.

The subsidiary CMB Wing Lung Bank launched the “Green Building Mortgage Scheme”, which provides mortgage schemes for first-hand, second-hand private and government-subsidized residential projects that hold the “Green Building Environmental Assessment” platinum-level or gold-level residential building certification issued by the Hong Kong Green Building Council to support green building consumption.

3.4 Focusing on Research and Training, and Continuously Improving Green Capabilities

In 2022, guided by its own development strategy, CMB continued to carry out in-depth research on green-related industries such as anode and cathode materials, energy storage, photovoltaic materials, and solid waste treatment through industry “self-organization”, and strengthened carbon neutrality impact analysis on high-carbon industries such as steel and traditional manufacturing, deepened industry awareness, carried out special training, and supported green financial services with practical actions.

Results of CMB 2022 environment and green finance related research (partial)

- *Tackling Climate Change: A Framework for Economic Analysis*
- *Watching the Tide • Green Finance Series—Riding the Horse and Raising the Whip to Seize the Banking Opportunities under the Development Trends of the Carbon Market*
- *Pilot First to Promote the Steady Development of Climate Investment and Financing*
- *Carbon Peak Carbon Neutrality Series Research: Photovoltaic Manufacturing - Hide wares and wait for the time to move*
- *In-depth Research on the Iron and Steel Industry: Carbon Peak and Carbon Neutrality - Reduce quantity and improve quality, promote green and low-carbon transformation and development*
- *Carbon Peak and Carbon Neutrality Series Research: Wind Power Manufacturing - Deeply developing the industrial chain management in the prosperous wind power market*

In 2022, we also launched a number of green finance-related trainings within the Group to support employees in enhancing their awareness of green finance and better provide customers with green financial services.

- We invited well-known experts in the field of ESG to give lectures on *The Development, Evolution and Impact of ESG on the Banking Industry* for the whole group.
- We carried out two special training sessions on carbon emission reduction support tools for branches, guiding branches to quickly and accurately identify carbon emission reduction projects; conducted green business identification training to help improve the data quality of green business.
- We invited external experts to hold training on New Energy Development Trends, Models and Industrial Opportunities under the Dual Carbon Strategy. This helped

the employees understand the development trends and models of new energy under the “Dual Carbon” strategy.

- We invited professors from the Central University of Finance and Economics to provide in-depth interpretations of cutting-edge topics such as transformational finance, climate risk management, and quantitative measurement of the green economy for relevant departments at the Head Office.
- The subsidiary CMB Wing Lung Bank provided directors with on-site training on “Climate Risks and Strategic Opportunities in Green Finance” hosted by professional institutions. Experts were invited from the Hong Kong Quality Assurance Agency to conduct the *Theme Sharing Session of Features of Green and Sustainability-linked Loan Products and Certification Process*. Additionally, a green finance column opened for CMB Wing Lung, and published a substantial amount of the latest professional literature on green and sustainable finance.
- The subsidiary CMB International Capital hired a professional accounting firm to provide ESG-related training for business related employees, introduce the requirements of the China Securities Regulatory Commission for climate-related risk management and disclosure, and how climate-related risks are integrated and the tools used.
- The subsidiary China Merchants Fund set up an ESG course column in the online training system, launched ESG-related online courses for all employees, and guided investment managers and employees in related business lines to strengthen considerations in corporate environmental protection, social ethics and public interests.
- The subsidiary Cigna & CMB Asset Management invited experts from the Guangzhou Green Finance Expert Database to provide ESG special training titled, “Green Finance Development and Prospects” for the Investment Banking Division, guiding all employees to firmly establish and actively practice green finance concepts, and continue to optimize and improve green investment capabilities.



ESG special training for the group

3.5 Promoting Green Concept and Protecting Homeland Together

CMB adheres to the “green operation” concept, improves operational efficiency and reduces energy and resource consumption through management and technology measures, and actively advocates employees, customers and the public to work together to build a green lifestyle and jointly protect our precious environment.

3.5.1 Promoting Green Operation

CMB strictly abides by the *Environmental Protection Law of People’s Republic of China*, the *Water Law of the People’s Republic of China*, the *Law of the People’s Republic of China on Air Pollution Prevention and Control*, the *Law of the People’s Republic of China on Prevention and Control of Environmental Pollution from Solid Waste*, the *Energy Conservation Law of the People’s Republic of China*, the *Circular Economy Promotion Law of the People’s Republic of China* and other laws and regulations. In addition, CMB adheres to the concept of having green operations and workplace and strives to reduce its own carbon footprint and reduces the impact of operating activities on the environment. In 2022, we had no major environmental violations.

3.5.1.1 Energy management

We actively built a green and low-carbon operation system for properties, built energy management platforms, prepared energy management manuals, and conducted energy performance assessments.

- **Building an energy management platform:** By installing smart meters and building an energy management platform, we realized real-time collection, comparative analysis and monitoring data such as water and electricity usage, which can find abnormal data and equipment problems in time and provide basic data support for the preparation of energy-saving plans and setting energy planning goals. As of the end of 2022, the energy management platform had been officially launched in the head office building, and connected with the energy data of 27 branches.
- **Preparing energy management manuals:** We released the *Guidelines for Refined Management of Energy in Office Properties (Trial)*, and clarified the energy conservation work roadmap of “comprehensively improving the level of energy management based on management; improving energy utilization efficiency through energy-saving technologies; ensuring the realization of energy-saving goals with the guarantee of perfect organization and implementation of funds”.
- **Carrying out energy performance assessment:** We hired a professional institution to evaluate the energy performance of the equipment and facilities of the Head Office Building and Pinghu Financial Innovation Building, and carried out daily energy conservation and consumption reduction work based on the

special report on the energy conservation planning route issued by the professional institution.

Our daily energy consumption mainly comes from daily operations, especially air conditioning, lighting and power energy consumption for data centers, natural gas in restaurants and kitchens, gasoline for our own official vehicles, and diesel consumption for emergency generators. In 2022, we continued to promote energy conservation and emission reduction, and adopted a number of energy-saving and carbon-reduction measures to promote the reduction of carbon emissions from operating activities.

Energy saving management	<ul style="list-style-type: none"> • We continued to pilot the transformation of office areas, promote the shared office model, reduce the amount of idle office spaces, and improve site utilization efficiency. • We planted arbors for shade in non-motor vehicle roads and ground parking lots of Pinghu Financial Innovation Building to increase the green area, reduce the intensity of the urban heat island effect, and reduce the cooling load of air conditioners.
Energy saving technology	<ul style="list-style-type: none"> • Lamps: We renovated LED energy-saving lamps in all office areas of the head office building and some areas of the training centers in Shenzhen and Shanghai, and installed radar-sensitive LED lamps in underground garages, toilets, and corridors. • Air-conditioning: We continuously optimized the equipment such as air-conditioners in the head office building, and improved and upgraded the integrated structure of the smart air-conditioning system. • Elevators: We adopted high-efficiency and energy-saving motors for the elevators of Pinghu Financial Innovation Building, which save energy through group control, time-based control, and non-operating time delay off lights. • Shuttle bus: We used the shuttle bus punch-in data to dynamically optimize the shuttle bus route, improve the efficiency, and reduce energy waste.
New energy use	<ul style="list-style-type: none"> • We tested and promoted garden solar mosquito killer lamps and navigation lights in the head office building, and use solar LED lamps in the outdoor street lights of Pinghu Financial Innovation Building. • We installed electric vehicle charging piles in various locations at office buildings, and advocated the use of new energy vehicles. • We formulated a commercial vehicle renewal plan, and planned to gradually replace existing fuel vehicles with electric vehicles.
Procurement management	<ul style="list-style-type: none"> • We improved the green standard of procurement, purchased environmentally friendly furniture and carpets, and helped reduce carbon emissions.



Green label

[Case] Promoting green and low-carbon development of data centers

We actively promoted green and energy-saving transformation of our own data centers. Among them, the Shanghai Zhangjiang Cloud Data Center achieved continuous optimization of energy efficiency by improving the utilization rate of natural cooling sources and finely managing the operation of air conditioners, saving 1.2 million kilowatt-hours (kWh) of electricity in 2022. We set up heat recovery system in the cold source computer room of Pinghu Financial Innovation Building to convert the waste heat generated in the computer room into hot water when the seasons change and in winter and use for heating in winter, saving about 400 kWh of electricity per day. We used natural cooling to replace the work of air conditioning compressors in the Beijing Branch computer room for five months a year, and saved a good deal of energy.

In 2022, according to the needs of business development, we further expanded the scale of the leased data center. GDS, one of the lessors is the first data center enterprise in China that promises to achieve carbon neutrality and 100% use of renewable energy by 2030. In the future, we will actively respond to the national strategy of “channels computing resources from the east to the west” and plan to start the planning and construction of the Chengdu cloud data center in 2023. We will fully consider environmental protection factors in design and construction to ensure that the data center is at low power usage effectiveness (PUE) level.

In the future, we will focus on refined energy management, continue to construct and connect energy management platforms, realize real-time monitoring of environmental related data across the bank, and gradually promote the target setting of energy and greenhouse gas and information disclosure work in the head office and each branch after the energy management platform is connected with the energy consumption data of the bank. According to the energy performance evaluation and implementation effect of the Head Office Building and Pinghu Center, we also promote the energy performance evaluation plan and promote the “dual carbon” goal at the operation level of the bank.

3.5.1.2 Water resource management

Our water resource consumption mainly comes from municipal water in toilets, kitchens and tea rooms, replenishment of cooling water systems, water for peripheral greening irrigation, air-conditioning refrigeration water, water for fire sprinklers and fire hydrants, etc.

We actively carried out water conservation publicity, posted water-saving signs, and raised awareness of water conservation; retrofitted to induction faucets and water-saving toilets, and used high-pressure scrubbers to clean the floor and improve water utilization efficiency. Treated air-conditioning water was used for watering plants and recycling water resources. We also provided shared tea rooms and direct drinking water dispensers in the office area to reduce the consumption of drinking water, and set up reclaimed water recycling system in Shenzhen Financial Innovation Building to filter domestic sewage into reclaimed water for green irrigation and road cleaning.

Our water supply design adopts both a municipal water supply and an indirect water supply. As of the end of 2022, there were no reports of an insufficient water supply.

In the future, we will continue to improve water efficiency through technological transformation and awareness raising.

3.5.1.3 Paper management

We promoted the paperless office, used financial analysis methods to monitor resource consumption trends, and strengthened paper management. We promoted double-sided printing and reduced the use of paper documents; reduced the resource consumption such as disposable cups and tissue paper; reduced the use of paper certificates, medals and business cards, and promoted electronic medals and electronic business cards; strengthened the procurement management of disposable cups, advocated recyclable tea cups, and reduced the use of disposable consumables; standardized the use of paper for promotional materials, and advocated electronic documents.

Paperless reimbursement process	As the first banking financial institution in China to successfully realize the reimbursement process transformation of paperless documents, unmanned review and senseless reimbursement, we have saved about 1.6 million pieces of paper through end-to-end paperless reimbursement process, saved about 100,000 hours of time spent on stamping, document submission, scanning, binding and archiving in the whole bank, and successfully realized “promotion of environmental protection through invoices”.
Paperless operation management	We continued to promote intelligent operations, supported the paperless handling of 4.18 million transactions and agreements through the online platform, saved about 16.64 million pieces of paper, and reduced about 43.3 tons of carbon in 2022.

Paperless credit card bills	We encouraged credit card customers to use electronic bills, continued to optimize and upgrade the online channel reconciliation services, and actively consolidated the construction of omni-channel electronic bill reconciliation services centered on the CMB Life and credit card center official website (mobile terminal). As of the end of 2022, electronic bills of credit cards accounted for 99.58%, saving 1.986 billion pieces of paper bills throughout the year.
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3.5.1.4 Waste management

The waste generated during our own operations is divided into hazardous and non-hazardous waste. We have set up different treatment methods to ensure that waste is disposed of in a timely and scientific manner.

Waste category	Waste type and treatment method
Hazardous waste	<ul style="list-style-type: none"> Waste light tubes, waste batteries, waste paint (barrels), pesticides, waste water thermometers are stored in the hazardous waste warehouse on a daily basis, and are regularly handed over to qualified organizations for disposal. We entrusted toxic and hazardous waste disposal organizations approved by the government to transport hazardous, toxic and hazardous waste.
Non-hazardous waste	<ul style="list-style-type: none"> We handed over cardboard, plastic bottles, foam, ironware and other recyclable waste to the resource recycling organizations. Non-recyclable waste such as food waste and trash from daily life was collected by garbage removal organizations on a daily basis.

We promoted trash sorting and recycling in the head office building, set up signs and placed sorting bins in conspicuous places, set up temporary garbage collection stations for re-sorting to ensure that the garbage removal met government regulations, and strived to achieve source reduction, sorting and recycling. In 2022, we launched the initiative of “Practice Savings, Eliminate Waste” in the five staff restaurants of the Head Office, reducing food waste by 14% compared with 2021.

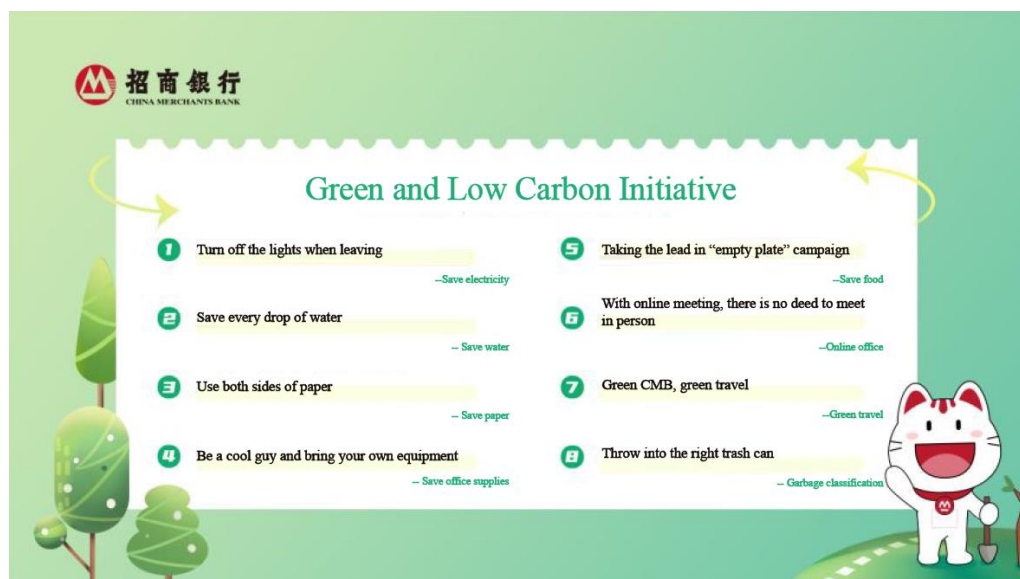
In the future, we will carry out the garbage weighing work on a pilot basis in the head office building, promote the refined management of garbage classification, and continue to carry out garbage reduction at the source, sorting, on-site disposal, and resource utilization.

3.5.2 Conveying Green Concept

After signing and joining the *Joint Declaration of Banking Sector to Support Biodiversity Conservation* in October 2021, CMB joined the Chinese banking industry to carry out the joint initiative to support biodiversity conservation in December 2022. We will fully practice biodiversity conservation joint declaration and joint action plan, convey green ideas and voices at home and abroad, and contribute to the realization of ecologically friendly and sustainable development.

In addition, we will speak out in the green and low-carbon fields together with stakeholders to jointly protect the planet.

<p>Employees</p>	<ul style="list-style-type: none"> • We strengthened systematic training on green environmental protection and the construction of shared knowledge base, carried out a series of green environmental protection activities and green operation publicity work such as “Earth Hour”, “National Low Carbon Day” and “Green Low Carbon Week” to help employees establish healthy green conservation habits. • We released CMB “Green and Low-Carbon Initiative”, which covered topics closely related to employees’ daily work and life, such as water saving, electricity saving and food saving, and effectively improved employees’ environmental protection concepts and low-carbon awareness.
<p>Public</p>	<ul style="list-style-type: none"> • We launched the topic of #Carbon in Nature# and the theatrical story titled “CMB One-day Rural Tour” on Weibo@招商银行 App, introduced green finance concept in an interesting way, invited fans to participate in energy-saving and emission-reduction activities together with well-known brands during Earth Day and had 520,000 interactions. • We carried out diversified environmental protection public welfare voluntary activities and environmental protection practices.



CMB’s Green and Low Carbon Initiative



“Green CMB” low-carbon publicity campaign



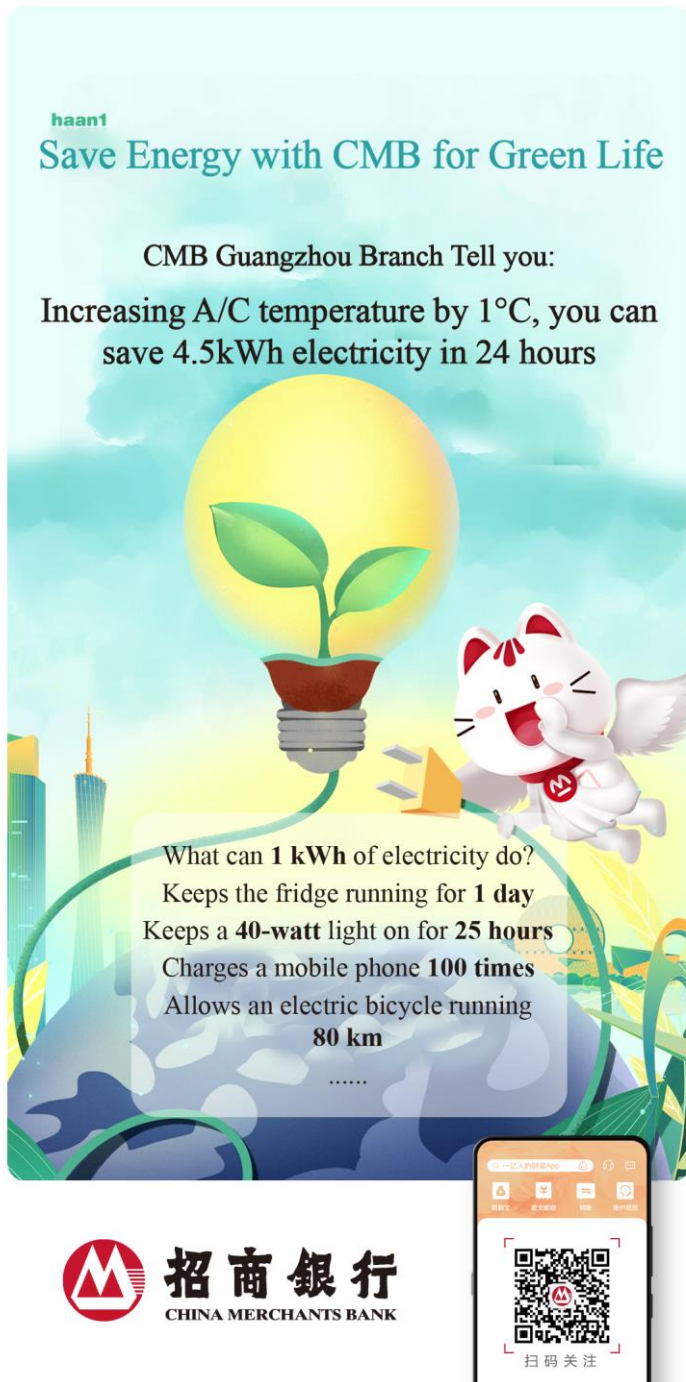
Scan to view CMB’s green and low-carbon initiative

[Case] Fuzhou Branch: public beach cleaning activity “Watch over the Minjiang River and protect our mother earth”

In 2022, Fuzhou Branch and Fuzhou Poverty Relief Service Center jointly carried out the beach cleaning public welfare activity of “watch over the Minjiang River and protect our home earth”. By cleaning up the garbage on the banks of the Minjiang River and sorting it, we called on the public to actively participate in beach cleaning activities and protect the surrounding ecology.



Site of public beach cleaning activity titled, “Watch over the Minjiang River and protect our mother earth”



Guangzhou Branch low-carbon and energy-saving poster



Subsidiary CMB Wing Lung Bank obtained the “Hong Kong Green Organization Certification” sponsored by the Hong Kong Environmental Campaign Committee in collaboration with the Environmental Protection Department

4 Social – Create More Wonders with Original Mission

Sustainability background

The report of the 20th National Congress of the Communist Party of China clearly stated that it is necessary to safeguard the fundamental interests of the people, improve people's livelihood and well-being, and continuously realize development for the people, development that depends on the people, and development results shared by the people so that the achievements of modernization can benefit all the people more and more equitably. CMB devotes itself to serving major national strategies, specifically helping SMEs and the high-quality development of the real economy; focuses on meeting people's growing needs for a better life in key areas of people's livelihoods; adheres to the service concept of "we are here just for you", improves the inclusiveness and accessibility of financial services, and promotes the realization of the goal of "common prosperity" with a large wealth management strategy; promotes the selection, employment, education, and retention of high-quality talents, and creates a broad platform for employees to realize their self-worth; carries out designated support work, improves the public welfare and charity management system, actively participates in public welfare and charity, and works with all sectors of society to build a beautiful society that is inclusive and inclusive.

Sustainable Development Goals (SDGs)



Our actions and achievements

Serving real economy and helping high-quality development

- By the end of 2022, the amount of strategic emerging industry loans issued in the year was **RMB 249.124 billion**, increasing by **23.52%** year on year.
- As of the end of 2022, the balance of loans made to inclusive SMEs was **RMB 678.349 billion**, which increased by **RMB 77.249 billion** or **12.85%** over the end of the previous year.
- By the end of 2022, the balance of agriculture-related loans was **RMB 233.281 billion**.
- We released the cross-border financial comprehensive service system "Cross-border E-pass".

<p>Improving people’s livelihood and quality of life</p>	<ul style="list-style-type: none"> • We created a service system and brand for the education credit loan program of the China Development Bank. • We provided more than RMB 1.6 billion of indemnificatory housing mortgage loans to key indemnificatory housing cities throughout the year. • By the end of 2022, we have issued 47.5277 million electronic social security cards, activated 20.5557 million electronic medical insurance certificates, and opened 1.6592 million personal pension fund accounts.
<p>Optimizing customer experience through the principle of “we are here just for you”</p>	<ul style="list-style-type: none"> • 240,000 people upgraded to use the “Elderly Version” of CMB App. • We set up a “New Residents Financial Service Section” on the CMB App to meet the financial needs of new urban residents in one stop. • No major network security, information security or privacy leakage incidents occurred throughout the year. • We carried out 14,940 online and offline activities to promote financial knowledge and provide financial consumer education, covering more than 500 million consumers.
<p>People-oriented, creating a harmonious workplace</p>	<ul style="list-style-type: none"> • We launched 6,961 e-courses on “CMB i” learning platform throughout the year. During the year, the number of online students was nearly 123 million, and the total learning time for the year was as long as 4.9627 million hours.
<p>Giving back to the society and pass on caring for others</p>	<ul style="list-style-type: none"> • In 2022, the group-based social contribution value per share was RMB 15.84. • During the year, we invested a total of RMB 50.9019 million in 48 assistance projects in Wuding and Yongren counties, Yunnan. • We donated RMB 94.76 million to external parties throughout the year.

4.1 Serving Real Economy and Helping High-Quality Development

Finance is the blood of the real economy, and it is the bound duty of finance to serve the real economy. In 2022, CMB focused on its main responsibilities and main businesses, emphasized the development of the economy on the real economy, continuously improved the fit between financial supply and the real economy, better supported the key areas and weak links of economic and social development, and provided more efficient financial services for the high quality development of the real economy.

4.1.1 Serving Regional Coordinated Development

CMB actively serves major national strategies of regional development and strongly promotes regional coordinated development. For key areas such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta Integration, and the Chengdu-Chongqing Twin-City Economic Circle, we strive to promote the coordinated operation of branches in the area to provide customers in key areas with high-level and professional services and respond the needs of customers in relevant key areas in a timely manner.

We have established the chief contact mechanism of counterpart branches, the green channel approval mechanism for major projects, the full-coverage field research mechanism for major projects and the pre-communication mechanism for major projects to comprehensively improve the efficiency of credit approval in key areas for key customers and key projects, and set up industry research integrated team in key areas to enhance industry awareness and customer awareness through research and visits on industry leading enterprises and their industrial chain customers, professional investment institutions and regulatory agencies, improve research results such as credit policy and credit review guidelines, and incorporate relevant research results into the “one branch, one policy” list screening.

Areas	Fields of concern
Guangdong-Hong Kong-Macao Greater Bay Area	<ul style="list-style-type: none"> • Biomedicine • 5G communication • New display technology • Mobile phone industry chain, etc.
Yangtze River Delta Region	<ul style="list-style-type: none"> • Semiconductors • Industrial robots • Petroleum refining • Carbon fiber • Food and beverage, etc.
Beijing-Tianjin-Hebei Region	<ul style="list-style-type: none"> • Aerospace • Rail transit • Railway • Natural gas, etc.

Chengdu-Chongqing Economic Circle	<ul style="list-style-type: none"> • Photovoltaic • Hydropower • Copper smelting, etc.
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The subsidiary Cigna & CMB Asset Management had served the coordinated development strategies of key regions such as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Greater Bay Area through investment in various financial products. As of the end of 2022, the total investment was RMB 40.9 billion; the debt investment plan created had a cumulative registered scale about RMB 35.4 billion, and the product support areas involved national key strategic projects, transportation infrastructure construction, “dual carbon” and green finance, affordable housing projects, etc.

[Case] Foshan Branch supported urban rail transit construction in the Guangdong-Hong Kong-Macao Greater Bay Area through credit

Foshan Branch has provided credit support to Foshan Urban Rail Transit Line 3 Development Co., Ltd. since 2018, and provided more than RMB 400 million of loans by the end of 2022. This project would have great significance in promoting the implementation of Foshan’s urban master plan. The plan includes forming the rail network transportation structure as soon as possible, building a modern rapid transportation system, and strengthening the connection with the intercity rail transit network of the Pearl River Delta and the Guangdong–Hong Kong–Macao Greater Bay Area and alleviating urban traffic pressure.

[Case] Two-city salon model helped the integrated development of Yangtze River Delta enterprises

In December 2022, Nanjing Branch and Shanghai Branch held the Yangtze River Delta Linkage Enterprise Innovation Service Salon with the theme of “Rejuvenating Management and Gathering Talents”. This salon served 60 companies with branch companies in other locations in the two major parks of Nanjing Software Valley and Shanghai Greenland Economic City. Through expert theme sharing and business sharing with entrepreneurs in the parks, the salon focused on integrated coordination, performance management, enterprise digital transformation and other issues in the Yangtze River Delta, and discussed the new model of performance optimization, innovative development, and talent management of new momentum enterprises in Nanjing and Shanghai. In addition to the video connection between the two locations, the online live broadcast of the salon also attracted 450 people.



“Rejuvenating Management and Gathering Talents” Yangtze River Delta Linkage Enterprise Innovation Service Salon

4.1.2 Contributing to Strengthening the Country through Science and Technology

Science and technology innovation enterprises are important conduits at the frontier of technological innovation. As an important means to support the development of science and technology innovation enterprises, science and technology finance can provide a strong guarantee for these enterprises to enhance their independent innovation capabilities and thus play an active role in implementing the national strategy of self-reliance and self-improvement in science and technology to build a “dual cycle” development pattern. CMB fully supports the national science and technology innovation strategy, takes serving high-level technological self-reliance as a key service area, continues to promote the effective supply of technological innovation to the real economy, and helps support a strong technology, a strong industry, a strong economy and a strong country.

As of the end of 2022, the strategic emerging industry loans issued in the year amounted to RMB 249.124 billion, increasing 23.52% year-on-year. In the field of scientific and technological innovation, as of the end of 2022, the number of accounts opened by the technology enterprise customer group reached 98,800, which increased by 11,300 compared with the end of the previous year; the balance of loans made to technology enterprises was RMB 295.608 billion, increasing by RMB 91.547 billion compared with the end of the previous year, up by 44.86%; the balance of loans made to specialized, refinement, differential and innovation “little giant” enterprises was RMB 23.051 billion; the balance of loans made to “specialized, refinement, differential and innovation” SMEs was RMB 68.847 billion.

4.1.2.1 Perfect service system

In recent years, CMB has focused on strategic emerging industries such as new generation information technology, high-end equipment manufacturing, new energy, new materials, biomedicine, new energy vehicles, digital creativity, energy conservation and environmental protection, and related service industries, and continues to promote technological innovation and industrial development. In order to implement the work requirements of the 20th National Congress of the Communist Party of China on strengthening scientific and technological innovation, according to the *Overall Plan for the Construction of Scientific and Technological Innovation and Financial Reform Experimental Zones in Shanghai, Nanjing, Hangzhou, Hefei and*

Jiaxing, we launched technological finance pilot work in 2022, selected six tier-1 branches in Beijing, Shanghai, Shenzhen, Nanjing, Hangzhou and Hefei and one tier-2 branch in Jiaxing as the first batch of pilot branches for technological finance. Additionally, we formed a special working mechanism in “team, product, policy, organization, evaluation and process”, provided technology companies with four-dimensional services of “technology + people + capital + industry” which promoted a virtuous circle and triangular interaction of technology, industry and finance

Industry	<ul style="list-style-type: none"> We launched the “bank-wide service for one enterprise” supply chain model to help the main core chain enterprises to supplement and strengthen the chain, and to help high-quality scientific and technological innovation enterprises become bigger and stronger, and to carry out supply chain financing, industrial chain integration, industry investment and other financial services.
Capital	<ul style="list-style-type: none"> We promoted the option loan service for high-growth and high-potential scientific and technological innovation enterprises represented by “specialized, refinement, differential and innovation”, and broadened their financing channels. Focusing on the equity capital market, in the scenarios of equity acquisition, transfer and exit, we used roadshow services to connect technology start-ups and high-quality investment institutions, and provided accurate promotion of counterparties, financial consulting, transaction and financing plan design and channel matching, due diligence assistance, transaction negotiation assistance and other systematic services.
Digitization	<ul style="list-style-type: none"> Focusing on the digital scenario needs of technology start-ups such as flexible employment, daily management, production and operation, we integrated the internal and external digital products and services, and helped enterprises accelerate the digitalization process of payment and settlement, enterprise management, R&D and production.
Talents	<ul style="list-style-type: none"> Group financial services focus on three types of service objects: corporate executives, core talents and all employees to customize differentiated product rights. We supported enterprises to stabilize the core team through comprehensive services for employee equity incentives, digital personnel management services, differentiated asset allocation solutions, and professional personal financial services.

[Case] Beijing Branch continued to increase support for manufacturing enterprises

Beijing Branch continued to increase support for manufacturing companies, broadened corporate financing channels, reduced corporate capital costs, and facilitated industrial transformation and upgrading.

- After granting the first loan to a national-level specialized, refinement, differential and innovation “little giant” enterprise in the field of integrated circuit defect detection equipment manufacturing, and considering the long period of equipment delivery and inspection, and the need for medium and long-term financial support of the enterprise, the branch took the initiative to propose an increase of the credit amount and adjust the credit period for the enterprise. This further reduced the comprehensive financing cost for enterprises.
- After learning that a domestic medical device manufacturing company needed to invest a large amount of research and development funds every year and had a funding gap, the branch formulated a “one-account one-policy” project to provide the company with a package of service solutions including financing, settlement, retail, and cross-border. In addition, the branch designed a targeted financing plan according to the production, manufacturing and settlement cycle of the enterprise. This helped the enterprise continue to deepen its position in the cardiovascular surgical device manufacturing field.

[Case] Harbin Branch tapped into the needs of aviation industry clusters to help develop regional high-end equipment manufacturing

Harbin Branch actively expanded customer groups in strategic emerging industries; visited customers in the aviation industry chain according to the list of high-quality aviation industry clusters, and provided financing support for high-quality enterprises. As of the end of 2022, the strategic emerging industry loan balance of the branch was RMB 1.89 billion, which increased by 48.8% over the end of previous year; connected with 24 customers in the aviation industry, with a total credit line of RMB 2.58 billion and a loan balance of RMB 350 million.

4.1.2.2 Building service ecosystems

We strengthened cooperation with government departments, core enterprises, exchanges, investment institutions and industrial parks, continued to build a service ecosystem and differentiated product system, and provided one-stop equity + debt services for technology innovation companies.

<p>Focusing on “Qianying Zhanyi”</p>	<ul style="list-style-type: none"> • In 2010, we launched the “Qianying Zhanyi” service system, started the “Qianying Zhanyi” innovative growth enterprise cultivation plan, and established the “Qianying Zhanyi” cultivation library. Relying on our own service resources, we provided debt financing, direct equity investment, investment and financing matching, investment-loan linkage and other investment and commercial banking integrated services for enabling support enterprises to enhance their market competitiveness. • We strengthened cooperation with government departments, core enterprises, exchanges, investment institutions and industrial parks to create a capital market service ecosystem and help companies land in the capital market. • By the end of 2022, the “Qianying Zhanyi” cultivation library had cultivated 32,100 enterprises, the enterprises in the library had obtained a credit line of RMB 920 billion, and 1,155 listed companies had been cultivated in total. We provided in-depth service for 253 A-share listed companies in 2022, accounting for 60% of the total listed companies. As a result, the comprehensive service capabilities of technology and finance continued to improve.
<p>Supporting innovation and entrepreneurship</p>	<ul style="list-style-type: none"> • We supported and deeply participated in the China Innovation and Entrepreneurship Competition for the 11th consecutive year. During the competition period, we focused on pre-competition empowerment training, on-site accompaniment during the competition, and post-competition follow-up visits to escort the sustainable growth of enterprises in seven key industries such as new generation information technology, high-end equipment manufacturing, and biomedicine.
<p>Guiding the flow of funds</p>	<ul style="list-style-type: none"> • We underwrote 25 sci-tech innovation notes during the year, including two national first-batch issuer-based sci-tech innovation notes and one national first-batch purpose-based sci-tech innovation note, guiding market funds to participate in national industrial upgrading and industry innovation.

[Case] Qingdao Branch created an ecological service platform for specialized, refinement, differential and innovation enterprises

Qingdao Branch established a strategic cooperative relationship with Qingdao Private Economic Development Bureau and Blue Ocean Equity Trading Center to jointly hold the “specialized, refinement, differential and innovation” high-quality capital forum, released the specialized, refinement, differential and innovation exclusive service plan at the event, and worked together with multiple parties to build a specialized, refinement, differential and innovation service system.

By building a circular, specialized, refinement, differential and innovation customer service ecosystem, Qingdao Branch formed a good regional ecology through frequent and in-depth interactions with ecological partners such as local governments, exchanges, funds and securities firms in various cooperation fields; focused on investing resources to build an exclusive service platform of responding to different needs and promoting multiple businesses at the same time for specialized, refinement, differential and innovation enterprises; established a dedicated enterprise service team to improve overall service efficiency; carried out exchange activities on industrial integration with solid chain and strong chain based on the whole industrial specialized, refinement, differential and innovation chain. Additionally, they provided enterprises with channels to find funds, technologies, and experts.

4.1.3 Deepening Development of Inclusive Finance

CMB continuously provides fair financial services to private SMEs, ensures credit support for individual industrial and commercial households and SMEs owners, fully supports the high-quality development of SMEs, and achieves the steady development of inclusive financial services.

As of the end of 2022, we had issued a total of RMB 476.243 billion in inclusive loans to SMEs, granted to 1.1529 million customers. The loan balance was 678.349 billion, which increased by RMB 77.249 billion over the end of the previous year, increasing by 12.85%.

4.1.3.1 Optimize resource allocation

CMB deepened the structural reform of the financial supply side, allocated more financial resources to key areas and weak links, and accelerated making up the shortcomings in financial services for counties, SMEs, and new agricultural operation entities, while continuously improving the coverage, availability and customer satisfaction level of financial services.

<p>Establishing an independent department to further improve organizational structure</p>	<ul style="list-style-type: none"> In November 2022, we formally established a first-level department, the Inclusive Finance Department, in the Head Office and each tier-1 branch to be responsible for leading the organization, promotion and operation of inclusive finance-related businesses, and guaranteeing the sustainable development of inclusive financial services from the organizational structure.
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<p>Improving credit policies and strengthening support for inclusive customer groups</p>	<ul style="list-style-type: none"> • General principles: Based on the requirements of equal opportunity and the principle of business sustainability, we took digital transformation as a breakthrough, increased support for inclusive finance, and promoted the connection between inclusive finance and green finance. • Business policies: We separately listed policies for SMEs loans and small enterprises, and further refined the requirements from the perspective of overall policy orientation, use management and specific products. Among them, we managed industry credit policy for small enterprise customers according to the principle of “allow if not prohibited”. For standardized products of small enterprises with an inclusive value of less than RMB 10 million, the management requirements of credit policy management for management-related industries are not required on the basis of meeting environmental protection standards.
<p>Customizing products to support the stable development of small and micro economies</p>	<ul style="list-style-type: none"> • According to national and policy orientations, we launched exclusive products or credit support in key areas such as for new urban residents, green finance, manufacturing, and rural revitalization. • Branches across China carried out innovative regional projects such as government financing guarantee loans, SME flash loans based on local policies, regional characteristics, and branch operating conditions. • We utilized the government’s risk compensation policy, introduced government interest discount and guarantee fee reduction projects, participated in the risk compensation model launched by local governments, and created regional SME loan products.
<p>Green channel for approval accelerating the approval of SME loans</p>	<ul style="list-style-type: none"> • We opened the “green approval channel” for SME customers, accepted and issued SME loans during holidays, and opened quick approval channels for customers with special time-limitation requirements. In addition, we customized the innovation project special acceptance channel for SME innovation projects or customer groups and channels that need to be supported to ensure fast approval of SME loans. • In 2022, we provided green channel approval for 11,300 SME customers, and the approval time was 44% faster than ordinary business approval.
<p>Big data risk control, escorting the rapid application and approval of SMEs loans</p>	<ul style="list-style-type: none"> • With the help of big data risk control, cloud computing, decision-making engine and other technical means, we provided “contactless + one-stop” comprehensive and digital financial services for SMEs customers. • SMEs customers can initiate a loan application by simply filling in the information on the front end. After obtaining the credit inquiry authorization, the system backend combines multi-dimensional data such as credit investigation,

	<p>provident funds, social security, justice, taxation, and industry and commerce, and matches customer conditions and loan requirements through the risk control model to realize the online approval for SMEs loans, ensuring simple and convenient operation, intelligent and efficient approval.</p>
<p>Solving last mile issues and providing “contactless” convenient services</p>	<ul style="list-style-type: none"> • CMB Loan App is an exclusive digital service platform for SMEs. SMEs customers can apply for government discounted guaranteed loans in the CMB Loan App to obtain government discounted interest and reduce financing costs; match their own regional and characteristic financing needs through supply chain flash loans and other products. In 2022, we optimized post-loan and consulting services, and SMEs customers can obtain more intimate accompanying loan services on the CMB Loan App. As of the end of 2022, the CMB Loan App had provided services to more than 1.03 million SMEs customers in more than 200 cities across China, and the amount of SMEs loan credits applied for and obtained through the CMB Loan App exceeded RMB 528.6 billion. • SMEs customers can get “one-key inquiry”, “one-stop application” and “one-to-one consultation” services online through the “CMB Personal Loan” WeChat official account, CMB Loan App, and CMB App.

[Case] Small notes solved the big problem of financing

With the functions of payment, settlement and financial intermediation, notes are an important starting point for banks to serve the real economy. Through services such as discounts, supply chain notes and commercial bill guarantees, we made “invisible” credit circulate to alleviate the difficulty and high cost of financing for SMEs.

- **Improving efficiency:** We launched the “Internet Bank Online Discount” and “Mobile App Online Discount” services, and launched “Palm Notes”, becoming the first large-scale commercial bank to support the mobile terminal to handle the bill life cycle business. This provided instant discounted financing services for enterprises anytime, anywhere. In 2022, the amount of online discounts reached RMB 419.38 billion, and the number of small, medium and micro enterprises with online discounts accounted for 95.9% of all online discount customers.
- **Innovative products:** While developing innovative products such as Commercial Bill Pass and Acceptance Discount Pass, we actively cooperated with the Shanghai Commercial Paper Exchange to promote the implementation and promotion of innovative products such as bill payment pass, discount pass, standardized bills, and supply chain bills.

[Case] Shenzhen Branch: “Shenzhen Start-up Loan” helped SME owners start their own businesses and innovation

In July 2022, Shenzhen Branch and Shenzhen Human Resources and Social Security Bureau (the “Bureau”) jointly designed and launched the “Shenzhen Start-up Loan”, a personal entrepreneurial guaranteed loan product. The product was provided for individual entrepreneurs who had been approved by the Bureau and met the specified conditions. The government guarantee fund provided guarantees, the branch issued loans according to the specified conditions, and the government subsidy fund provided subsidies to support individual entrepreneurship. Since its launch, the branch had granted a total of 348 “Shenzhen Start-up Loans” with a total amount of RMB 144 million, which effectively supported the financing needs of local entrepreneurial groups in Shenzhen.


**Shenzhen
Start-up Loan**

Exclusive credit loans for entrepreneurs in Shenzhen

- High credit line up to RMB 600,000 (subject to the final approval)
- Pure credit, no mortgage, guaranteed by the government
- Low interest rate, government interest subsidy

For more information, please scan the QR code below to log in to the CMB Loan App, or call 95555

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CHINA MERCHANTS BANK
We are here just for you

Shenzhen Branch “Shenzhen Start-up Loan”

4.1.3.2 Creating “chain” finance

We are committed to effectively solving the financing problems of SMEs through supply chain finance and supporting the development of the industrial chain of the real economy. We launched the supply chain mode of “bank-wide service for one enterprise”, explored and promoted online, digital, and intelligent new finance service models for supply chains, and provided comprehensive financial services such as

accounts, settlement, and financing for core enterprises and their upstream and downstream small, medium and micro enterprises.

During the year, we built a supply chain finance 3.0 system to enhance the industry's differentiated service capabilities focused on eight key industries such as electricity, automobiles, infrastructure and new retail. CMB launched exclusive customer solutions, and combined data financing models to optimize the reverse factoring business process, iteratively upgraded government procurement loans and medical insurance loans, and innovated financing in non-credit output scenarios such as account rights pool and delivery pass. By the end of 2022, we served 5,572 core enterprises in the supply chain, 33,260 upstream and downstream customers, and provided RMB 661.982 billion in supply chain loans.

Automobile industry	<ul style="list-style-type: none"> • In 2020, the “account rights pool” supply chain financing product was launched. By sharing scenario data with core enterprises, we provided online data financing services for its upstream suppliers and helped stabilize the upstream industry chain of the automobile industry. By the end of 2022, we provided account rights pool services for 708 first-tier suppliers, and provided a cumulative financing amount of RMB 3.96 billion. • In 2022, aiming at the direct sales model of new energy vehicles, we created the first “Delivery Pass” supply chain financing product in the industry, realizing 7×24 operation for full process automation of loan lending and repayment”. As of the end of 2022, credit customers of auto service providers increased by 200, and the cumulative credit line reached RMB 1.5 billion.
Electric power industry	<ul style="list-style-type: none"> • We cooperated with State Grid and China Southern Power Grid to carry out the Two Grid Payment Ecology project, and created a combined service of “online payment–electricity bill financing payment–electricity bill endorsement payment” relying on notes, letters of credit and other financial products to reduce financing costs for customers. • By the end of 2022, the Two Grid Payment Ecology project had served 21,229 customers, with a payment amount of RMB 66.4 billion.

In order to ensure the smooth purchase and payment transactions of enterprises, based on the purchase and payment scenarios of enterprises, we introduced practical functions such as payment order payment, receipt and payment notification, invoice payment and supplier collection information management. Additionally, we opened up the whole process of “purchase request–invoice collection and verification–finance provider payments” to help enterprises simplify the procurement and payment process and make payments efficient, safe and economical.

4.1.3.3 Expanding service boundaries

Focusing on the sales, finance and taxation, treasury management and other needs of the enterprise, we enriched the financial and non-financial service scenarios, accompanying the whole process of digital transformation of SMEs.

Sales management needs	<ul style="list-style-type: none"> • We created a standardized corporate cash register, integrated aggregate collection, a transaction manager, collection pass, trading pass and other products to provide customers with integrated settlement services and collection reconciliation services. • By the end of 2022, the number of customers of corporate collection products was 62,700, increasing by 71.69% year-on-year, and the cumulative transaction amount was RMB 4.25 trillion, increasing by 17.06% over the same period of last year.
Finance and taxation management needs	<ul style="list-style-type: none"> • Through corporate online banking, CMB corporate App and other service channels, we focused on production, operation, and employee services, providing enterprises with CMB's invoice cloud products with a full life cycle such as invoice issuance, online reimbursement and file management. Furthermore, we helped enterprises achieve digital upgrades in the finance and taxation field, reduce costs and increase efficiency. As of the end of 2022, the customers of CMB Invoice Cloud had reached 278,900.
Treasury management needs	<ul style="list-style-type: none"> • Starting from the scenario of "integration of business and finance" of the enterprise, we speeded up the connection among the business system and the enterprise resource planning (ERP) system, office automation (OA) system, cost control system and supply chain financial platform and other systems through the "cloud direct connection" mode, so that enterprises can use financial services directly. As of the end of 2022, "Cloud Direct Connection" has served 128,700 customers, increasing by 27.80% over the end of the previous year.

[Case] Inclusive digital services, opening up to create a better future - CMB Payroll Service 4.0

Since its inception in 2019, the Payroll Service has served a total of 695,000 corporate customers and grown into a one-stop digital open platform for human resources and financial affairs. In 2022, we launched Payroll Service 4.0, which featured a comprehensive boost of the product, service and open power. This formed a digital service ecosystem of general services for human resources and financial affairs + an open connection system. In this way our inclusive digital services can help the real economy.

Product power

- We provided enterprises with full-journey personnel services including the construction of an organizational post system, employee "entry, transfer and turnover", attendance, salary, social tax, and truly realized one-stop closed-loop management for personnel services.

- We supported the expense management of the three major business scenarios of corporate daily reimbursement, travel reimbursement, and corporate reimbursement, and launched an intelligent bookkeeping system to provide integrated financial management services.
- We optimized the process and approval coordination according to the basic scenario of the enterprise, opened up business data related to personnel, attendance, and salary calculation, and customized the management process that met the needs of the enterprise.

Service power

- We established a service model trinity of “One customer manager + one service consultant + one expert team” to provide customers with full-process tracking services.
- With the advantages of business outlets and customer manager teams, we gave full play to AI technology capabilities, established “online and offline” 3D service channels, and provided 24-hour digital consulting services.
- We built a strict service response mechanism to provide “offline local response, on-demand door-to-door service, online graded response, same-screen interactive service”, and the service is sustainable, more applicable, and the cost is affordable.

Open power

- We launched the Payroll Service open platform, which supported efficient integration with mainstream SaaS ecological products and internal self-built systems of enterprises. In addition, we provided zero-code and low-code tools for enterprises, greatly reducing deployment costs, improving performance, and rapidly improving the level of business digitalization.



4.1.3.4 Helping Companies Bail Out

Based on the overall situation of ensuring people's livelihood and stability, we resolutely implemented the central government's decision-making and deployment. We worked side-by-side with customers, especially SME customers, to help companies survive with credit support, fee reduction and profit sharing, and innovative financing, and helped market players boost their development confidence.

<p>Increased credit support to help solve financing problems</p>	<ul style="list-style-type: none"> • We launched entrepreneurial guaranteed loan products in various places. Among them, the SMEs entrepreneurial guaranteed loan launched by Shenzhen Branch solved the financing difficulties in the development of enterprises with zero insurance premium and low-cost funds, effectively helping SMEs to start businesses and stabilize employment. • In 2022, the total amount of deferred repayment of loan principal and interest for SMEs, individual industrial and commercial households, and credit card customers totaled to RMB 42.235 billion.
<p>Combined fee reduction and profit sharing to help enterprises overcome difficult times</p>	<ul style="list-style-type: none"> • We continued to cover fee reduction and profit sharing measures for all corporate customers. Corporate customers were entitled with preferential payment fees including account management fees, transfer and remittance fees, e-banking service fees, digital certificate fees, bill handling fees, ATM cash withdrawal handling fees, etc. • By the end of 2022, the actual fee reduction for customers was RMB 1.24 billion, benefiting a total of 999,000 SMEs and individual industrial and commercial households.

4.1.4 Actively Promoting Rural Revitalization

CMB gives full play to the financial advantages of benefiting farmers and assisting farmers, and upgrades the *Measures for the Administration of Micro-loans for People Out of Poverty* (the “Measures”) to provide micro-loan support for people to lift themselves out of poverty. Other aims were to help revitalize underdeveloped areas, promote the realization of richer rural areas, help local people lead happier lives, and nurture beautiful rural areas. As of the end of 2022, our agriculture-related loan balance was RMB 233.281 billion. We underwrote 10 rural revitalization bonds during the year, with a total issuance scale of RMB 4.543 billion.

In addition, we adhered to the priority of supervision and guidance, scientifically and efficiently deployed county-level outlets, and encouraged branches to continue to provide financial services in rural and county-level areas.

[Case] Yinchuan Branch issued CMB’s first micro-loan for people out of poverty

Chuanyu Village, Xingren Town, Shapotou District, Zhongwei, Ningxia Hui Autonomous Region, which was supported by Yinchuan Branch, had been lifted out of poverty in 2020. In order to continue to provide financial services to the designated village, the branch teamed up with the village working team to conduct on-the-spot surveys, find the difficulties of villagers in production and operation, family conditions and financial needs, and determine key financial assistance targets. In addition, we formulated the survey template and key points for the micro-loans to assist people in rising out of poverty based on national and local financial support policies.

In June 2022, the branch actively responded to the *Measures*, went to Chuanyu Village to complete the pre-loan procedures such as card opening, loan application data interview, and on-site investigation. They also passed the PAD report and applied for a green channel, and realized the first business implementation for the entire bank under the new model of micro-loans for impoverished people in the month when the *Measures* came into effect. These policies definitely contributed to economic consolidation and improved income and helped these struggling families get out of poverty.



Yinchuan Branch handling micro-loans to help people get out of poverty

[Case] Shanghai Branch comprehensively promoted rural revitalization with inclusive finance

Shanghai Branch strengthened investment in credit resources for agriculture-related individual customers, and continued to optimize agriculture-related personal credit financial products. Among them, the preferential interest rate for business loans with an amount as high as RMB 10 million was as low as 3.55% annualized. Plans such as independent monthly payments and repayments and loan renewals without repayment of principal when the loan expires were launched to reduce the pressure of monthly payment and repayments due for farmers. The branch carefully planned for farmers and actively implemented the relevant regulations on fee reduction and profit sharing in business loan handling. Mortgage registration fees, evaluation fees and other related fees required for business processing were also waived by the bank.

In addition, the branch paid close attention to the needs of farmers, agriculture and rural customers, and actively created value for agriculture-related customers. When Jiading grapes were on the market in 2022, the branch launched an agriculture-related public welfare live broadcast program “Meeting in the field of hope in the busy summer season” on the CMB App. Netizens were invited to follow the host and agriculture-related SMEs customers and pick grapes in the vineyards. It attracted nearly 15,000 viewers and more than 10,000 likes.



Shanghai Branch's live broadcast to help farmers

[Case] Tangshan Branch established key cultivation projects to fully support rural revitalization

Tangshan Branch effectively promoted the smooth implementation of rural revitalization work, formulated a special work plan for rural revitalization, established a special rural revitalization leading group headed by the branch president, and established “Laoting Jinhuan Household Waste Incineration Power Generation Project Financing”, “Promoting the Development of the Vegetable Basket Industry and Providing Credit Support” and “Mengniu Dairy Tangshan Branch Smart Canteen Upgrading” as key cultivation projects for rural revitalization in 2022. Among them, the financing of the Laoting Jinhuan household waste incineration power generation project was rated by the Tangshan Banking and Insurance Regulatory Bureau as the 2022 Tangshan City Banking Insurance Industry Service Rural Revitalization Boutique Project, and the customer manager in charge was rated as “2021-2022

Tangshan Banking Industry Outstanding Individual in the Insurance Industry Serving Rural Revitalization”.

In addition, the branch actively carried out financial knowledge promotion activities such as agriculture-related policies, deposit insurance, and financial fraud prevention to business owners and employees, and to increase the financial knowledge of rural residents and awareness of financial fraud prevention.

[Case] Kunming Branch provided inclusive finance for the flower industry and helped high-quality development of local agriculture

The fresh-cut flower industry in Yunnan has high requirements for the operational speed of the sales industry chain. During flower production and planting, flower farmers and merchants often suffer from capital chain shortages in order to maintain the efficiency of the industry chain.

In response to the difficulties in production, turnover and management of the fresh-cut flower industry chain, Kunming Branch launched CMB’s SME flash loan exclusive product called the “White List SMEs Flash Loans”. The loan provided broad-spectrum financing, payment and other financial support services for flower merchants and flower farmers to facilitate daily planting, cultivation, fertilizer procurement and other production scenarios. This helped to promote the high-quality development of Yunnan’s modern agriculture and achieve industrial prosperity.

4.1.5 Serving High-level Opening Up

Openness is a distinctive sign of contemporary China. CMB keeps up with the pace of China’s opening up to the outside world, and actively integrates into the new development pattern of dual circulation. Through the Cross-border E-pass (cross-border financial comprehensive service system) we serve the needs of enterprises in cross-border settlement, exchange rate hedging, trade financing, and cross-border capital markets, utilize the CMB Wintech global service network, faithfully implement the policy requirements for stabilizing foreign trade and investment, and make every effort to serve high-level opening up. In 2022, the business volume of our foreign-related receipts and payments reached 408.236 billion US dollars, increasing by 10.38% year on year.

CMB “Cross-border E-pass” cross-border financial comprehensive service system

Cross-border E-remittance	<ul style="list-style-type: none"> • We utilized fintech to recreate the new digital journey of cross-border remittance, and took the lead in realizing one-stop online processing of international settlement and cross-border cash management. • We integrated global fund management, created a cross-border fund pool one-stop intelligent butler service, and realized the efficient operation of funds from multinational groups. • In response to the business needs under the capital account of enterprises, we carried out digital services for capital accounts, and handled 144,000 transactions throughout the year.
Cross-border E-exchange	<ul style="list-style-type: none"> • We practiced the concept of “neutral exchange rate risk management”, provided convenient exchange rate management and risk avoidance services with professional foreign exchange transactions and rich derivative products, and helped enterprises operate stably. • Including products such as “spot self-service foreign exchange settlement”, “future remittance”, “one hundred currency per account”, among which “one hundred currency per account” can support the remittance of more than 140 small currencies.
Cross-border E-financing	<ul style="list-style-type: none"> • We created a cross-border full-account and full-scenario trade financing product system to provide full-chain and online financing services for cross-border procurement and cross-border sales. • We streamlined the traditional process, enabled issuance of letter of credits fully online, and the opening of the import letter of credit can be completed within 40 minutes, supporting enterprises to explore overseas markets.
Cross-border E-winning	<ul style="list-style-type: none"> • We gave full play to the integrated model of investment and commercial banking, and used the unique “non-resident three account system + overseas branches” to provide one-stop comprehensive solutions for cross-border investment and financing of enterprises, and create full life cycle services such as red chip listing, overseas IPO, privatization and delisting, overseas bond issuance, etc..



CMB Cross-border E-pass

4.1.5.1 High-quality joint construction of the “Belt and Road”

In 2022, we took 64 countries along the “Belt and Road” as counterparty trading countries, the cumulative international settlement amount was about RMB 440 billion. Credit business with counterparties located in countries along the “Belt and Road” was around RMB 20 billion. The main varieties include: Import letters of credit, foreign guarantees, export factoring, import and export payment, international forfaiting, import and export bills, etc.

CMB strongly supported the financing of major “Belt and Road” projects. By the end of 2022, through the innovative launch of “Engineering Insurance”, we had provided account receivable non-recourse buyout factoring services for 31 overseas project contracting companies along the “Belt and Road”, and helped solve problems such as management of overseas accounts receivables and credit support for enterprises.

4.1.5.2 Promoting RMB internationalization in an orderly manner

In 2022, we adhered to the principle of preferring local currency, and focused on the goal of building a cross-border master settlement bank for customers. Furthermore, we took multiple measures to promote the development of cross-border RMB business, provided strong support for the stable operation of the real economy, and helped China participate in the international division of labor on a larger scale and at a higher level.

- **Strengthening cross-border RMB management:** The Cross-border Finance Department of the Head Office managed the foreign exchange and cross-border RMB policies of the whole bank in a unified manner, and established a more effective integrated support and guarantee system for “risk prevention” and “promoting convenience”.
- **Providing convenient online services:** We iterated cross-border settlement full-scenario services to realize the electronic document function of cross-border RMB remittance under trade in goods and services. In view of the cumbersome procedures for the use of RMB capital funds, we provided “convenience + online” solution for the use and payment of capital funds, and eligible customers can submit electronic data online and use self-service of corporate online banking.
- **Serving foreign-invested enterprises:** Focusing on FDI (Foreign Direct Investment) scenarios, we provided customers with professional and efficient dividend policy guidance, green remittance channels and other full-process services. In 2022, we handled a total of RMB 48.434 billion of cross-border RMB dividends for 359 customers, increasing by 49.23% year-on-year, helping to attract more high-quality external factor resources to promote the domestic cycle.

[Case] Wuhan Branch served companies online to promote RMB internationalization

Wuhan Branch made full use of the People's Bank of China's facilitation policies on cross-border RMB settlement, and used the online tools of “inward remittance” + “outward remittance” to help enterprises conduct cross-border RMB receipts and payments online. For high-quality cross-border RMB enterprises, the branch implemented a facilitated review process to handle cross-border RMB business, and encouraged enterprises to use RMB for cross-border trade settlement. The branch also cultivated the concept of neutral exchange rate risk, and used cross-border RMB transactions to avoid exchange rate risks; expanded investment and financing channels in RMB overseas markets, and guided enterprises to use RMB for investment and financing activities as much as possible.

[Case] Xiamen Branch adhered to promote convenience, excellent service and strong technology to escort foreign-related enterprises to a stable and long-term future

Xiamen Branch has achieved a new cross-border settlement experience through the driving of “convenience + digitalization” and the bank settlement account system integrating local and foreign currencies.

Xiamen is the first stop for Taiwan compatriots and Taiwanese enterprises to stop on the mainland. The Branch focused on the key industry chain, and implemented the first foreign exchange receipt and payment facilitation service for trade in goods of a Taiwan-funded enterprise in the flat panel display industry in Xiamen; provided

one-stop service for the second largest liner agency company in Xiamen Port through the “digital + convenience” service, saved about 40-60 minutes of document preparation time for each piece of cross-border payment business for enterprises, and realized “one-click handling” of trade foreign exchange receipts and payments.

As of the end of 2022, the branch has handled facilitation revenue and expenditure business for 13 companies, and implemented a total of 545 transactions, with a total amount of 117 million US dollars.

4.1.5.3 Actively contributing to the construction of free trade zones

As one of the first seven banks in the Shanghai Free Trade Zone to launch the FT account (Free Trade Account) system, we pioneered the Head Office–branch model to promote FT accounts in Hainan. We were the first among the same batch of pilot banks in Tianjin to meet the acceptance criteria of the People’s Bank of China, and formed the FT account layout in the north, central and south. We also launched the FT free trade business linkage mechanism, adhered to the concept of “bank-wide services for one enterprise”, and used various free trade policies to actively serve customers’ cross-border needs.

4.2 Improving People’s Livelihood and Quality of Life

In 2022, CMB gave full play to the differentiated service advantages of financial technology, focused on solving people’s issues that were urgent, difficult and anxious, continued to promote the construction of key livelihood improvement projects such as pensions, medical care, and utilities payments. In addition, we created online and platform-based convenient services for social security, medical insurance, housing provident funds and made other governmental affairs more convenient.

4.2.1 Supporting Development of Education

The company cares about the growth and success of young students, gives full play to its platform advantages and offline service advantages, and explores a new path for financial support for the development of education.

<p>Providing education credit loan agency settlement services</p>	<ul style="list-style-type: none"> Beginning in 2022, we will provide settlement services for the students of China Development Bank’s education credit loans for five consecutive years. The services include online account opening, loan issuance, loan renewal application verification, loan repayment and other services for 5 consecutive years, creating a whole process, full cycle, omni-channel service system and brand for the education credit loan project of China Development Bank.
<p>Building a second classroom platform</p>	<ul style="list-style-type: none"> We responded to the Central Committee of the Communist Youth League’s requirements for the second classroom credits, established an online management system of “Youth League Committee -

	School - College - Grade - Class”, realized recordable, evaluable, measurable, and presentable second classroom activities, and provided students with a comprehensive training record service system from enrollment to graduation.
Responding to the “double reduction” policy	<ul style="list-style-type: none"> Relying on the education fund supervision platform, we cooperated with 126 education authorities across China, provided fund supervision services for nearly 4,000 education and training institutions, scientifically prevented the risk of pre-charging funds for off-campus training institutions, and effectively protected the legitimate rights and interests of the student’s parents.



CMB service guidelines for education credit loans from China Development Bank

4.2.2 Helping People in Housing Security

CMB continued to provide housing and urban-rural development departments at all levels with a package of financial service solutions such as fund collection management and supervision services, and cooperated in housing provident funds, special housing maintenance funds, affordable housing, urban renewal, and renovation of old urban communities.

Housing provident fund	<ul style="list-style-type: none"> We provided on-demand AI smart customer services that are accessible 24/7 to 81 housing provident fund centers across China. An intelligent approval platform allows the entire process of housing provident fund loans to be handled online. This flexible employee provident fund depository can benefit more new citizen groups, and other technological services. We continued to operate the national housing provident fund applet through the CMB App, and launched functions such as remote transfer and continuation, and information query
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	<p>authorization in 2022. The service capacities cover 341 urban housing provident fund centers and 115 housing provident fund branches across China, serving around 164 million housing provident fund depositors nationwide.</p>
Indemnificatory housing	<ul style="list-style-type: none"> • In view of the characteristics of affordable housing, such as shared property rights, specific customer groups and a long sales restriction period, we promoted the innovation of housing mortgage products in time, optimized housing loan policies, and met the housing mortgage needs of new urban residents, low and middle-income families and other groups. Since 2019, we have provided more than 5.4 billion indemnificatory housing mortgage loans to meet the needs of about 5,000 affordable housing customers. In 2022, we increased credit support to Beijing, Nanjing, Qingdao and other key cities with affordable housing, and provided more than RMB 1.6 billion of affordable housing mortgage loans. • In 2022, we provided trusteeship services for Hotland Innovation Shenzhen Talent Housing and Indemnificatory Rental Housing Closed Infrastructure Securities Investment Fund (the “Hotland Shenzhen Housing REIT”) project, helping to optimize the supply structure of the housing rental market. This is one of the first publicly offered affordable rental housing REIT in China. • We continued to strengthen financial support for the construction and operation of affordable rental housing through special bonds, corporate bonds and project loans, and helped solve prominent problems such as housing difficulties for new urban residents and young people in big cities.

4.2.3 Assisting in Establishment of Pension Security System

CMB is one of the fully licensed financial institutions in the pension market, and contributes to the construction of the national multi-level and multi-pillar pension insurance system.

The first pillar	<ul style="list-style-type: none"> • We continued to deepen cooperation with the Ministry of Human Resources and Social Security and provided social security card “trans-provincial” services for insured persons as the first batch of online banks. • By the end of 2022, we issued 47.5277 million electronic social security cards, and provided online convenience services such as social security inquiry, treatment qualification certification, and social security business processing for the insured based on electronic social security cards.
The second pillar	<ul style="list-style-type: none"> • We established a Pension Finance Department with occupational annuity and enterprise annuity management teams to improve the annuity business management structure.

	<ul style="list-style-type: none"> • We built annuity investment supervision and annuity smart stewardship systems to digitally empower pension business and improve management efficiency and customer experience. • We integrated internal and external resources to form a unique strategic asset allocation, investment research and risk control system, and focused on the effective allocation of ESG concept assets in strategic asset allocation. • In 2022, we provided occupational annuity entrusted operation services for 28 coordination districts in China; provided enterprise annuity entrusted and account management services for 7,979 enterprises. As of the end of 2022, the total entrusted scale of enterprise annuity and occupational annuity was RMB 166.486 billion, and the scale of enterprise annuity account management was RMB 2.157 million.
<p>The third pillar</p>	<ul style="list-style-type: none"> • We launched personal pension service on November 25, 2022, supporting the opening of personal pension accounts through CMB App, CMB Life, counter, visual equipment and other channels. By the end of 2022, a total of 1.6592 million in personal pension fund accounts had been opened. • We launched the personal pension financial service section in the CMB App, with functions covering account opening, deposit, product purchase, position inquiry, tax deferred certificate download, account transfer, benefit withdrawal, etc., allowing customers to complete the entire process of personal pension business through self-service channels. • We implemented inclusive finance concept, and applied a 90% discount to the purchase fee of class Y shares of pension funds sold online. • We sold a total of 121 personal pension funds, with 579 million sales and 67,900 transactions, covering mainly young customers. • Since the introduction of exclusive commercial pension products in April 2022, as of the end of 2022, the cumulative premium income had reached RMB 1.12 billion, becoming an industry pioneer in the innovation of third pillar product insurance products.

4.2.4 Optimizing Medical Service Experience

CMB explores a new model of cooperation with the National Healthcare Security Administration, and carried out the activation and promotion of medical insurance electronic certificates. As of the end of 2022, we have activated a total of 20.5557 million medical insurance electronic certificates to provide insured persons with convenient services such as medical insurance inquiries, payment and settlement, and further optimized the service experience of people seeking medical treatment and purchasing medicines.

In addition, we have launched a medicare integrated business area to provide users with multiple functions such as reservation, insurance application, education of insured persons, and convenient medical insurance services. By the end of 2022, we have provided services for a total of 110,000 insured persons in 75 cities in 16 provinces.

4.2.5 Meeting the Needs of Low-carbon Travel

Since 2019, the company has built and continuously improved CMB's "travel services" on travel scenarios such as public transportation, subways, shared bicycles, new energy online car-hailing, and high-speed rail. As of the end of 2022, CMB App has supported functions such as bus and subway transit QR codes, shared bicycles, online car-hailing, online purchase of airplane and train tickets, and public transit card top-up. Among them, bus travel services cover 123 cities, and subway travel services cover 41 cities. As of the end of 2022, "travel services" had provided discounts and conveniences for 418 million persons.

[Case] Guiyang Branch supported the optimization and upgrading of transportation infrastructure through financial services for the construction of expressways

In the past, the development of highway transportation in Guizhou Province faced disadvantages such as insufficient external access, low-grade roads, and overall poor quality. In order to improve the travel experience of the public, Guiyang Branch fully supported the construction of expressways in the province and helped optimize and upgrade transportation infrastructure. As of the end of 2022, the branch had issued a total of RMB 6.634 billion in project loans for expressways in Guizhou Province.

- The total loan amount of Guiyang-Pingtang Expressway, Anshun-Panzhou Expressway, Songtao-Tongren Expressway, Anshun-Ziyun Expressway and other key national high-speed and provincial expressway projects declared as a syndicate participating bank exceeded RMB 15 billion.
- The branch provided Guizhou Communications Construction Group with fixed asset loans, working capital loans, underwriting short-term financing bills and other debt financing instruments and fund management systems and other comprehensive services. In 2022, as the sole lead underwriter, the branch underwrote RMB 1.54 billion of short-term financing bonds for the group, and the amount of on-balance sheet loans exceeded RMB 500 million.



Supporting development of Guizhou's transportation construction

4.2.6 Providing Convenient Utilities Payment Services

Focusing on provident fund, social security, medical insurance, real estate, non-tax and other government service scenarios, we built and continuously improved the Convenience Service Cloud Platform and built an e-government affairs hall in the CMB App, and launched “finance + government affairs” one-stop service in response to the needs of new urban residents. As of the end of 2022, the “Convenience Service Cloud Platform” had accumulatively connected to 1,482 services, and the number of service users throughout the year reached 32.06 million.

We expanded the connection with external cooperative organizations to create diversified online payments for water, electricity, gas, campus payments, party and labor union payments while continuing to optimize the experience of using utilities payment products, and allowing customers to enjoy one-stop payment services. During the year, we jointly issued the industry's first bank-gas NFC co-branded card with Shijiazhuang ENN Gas. By the end of 2022, a total of 80,000 cards had been issued.

In addition, we focused on the four key scenarios of meal tickets, movie tickets, travel and convenience, and introduced high-quality service scenarios. As of the end of 2022, meal ticket and movie ticket services covered 304 and 356 cities across China, respectively, and the annual number of users of CMB App utilities payment reached 8.1065 million.



CMB App utilities payment service

4.2.7 Vigorously Promoting Consumption

We fully supported the expansion of domestic demand, used fintech to improve the quality and efficiency of personal consumer credit services, and actively carried out personal consumer loan discounts and promotions to reduce the cost of personal consumer credit, help improve the quality and expansion of the consumer market and release the consumption potential of the public. In 2022, our consumer loans increased more than RMB 40 billion that year.

- We upgraded the “one-key link” function, allowing customers to link their credit cards to nearly 10 mainstream online payment platforms through multiple channels such as the CMB App, CMB Life, and credit card WeChat official

accounts anytime, anywhere, creating the ultimate online card linking process and convenient consumption.

- We combined important time nodes such as 618, Double 11 and Double 12 e-commerce promotion, May 1st holiday and National Day holiday, focused on customer needs and card usage scenarios, and carried out multiple rounds of promotions such as “daily consumption coupons” and “online cashier discounts” to promote consumption growth.
- We carried out cashback for mobile payments, and provided considerate, simple and fast consumption cashback services for cardholders and online scenarios. The customers can get rewards for mobile payments of RMB 18 or more.

4.2.8 Wage Protection for Migrant Workers

CMB actively responded to national policies and regulations, cooperated with government departments to supervise the wages of migrant workers. We created salary insurance in the form of a “2+N” financial service plan covering government, enterprises, and migrant workers. We also helped human resources and social security departments to realize the information management of special accounts for the wages of migrant workers and wage security deposits; made it more standardized and convenient for enterprises to carry out wage supervision of migrant workers, and ensured the safe, timely and full payment of wages for migrant workers. As of the end of 2022, a total of 12,935 wage supervision accounts for migrant workers had been opened, serving 3.3314 million migrant workers, and wage payments exceeded RMB 75.743 billion.

4.3 Optimizing Customer Experience through the Principle of “We Are Here Just for You”

Providing customers with deeper, more professional and more considerate financial services is an inevitable requirement for traditional commercial banks on the road to sustainability. CMB adheres to customer-foremost, always regards service as the first element of corporate culture, makes full use of the advantages of fintech, keeps pace with the times, accurately understands customer needs, provides personalized products and services intimately, comprehensively protects the rights and interests of consumers, innovates and popularizes financial knowledge, and constantly reshapes and iterates customer experience.

4.3.1 Creating Ultimate Service Experience

CMB focuses its operation and management on the key customer experience, adopts the “human + digital” customer service model, integrates standardized and intelligent services with exclusive services for special groups such as new urban residents, the elderly and the disabled, and continues to improve the accessibility and inclusiveness of financial services.

4.3.1.1 Improving service experience

In 2022, we continually upgraded the “people + digital” service model, improved the customer service system, and further promoted the service capacity building of online tools such as the CMB App and CMB Life to meet the financial needs of people in areas not covered by offline outlets.

- **CMB AI “Intelligent Wealth Assistant”:** Utilize cutting-edge technologies such as big data and machine learning, we integrated professional wealth strategies to provide individual investors with “machine + human” consulting services. In 2022, AI CMB focused on the three comprehensive scenarios of accounting diagnosis, smart product selection and revenue traceability, upgraded more than 30 intelligent functions, and served 12.09 million users annually.
- **Intelligent voice navigation:** We gave priority to access to voice navigation in the 95555 voice services. By the end of 2022, voice navigation had served 15.52 million customers in total. Compared with the traditional mode, the fast interaction mode can save 38.5% of business time. We also optimized 49 business process scenarios, the average service time of intelligent navigation was 37 seconds, and the service efficiency increased by 23.5% compared with 2021.
- **Service scenario recognition:** When “account control” customers call 95555 or access the CMB App “My Customer Service” for help, they can be intelligently identified and guided. For situations that can be handled by self-service, they will be automatically guided to CMB App. For situations that can’t be handled immediately, a service reminder will be given or transferred to a dedicated human customer service. As of the end of 2022, this intelligent active scenario had served 11.98 million customers, and the direct resolution rate of online customer problems reached more than 95%.

[Case] Building an Online Wealth Management Platform

Under the goal of solidly promoting the common prosperity for all people in China, we use our own fintech and risk management capabilities to bring customers a better experience and a stronger sense of gain through all-round, full-cycle micro-innovation and in-depth services in the CMB App 11.0.

- **Optimizing asset allocation system:** We optimized the “TREE asset allocation service system”, upgraded the “Five-Star Choice” and companion services, built a fortune interactive community and fortune think tank, and provided customers with more scientific financial planning advice.
- **Improving wealth management experience:** By speeding up the time for the redemption funds of wealth management products, optimizing the scheduled redemption function and the accrual method of floating management fees, customers can purchase more smoothly and hold positions more easily.
- **Promoting low-threshold wealth management:** We built a low-threshold light wealth product matrix represented by “Zhaozhaobao” and “Zhaozhaoying 2#” as the main wealth building account for young people. As of the end of 2022, 24.3942 million customers had purchased “Zhaozhaobao” with a scale over RMB 205.568 billion.
- **Meeting investment needs of different people:** We launched series fixed income fund brands, the new online automatic investment tools “Laidingtou”, “Salary Automatic Investment” and “123 Automatic Investment”, and launched a “whole process” accompanying service in the fields of funds and wealth management to enrich online wealth investment products and scenarios.
- **Cultivating insurance awareness:** We introduced a series of light insurance such as quarantine insurance, travel insurance and pet insurance for novice financial customers and the annual bonus insurance covered nearly 3 million customers.

[Case] Optimizing loan product service experience

We gave full play to the advantages of fintech and wealth management, and brought better loan service experience to customers by optimizing the whole process service experience.

- **Before loan:** We shortened unnecessary procedures, lowered the application threshold, launched a new version of SMEs business loans, H5 page pre-approval for flash loans and other functions.
- **Loan in progress:** We launched new repayment methods such as flash loans with interest first and principal repayment later, to ease the monthly payment pressure of customers.
- **Post-loan:** We launched functions such as on-line changing the card used for loan repayment and electronic settlement certificate to improve post-loan operation experience of customers.



115 Foshan Branch employees have obtained the American Heart Association (AHA) first aid training certificate to build a first aid skill team to protect customers

4.3.1.2 Optimizing layout of outlets

As of the end of 2022, we operate 143 branches and 1,756 sub-branches in China, and 2 branch-level franchised institutions (credit card center and fund operation center); Hong Kong branch in Hong Kong; New York branch and representative office in the United States; London Branch in the UK; Singapore Branch in Singapore; Luxembourg Branch in Luxembourg; representative office in Taipei; and Sydney Branch in Australia.

We took “steady increase in number and scientific location” as the strategic guideline for the layout of domestic branches. During the year, we opened a total of 45 business outlets, including 40 local sub-branches, 2 community sub-branches, and 3 SMEs sub-branches. We also relocated and optimized more than 50 existing business outlets, further stimulated the operating vitality of existing outlets, expanded the service coverage, and enhanced financial service capabilities.

4.3.1.3 Caring for key groups

In response to the financial and non-financial service needs of new urban residents, the elderly, the disabled and other groups, we further promoted the construction of outlets, the use of smart devices, the improvement of App service and the transformation of telephone services to provide a warm and convenient service experience for special groups.

Outlet construction	<ul style="list-style-type: none"> • Deploying barrier-free facilities: We provided effective services for special groups of people by setting up ramps for the disabled, telephone signs for barrier-free passages, one-key call buttons, and wheelchairs for the disabled. As of the end of 2022, all 1,899 business outlets in China have supported barrier-free services. • Sign language services at visual counters: We provided sign language services at visual counters. By the end of 2022, we provided sign language services related to business consultation and handling for 63 deaf-mute customers. • Building “elderly station”: Hangzhou Branch launched a service initiative of reminding and guidance for the elderly. Elderly customers can experience blood pressure and glucose meter,
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	<p>massager and other services while waiting for business handling. Dedicated caring commissioners for the elderly are also available to provide special car reservation and other services.</p>
Smart devices	<ul style="list-style-type: none"> • Mobile exhibition PAD equipment: For special groups such as pregnant women, disabled people and the elderly with limited mobility, we used mobile exhibition PAD equipment that can handle debit cards, credit cards, corporate and personal loans and other businesses at home. During the year, 1,931 institutions of 44 domestic branches put into service and used 8,734 mobile exhibition PAD devices.
App service	<ul style="list-style-type: none"> • CMB App: We upgraded the “Elderly Version” service, and launched a customized homepage based on the original large-character mode, so that elderly customers can quickly find commonly used functions, and the customer service entrance was also highlighted to provide quick support for elderly customers seeking online help. By the end of 2022, a total of 240,000 users had upgraded to the “Elderly Version”. We optimized the voice broadcast function in the barrier-free mode to ensure normal screen tapping in the global reachable range, and helped the visually impaired to use functions such as utilities payment, account checking and transfer more conveniently. • CMB Life: We provided “Caring Version” with a switchable large-font mode suitable for the elderly, with larger font size and screen tapping area; simplified the commonly used and key modules; added “Elderly Zone–Card Use Manual”, and selected card using FAQs; transformed the customer service entrance for elderly users over 60 years old; fully adapted to screen-reading barrier-free services and supported intelligent voice navigation interaction, interacted with commands in the form of voice through the voice navigation function of the search bar on the selected page, and quickly navigated to relevant pages.
Telephone service	<ul style="list-style-type: none"> • 95555 “Elderly Dedicated Line”: The 95555 “Elderly Dedicated Line” had provided fast access to one-stop exclusive human services for more than 42,000 elderly customers throughout the year. The pass rate reached 98.39%, and the satisfaction rate reached 98.63%, both of which were higher than the normal service level. • Credit card 400 “elderly dedicated line”: We launched the credit card “400 elderly dedicated line”, and opened human green channels for on-demand direct connection. When the elderly call, they can independently match service demands and choose manual or self-service channels.
Official website	<ul style="list-style-type: none"> • We launched a barrier-free service tool bar on the main Chinese website and the Chinese mobile terminal to simplify the operation interface and operation steps for the elderly and disabled people during use, and help people with disabilities use the website normally through voice reading, website traversal, area division, as well as large fonts, large icons, browse auxiliary lines, high contrast and other functions.

[Case] Serving new urban residents and sharing a new life

Financial services for new urban residents is of great significance to promoting the new type of urbanization centered on people, and it is also a necessary measure to satisfy the people's desire for a better life. We provide digital financial services for new urban residents, helping to improve the convenience and availability of basic financial services for them.

Optimizing basic financial services

- In the stage of personal account opening, we connected with internal and external data of operators, social security and public security to reduce the requirement for customers to provide additional identification materials and provide customers with convenient services.
- We took the initiative to reduce or exempt financial service fees such as annual fees, labor costs, account management fees, and inter-bank withdrawal fees for qualified new urban residents.
- We cooperated with Meituan to create the Meituan rider card, and reduced the cost of card issuance and card use for new residents such as couriers and takeaway riders.
- We set up the “New Urban Residents Financial Service Zone” in the CMB App, and provide them with more than 20 financial services covering loans, insurance, convenience, travel and card applications, which can meet the financial needs of customers.

Enhancing protection for new urban residents

- Focusing on new urban resident groups with prominent occupational risks such as motorcycle courier riders, we launched the “Worry-Free Riding Insurance” with an insurance coverage of RMB 100,000 /year and a premium of only RMB 12.8 /year.
- We launched home property insurance, including the main body of the house, decoration, and furniture liability, to enhance the ability of new urban residents to mitigate the risk of property loss.
- We cooperated with insurance companies to provide enterprises with three types of accident insurance products totaling 300,000 to ensure the traffic safety of various staff members.

[Case] Ningbo Branch helped special groups and the elderly to improve service accessibility and satisfaction

For special groups such as the elderly, retired soldiers, and the disabled, Ningbo Branch actively explored and optimized service measures, and set up special service posts to improve the sense of financial gain, happiness and security of special groups.

- **Providing considerate services:** We provided elderly customers with “patient, careful, and heart-warming” services, carried out accompanying service during the Spring Festival, National Day and other holidays, overcame various financial obstacles for elderly customers and strengthened financial education for the elderly.
- **Setting up “special posts for assistance”:** We formulated special service plans, launched seven service improvement measures for special group customers such as the elderly, the weak, the sick and entitled group, including special post reception, convenience facilities and non-counter extended services, and arranged employees with excellent service skills, master the local dialect, and common knowledge of first aid to serve as “special assistant posts” to provide one-on-one accompanying services for customers of special groups.

“Every time I go out; it is a torment for me. I won’t feel any obstacles only in CMB. Thank you for the full-time assistant you have prepared for me!”

—Mr. Sun, an elderly customer



Ningbo Branch providing one-to-one accompanying service for special group customers such as the elderly



Beijing Branch provided customers with reading glasses, caring service escort manuals for elders



Nanchang Branch took the initiative to go to the homes of elderly customers to handle information maintenance business



Shanghai Branch launched services for the elderly

4.3.1.4 Building closed-loop experience

We have created the industry-leading “Wind Bell” customer experience digital platform, (the “Wind Bell” platform), and established closed loop experience

optimization of data-driven, problem-oriented, immediate improvement and continuous review at the three levels of the Head Office, branches and sub-branches. In 2022, by continuously optimizing the retail customer experience, the overall NPS (Net Promoter Score) of CMB was 68.67 points, increasing by 0.79 points compared with 2021.

Experience monitoring	<ul style="list-style-type: none"> The “Wind Bell” platform allows monitoring 95 customer journeys and 1,432 experience indicators of all customer groups, all channels and core businesses, and integrates multi-dimensional experience data such as customer service evaluation, complaints, behavior tracking points, and demand preferences. In 2022, we collected service evaluation data for 5.04 million cases.
Optimization and improvement	<ul style="list-style-type: none"> Based on the experience data, we created closed loop experience optimization of “monitoring - analysis - optimization - tracking”, which is convenient for focusing on problems, quick optimization, continuous tracking of effects, and dynamic optimization. In 2022, we completed a total of 492 special rectifications.

4.3.1.5 Responding to customer demands

In response to customer complaints, we formulated the *CMB Rules Governing Customer Complaints Management (Sixth Edition)*, adhered to the complaint handling principles of “compliance with laws and regulations, fairness and justice, convenience and efficiency, treating both symptoms and root causes, and diversified solutions”, further clarified the responsibilities and work of complaints, established a working mechanism for complaint acceptance, classification, processing, feedback and diversified resolution of disputes, strengthened internal process control, and ensured complaints being handled in accordance with laws and regulations.

Mechanism construction	<ul style="list-style-type: none"> Focusing on hotspot and difficult work, we launched six long-term working mechanisms targeted for consumer rights protection, including president responsibility system, quick response to complaints in “1 hour”, managers listening to customers’ voices regularly, cross-department coordination of consumer protection complaints across the bank, pre-examination of consumer protection and regular communication and reporting of supervision at all levels, which laid the foundation for systematic governance of complaints.
Traceability and rectification	<ul style="list-style-type: none"> Head Office: Sorted out customer complaints related to the Head Office departments (the “Head Office TOP issues”), and further optimized the mechanism construction, revised the system process for Head Office TOP issues, refined action plans and improvement measures, and comprehensively improved the quality of complaint management. Branches: Implemented “one bank, one policy”, formulated practical rectification measures, and rectified the customer complaints related to the branch (Branch TOP issues) item by item.

<p>Proper handling</p>	<ul style="list-style-type: none"> • We established and improved supporting mechanisms such as dynamic granting of mediation authority, remote authorization, and quick approval to ensure efficient resolution of disputes through mediation. • We improved the diversified solution quota and payment approval authority of institutions at all levels, and improved the implementation effect of the diversified solution mechanism. • In 2022, we accepted the mediation of 3,616 disputes by financial consumer dispute mediation centers in different places, and won the title of “2022 Excellent Reconciliation Enterprise” awarded by Shenzhen Consumer Council.
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[Case] Optimizing the Complaint Management System

In 2022, we comprehensively optimized the consumer complaint management system (the “system”) to further improve the efficiency of complaint handling.

- **Customer voice to the front line:** We desensitized customer complaint recordings and sent them to the front line to help complaint handlers accurately grasp the reasons and appeals of customer complaints, understand customer complaint emotions, and properly handle customer appeals.
- **“One-hour” complaint response mechanism:** We implemented the One-hour response process for customer complaints in the system, and the efficiency of complaint handling had been significantly improved.
- **Complaint handling on mobile terminal:** We broke through the space limitation and helped branch complaint handlers quickly handle customer complaints anytime and anywhere.
- **Monitoring and early warning:** We monitored the trend of complaints in various dimensions, graphically distinguished noise and signal in the fluctuation of complaint data, and intervened in time.

In 2022, we sorted out 2,719 complaint business codes, compressed the complaint business codes to 1,136, and added more than 100 entries of key information for complaint traceability analysis on the difficult complaint entry interface, which laid a solid data foundation for complaint traceability analysis.



Scan the QR code to learn about CMB's complaint handling process, petition acceptance process and customer complaint acceptance channel



Scan the QR code to learn about the contact information of financial consumer dispute mediation organization

In addition, in response to the loan information change needs of existing retail credit customers, we have formulated special system specifications and process standards to support adjustments to credit elements such as amount, term, interest rate, repayment method, and guarantee method.

4.3.2 Protecting Rights and Interests of Consumers

CMB has clarified the management structure of consumer rights protection with the Board of Directors as the highest decision-making body, fully established the subject awareness of the first person responsible for the protection of consumer rights, strengthened management in operations and business links, strictly implemented the main responsibility for the protection of consumers' rights and interests, and promoted the continuous improvement of the level of protection of consumers' rights and interests.

- **Board of Directors:** Responsible for incorporating consumer rights protection into operational development strategies, corporate culture construction and corporate governance evaluation, and supervising the effective implementation of consumer rights protection strategies, policies and goals.
- **Affiliated Transaction Management and Consumer Rights Protection Committee of the Board of Directors:** Responsible for guiding and supervising the establishment and improvement of CMB's consumer rights protection work management system, implementing according to regulatory requirements and CMB's consumer rights protection strategies, policies, target implementation and work development, and supervising the comprehensiveness, timeliness, and effectiveness of the work of senior management and consumer rights protection departments. Reviewed 8 proposals including the *2021 Bank-wide Consumer Rights and Interests Protection Work Report, Analysis and Typical Cases of Financial Consumer Complaints of the People's Bank of China in the First Half of 2022, China Banking and Insurance Regulatory Commission's Circular on Consumer Complaints in the Banking Industry in the Second Quarter of 2022*, some of which were submitted to the Board of Directors for consideration.
- **Board of Supervisors:** Supervising the performance of the Board of Directors and senior management in consumer rights protection by reviewing special

reports and conducting field research. In 2022, we held two meetings of the Board of Supervisors to supervise the consumer rights protection work carried out by the Board of Directors and senior management; conducted investigations in Kunming, Fuzhou, Quanzhou branches and Fuzhou and Wuhan audit branches respectively, and further supervised the consumer rights protection work of CMB during the investigation.

■ **Consumer Rights Protection and Service Supervision and Management**

Committee: A professional committee under the senior management is responsible for unified planning and deployment of consumer rights protection and service supervision and management across the bank to ensure effective implementation of strategies, policies and objectives, and reports to the Board of Directors. During the year, a total of 11 consumer rights protection and service notification review meetings were held to further rationalize the company's consumer rights protection and service management system, and promote the continuous improvement of the working mechanism for consumer rights protection and service experience improvement.

- **Consumer Rights Protection Center:** The consumer rights protection and service supervision and management center in the office is upgraded to the Consumer Rights Protection Center of the second-level department under the office. It is an organization under the Consumer Rights Protection and Service Supervision and Management Committee with a relatively high level and strong independence and is responsible for leading the work of consumer rights protection, organizing, coordinating, supervising and guiding other departments and lower-level institutions to carry out consumer rights protection work.

We have established a complete consumer rights protection system, formulated 18 special consumer rights protection systems such as the *Measures for the Administration of CMB's Protection of Consumer Rights and Interests*, and formed a consumer rights protection system with the working procedures of the consumer rights protection committee as the top-level design, the consumer rights protection management measures as the main body, supplemented by a series of supporting systems and working mechanisms. During the year, we revised relevant systems such as *China Merchants Bank Consumer Protection Review Management Measures*, *China Merchants Bank Customer Complaint Management Measures (Sixth Edition)*, and *China Merchants Bank Individual Investor Risk Tolerance Assessment Measures (Fourth Edition)*, and further strengthened the adaptability to regulatory requirements and actual work.

<p>Service review</p>	<ul style="list-style-type: none"> • We specified the review subject, division of responsibilities, review process and implementation requirements for review opinions in the <i>China Merchants Bank Consumer Rights Protection Review Management Measures</i> to prevent the risk of infringement of consumers' legitimate rights and interests. • According to regulatory requirements and review practices, we formulated the <i>Key Points for the Review of Consumer Rights and Interests Protection of China Merchants Bank</i> and updated from time to time according to the actual situation. In 2022, we developed and launched a new version of the consumer rights
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	<p>protection review system, realized the whole-process management of consumer protection review, and further strengthened the implementation of review opinions.</p> <ul style="list-style-type: none"> • The Consumer Rights Protection Center of the Head Office reviewed 76,464 products and services in total during the year, and put forward 24,713 substantive review opinions, covering product and service design and development, pricing management, agreement formulation, marketing promotion and other aspects; evaluated and reviewed policies, systems, business rules, fee pricing, agreement terms and promotional texts that may affect consumers, and issued review opinions based on the actual situation of products and services.
Staff training	<ul style="list-style-type: none"> • We carried out special training on consumer rights protection at least once a year, covering senior management, business line personnel and grassroots business personnel related to consumer rights protection, and new employees. • In 2022, the senior management of the Head Office and branches, all business departments and grassroots cadres and employees conducted special studies on consumer rights protection on the internal learning platform, and passed the test to evaluate the training effect; the training coverage rate was 98.76%, and the number of trainees was 89,600; special courses on consumer rights protection were incorporated in the compulsory training for new employees,. For key business positions, the training frequency was appropriately increased and targeted training was carried out.
Internal assessment	<ul style="list-style-type: none"> • We incorporated the protection of consumer rights and consumer complaints into the comprehensive assessment index system of branches and Head Office departments, covering all business departments of the Head Office and 44 tier-1 branches related to consumer rights protection, and the assessment results were included in the institutional accountability system and human resource management system. • The final performance score of the branch was mainly used in performance grade evaluation, three-year evaluation, target evaluation salary distribution, and evaluation of branch leadership team members. In the 2022 branch performance evaluation plan, the weight of consumer rights protection accounted for 5%. • In the performance indicator system of the Head Office department, we set up deduction indicators for consumer rights and interests protection work, and evaluated from mechanism construction, complaints, consumer protection evaluation, and branch evaluation. The completion status was included in the performance score of the Head Office department, which was used in performance grade evaluation, three-year evaluation, personal assessment of Head Office department leaders, etc.

4.3.3 Ensuring Network Security and Privacy

CMB abides by and actively implements national laws and regulations and financial industry standards such as the *Network Security Law of the People's Republic of China*, *Personal Information Protection Law of the People's Republic of China*, *Technical Specifications for Personal Financial Information Protection*, and makes every effort to properly carry out network security management and customer privacy protection. In 2022, we had no major network security, information security or privacy breaches.

4.3.3.1 Network security management

We established the Digital Transformation Committee and the Information Technology Management Committee to coordinate and promote the digital transformation, network and data security management of CMB.

Digital Transformation Committee	<ul style="list-style-type: none"> Responsible for the overall planning and organizational promotion of the digital transformation of the bank, it is the decision-making body of the digital transformation of CMB. The Data Governance Working Group under the Digital Transformation Committee is responsible for comprehensively promoting various data governance tasks including data security.
Information Technology Management Committee	<ul style="list-style-type: none"> The Chief Information Officer of CMB serves as the chairman of the committee, which holds regular meetings to review issues related to information and security.

Focusing on various fields such as operational security, communication security, access control, and business continuity management, we formulated more than 40 rules and regulations related to network and information security management applicable to employees of the entire bank such as the *CMB Computer Information Technology Risk Management Policy (Second Edition)* and *CMB Computer Information Security Guidelines (Second Edition)*. In 2022, we published two enterprise standards for private computing.

We built a network security defense system of “immunization in advance, accurate identification in the middle, quick disposal and traceability afterwards”. We continuously improve the network, information and data security management level according to the data security governance idea of holding the bottom line of compliance, consolidating basic capabilities, and controlling key risks.

Management measures

- **Risk assessment:** We carried out information security management risk assessment from three aspects of compliance, operation and external attack, and worked out overall work plans for implementation.
- **Penetration testing:** Through the deployment of scanners and outsourced scanning services, we normalized the security scanning of information systems to automatically discover vulnerabilities; purchased manual testing services from many well-known security companies to dig deeper into vulnerabilities; hired national authorities to conduct remote and on-site evaluations on information systems and comprehensively discover system risks and security management issues; organized multiple internal and external combat exercises every year to verify the effectiveness of security monitoring and improve security defense capabilities.
- **Contingency plans:** We formulated targeted network security emergency plans for possible external attacks and data leakage risks, covering DDoS (distributed denial of service) attacks, supply chain attacks, malicious emails, terminal infection with malicious programs, intranet lateral penetration attacks and other common network attack scenarios. Specific procedures included the establishment of emergency teams, emergency response, incident handling, source tracing and root cause analysis, summary and process optimization, etc. We formulated and completed the corresponding drill plans according to the emergency plan to verify its effectiveness; through internal and external combat exercises, we further verified the effectiveness of security detection and emergency plan, and improved security defense capabilities.
- **Reporting mechanism:** A bank-wide unified reporting channel for network security risks and incidents has been established for all employees. For reported network security risks and incidents, a closed-loop mechanism has been established through the internal work order process to ensure timely and proper handling.
- **Supplier management:** We take data security as one of the most important outsourcing risks, and focused on project approval decision-making, risk assessment, supplier selection and other links. In the process of supplier admission and project implementation, we clarified the requirements for supplier information security management capabilities, contract security guarantee clauses, data storage and transmission regulations, and made relevant requirements a daily key inspection content.
- **External certification:** The information technology service management system has been certified by the information technology service management system standard (ISO 20000). The big data platform has passed the distributed system stability assurance capability assessment (STA-A) of the China Academy of Information and Communications Technology and won the highest level (optimized) certification, becoming the first big data platform in the industry to pass this assessment.
- **Awareness promotion:** We organized information security-related training and learning for all employees of the bank; carried out national-level network attack and defense drill special security awareness publicity, including 7 topics such as sociological attack prevention, mobile media data leakage prevention, and terminal security protection; organized information security awareness training for all employees in the 20th National Congress of the CPC, and produced online

courses on information and data security awareness promotion, covering the interpretation of the latest laws and regulations, safety system promotion, safety practice in daily work scenarios, etc. The online courses covered more than 100,000 employees and the number of views exceeded 900,000; we invited experts from the Ministry of Public Security to give lectures, share actual combat to verify the effectiveness of the network protection system, and strengthen employees' attention to network security.

- **Performance appraisal:** In positions involving and affecting network, information and data security, we set performance appraisal indicators such as information security, compliance and security, and clearly defined the detailed assessment criteria for different situations where information security vulnerabilities are found but have not caused information security incidents, or have caused information security incidents. The final performance evaluation level directly affects the employee's performance salary.

4.3.3.2 Protection and management of customer privacy

For retail customers, we strictly abided by the requirements for personal information security in the *Personal Information Protection Law*. We adhered to the minimum necessary principle in the acquisition and use of personal information, and published the *CMB Retail Finance Personal Information Management Measures (Fifth Edition)* and *Operating Procedures for Personal Information Protection Policy of CMB* to further improve the security protection system covering the entire life cycle of personal information collection, transmission, use, sharing and storage in retail finance, as well as the handling mechanisms such as emergency plans for personal information protection, risk disposal, supervision and inspection, and channels for personal information complaints. We implemented hierarchical and classified authorization management for users, strictly controlled the scope of authorization for personal information inquiries, strengthened the assessment and management of the safety impact of personal information use, and standardized the approval management of personal information use. We also actively carried out internal control compliance inspections, personal information emergency drills and self-assessment of personal information protection, strengthened publicity and education on personal information protection, and strictly prevented data leakage risks.

We provided consumers with data control rights in accordance with relevant laws, regulations and regulatory requirements in China. Before users exercise their data control rights, their identities have been verified through risk control means.

Data control provided by CMB for retail customers

- Users have the right to access, copy, correct and update their personal information through the counter, CMB App and other channels.
- Users have the right to delete information on the product and/or service pages of CMB, including bound bank cards, message history, cache records, etc.
- Users have the right to change the scope of their authorization or withdraw their authorization. Users can change part of the scope of authorization for the Bank to continue collecting personal information or withdraw their authorization through mobile phone system permission settings, the “Settings–Safety Center–Third-Party Application/System Authorization Management” page on the CMB App, contacting customer service, etc. In addition, users can withdraw all authorizations for the Bank to continue collecting their personal information by canceling the All-in-one Net user.
- If users have any relevant complaints and comments about the Bank, they can contact customer service 95555, use the official website or the CMB App “My Customer Service” “Feedback”, as well as various business outlets, or email to: apppersonalprivate@cmbchina.com, and get in touch with the personal information protection team of the Bank.

We disclosed the personal information collection and use rules to users through the *CMB App User Privacy Policy*, and prompted customers to read it in an obvious way. When the *CMB App User Privacy Policy* changes, the App will remind the customer to read and agree when the user logs in, and the user needs to check and confirm the agreement again.

When cooperating with a third party for data sharing, we conducted security assessment for management mechanism of third-party partner, security development, user authorization, partner identity verification, data transmission, data storage and deletion, security monitoring, and partner exit in terms of business and technical aspects.

For qualified third-party companies, we have signed liability clauses in the form of agreements. It is specified that effective technical measures and other necessary measures should be taken to ensure the security of personal information and prevent information leakage, tampering, and loss; processing personal information within the scope of processing purposes, processing methods, and types of personal information agreed by individual customers is allowed. If the receiving party changes the previous processing purpose and processing method, they must obtain the consent of the Bank and the individual customer again. Personal information will not be disclosed to third parties without the consent of the Bank and individual customers.

For corporate customers, we strengthened the management system of “grading and classification” for customer information. On the collection side, relying on the relevant requirements of national laws and on the premise that customers were fully informed, we collected customer information in accordance with the principle of

minimization. In terms of data storage and use, we managed and controlled system users and the content of public customer information that users can access according to the principle of “what is necessary and minimum authorization”. We avoided the leakage of customer information through the labeling of customer information, and the masking or desensitization of sensitive customer information. Conversely, we strengthened user information security awareness through system access log traces, system information access prompts, etc.

Through internal audit supervision and inspection, we promptly discovered deficiencies in network security, data security, and customer information security, reported relevant issues, and continued to supervise the implementation of rectification. In 2022, we carried out special audits on online banking and payment security, special audits on consumer rights protection and audit investigations on data center and technology center, and took customer information protection and information security as the focus of audit inspection. The audit content covered identity and access control management, network security management, system and data security management, terminal security management and application security and other information security management, consumer personal information collection, storage, use compliance, as well as data interaction between individual customers and third-party partners.

4.3.4 Strengthening Compliance Sales

CMB has formulated the *Regulations on the Administration of Financial Marketing Publicity Behaviors of China Merchants Bank* to clarify CMB’s work requirements such as the division of responsibilities, basic regulations, behavioral norms, and release procedures in financial marketing publicity, and passed institutional documents such as the *Administrative Measures for Audio and Video Recording of Retail Business of CMB*, *Measures for Assessment of Risk Tolerance of Individual Investors of CMB*, *CMB Wealth Management Line Financial Marketing Publicity Management Rules*, and strengthened the sales compliance bottom line.

In order to improve the compliance marketing awareness and ability of the customer manager team, we carried out service compliance training for the bank-wide customer manager team on a regular basis every quarter in 2022. The accumulative number of participants was nearly 58,000, with an average of 19,000 people per session.

4.3.5 Protecting the Security of Funds

With solid professional ability, keen insight and high sense of responsibility, CMB escorted consumers’ property safety. In 2022, we continued to improve the ability to detect and intercept telecommunications fraud, made breakthroughs in the construction of quasi-real-time decision-making capabilities for personal account compliance, continued to iterate the retail smart risk control model and further improved accuracy and coverage of the model. We also explored and piloted the cooperation between the police and the bank to rescue defrauded customers in time, and ensure the safety of customer funds. During the year, 440 cases of various external fraud risk events such as illegal account opening, forged seals, telecommunication and internet fraud, and forged and altered bills had been

intercepted at the bank counters. Our measures avoided the loss of RMB 3,071,200 of customer funds and effectively cracked down on various fraudulent activities.

[Case] Quanzhou Branch established an online anti-fraud model to effectively prevent telecom fraud

Quanzhou Branch developed the “one-click lock” automatic account management and control function to suspend non-counter services for telecommunications fraud-related accounts frozen by the public security department, effectively preventing continuous crimes committed by accounts released by the public security department automatically in 48 hours. We also launched anti-fraud real-time control and silent account activation model, combined with the characteristics of the account involved in the case, and carried out real-time monitoring of the customer’s past transaction objects, number of transactions and transaction amount. When the account has suspicious transaction in a short period of time, or the silent account is suddenly activated and the transaction is more frequent than before, the non-counter services will be suspended.



Wenzhou Branch and four partners jointly created the first “Special Train for Prevention and Handling of Illegal Fund-raising” in Zhejiang Province



CMB, the joint venture Merchants Union Consumer Finance, and the Anti-Fraud Center of Nanshan Sub-Bureau of Shenzhen Municipal Public Security Bureau launched a public anti-fraud live broadcast

4.3.6 Innovating and Popularizing Financial Knowledge

We focused on the characteristics of key consumer groups, combined touchpoints and pain points in consumers' financial life scenarios, scientifically planned publicity content, and guided consumers to rationally choose financial products and services and restrain blind investment impulses and excessive consumption. By creating novel and interesting forms of publicity such as mini-games, comics and micro-videos, we broke down the traditional barriers to the popularization of financial knowledge, provided consumers with highly public-spirited, interesting, and easy-to-read learning content, and created the education and publicity network of "focusing on online contactless publicity, supplemented by offline face-to-face publicity" to effectively enhances consumers' willingness to actively learn and ability to acquire financial knowledge.

In 2022, we carried out a total of 14,940 online and offline activities for financial knowledge popularization and financial consumer education, with an audience of more than 500 million, produced 2,248 original promotional materials, and "Zhaoxiaobao" online financial knowledge popularization and financial consumer education model was included in the list of typical cases of inclusive finance in China in 2022.

4.3.6.1 Technology Helping Online Education

In line with the development trend of new media, we continued to explore new models and channels for financial education, and carried out diverse and vivid knowledge popularization activities online.

- **“Travel with RMB” theme game:** Through the hand-painted original paintings of “beautiful scenery”, immersive check-in interaction and other forms, we led consumers to learn basic knowledge of RMB, cash receipt and payment regulations, digital RMB and other tips.
- **“Blind box” knowledge game:** We endowed “ancient mythical beasts” with connotations of financial knowledge, and used the popular form of “blind box cards” to let consumers learn to prevent risks such as telecom and internet fraud, illegal lending, and illegal financial activities.
- **Financial knowledge “Karaoke Challenge” applet:** Combined with the characteristics of illegal financial scams, we tailor-made original lyrics on themes such as illegal fundraising, pension scams, rational investment, reasonable debt, etc., allowing consumers to learn financial knowledge in the relaxed atmosphere of karaoke challenge.
- **Releasing the “Financial Knowledge Cosmic Space Capsule”:** We gathered pictures, texts and videos of popular science knowledge, risk warnings and cases, and led consumers to conduct activities such as online knowledge “cloud section” tours, comic exploration, media viewing, knowledge reading, etc.
- **Establishing a “live broadcast alliance”:** Changchun, Tianjin, Changsha and other branches jointly carried out a series of themed live broadcast activities, and jointly established a financial knowledge “live broadcast alliance” to enhance fans’ self-protection awareness and ability through scene interpretation, case explanation, movie viewing interaction and other forms.
- **Self-test applet:** Dongguan Branch designed and launched an interactive knowledge applet “I am an anti-fraud expert” in conjunction with local regulatory and government agencies and radio and television stations, and set up customer service dialogue, QQ chat, SMS chat and other telecom and Internet fraud scenes to play interesting “true or false” game.

Impact of Our Popularization of Financial Knowledge

- The themed video produced by us and the public security department launched on the official video platforms of the Criminal Investigation Bureau of the Ministry of Public Security and the National Anti-Fraud Center.
- The original “Anti-Fraud” rap single launched by us and the People’s Daily had more than 1.4 million clicks and views.
- The “Fun Anti-Fraud Jingle” cartoon pictures and texts aimed at the elderly group were reproduced on the official account of the Supreme People’s Court and the official account of the People’s Court News Media Headquarters.



Nanchang Branch undertaking the “Last Lesson before Graduation” Public Welfare Live Interview



Yantai Branch and Yantai News Network launched a live broadcast of “High Returns Accompanied by High Risks” to improve financial consumers’ awareness of risk prevention and ability to identify scams



Dongguan Branch cooperated with local brand merchants to carry out the “Fortune Easy Live” series of live broadcasts, with a total of over 350,000 viewers

4.3.6.2 Rich and Innovate Offline Education

Adhering to the basic principles of public welfare, effectiveness, innovation, and sustainability, we have taken to the streets, approached customers, went deep into the public and carried out various forms of financial knowledge publicity activities.

- **In Shanghai**, we participated in the compilation of the *2022 Safety Guide for Freshman Registration in Colleges and Universities in Shanghai* (the “Guide”), sorted out the common cases of various financial risk traps for teenagers and gave risk reminders. The Guide is accompanied by the admission notices of major universities in Shanghai and sent to 180,000 students.
- **In Wuxi**, we participated in the compilation of the *Wuxi Financial Health Reader* of the People’s Bank of China to help improve the financial literacy of Wuxi residents.
- **In Qingdao**, with the help of the Mid-Autumn Festival, we guided students and parents to write impressive statements on preventing financial risks on the moon lanterns; cooperated with the public security team to mobilize residents to learn how to prevent illegal financial activities through quizzes with prizes and distribution of brochures.
- **In Nanning**, we carried out the “Financial Knowledge Popularization Night Market” activity. Consumers can participate in the financial knowledge contest to win prizes. The education propagandists also delivered mung bean porridge to sanitation workers, courier, take-away deliveryman and other labor service workers, and carried out one-on-one financial knowledge promotion.

[Case] Creating a three-dimensional financial knowledge popularization activity to help the elderly

By providing financial services suitable for the elderly, building a full network of security protection, and fully linking with organizations for the elderly, we created three-dimensional activities to help the elderly enjoy a better life.

- **Shenzhen Branch:** We carried out the themed activities of “Love • Respect • Care for the Elderly”, popularized financial knowledge and tips on fraud prevention, and organized to watch original educational and publicity micro-movies.
- **Nanning Branch:** In Jialong Village, Tiandong County, Baise, where designated assistance was provided, we carried out the “Warm Autumn” financial knowledge popularization activity to popularize Internet payment security, telecom fraud case analysis and basic financial knowledge for local villagers, especially the left-behind elderly groups.
- **Beijing Branch:** We held salon activities for elderly groups and special consumer groups in subdistrict communities and elderly care centers, and popularized practical knowledge such as preventing illegal financial activities and RMB anti-counterfeiting to elderly and special consumer groups through case analysis and risk reminders.



Anti-fraud brochure for college students



Suzhou Branch customized the “Zhaoxiaobao” series of drinking water printed with the slogan of protecting the rights and interests of financial consumers



Financial Education Demonstration Base of Shijiazhuang Branch



Ningbo Branch set up a “four o’clock classroom” to popularize financial knowledge and extended financial knowledge publicity and education to townships



Zhengzhou Branch, under the guidance of the Henan Provincial Banking and Insurance Regulatory Bureau, created Henan's first “financial subway special train” equipped with rich and vivid financial knowledge



Taiyuan Branch filmed, edited, directed and performed a short promotional video on prevention of illegal fund-raising with both legal knowledge and risk warnings, authenticity and fun



Beijing Branch went to many primary and secondary schools to carry out “a financial compulsory course” with the theme of anti-fraud and anti-counterfeiting.



Nantong Branch strengthened the construction of financial knowledge public education area in outlets, creating a window for financial knowledge popularization



Chengdu Branch went to rural areas to hold a special activity on popularizing financial knowledge



Launching Ceremony of Financial Literacy Survey for the Elderly Group held by Shenzhen Branch

4.4 People-Oriented, Creating a Harmonious Workplace

Talent is the first resource for enterprise development. CMB adheres to the people-oriented culture of respect, care and sharing, empowers employees' career development, builds a comfortable, friendly and positive workplace atmosphere, stimulates the vitality of the talent team, and spurs on the company's high-quality development.

4.4.1 Attracting Outstanding Talents

CMB strictly abides by national laws and regulations such as the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, and the *Provisions on Prohibiting the Use of Child Labor* of the State Council, and follows various international conventions of human rights protection such as the *United Nations Guiding Principles on Human Rights for Industrial and Commercial Enterprises* and *Convention on Equal Pay for Equal Work*, and formulated the *China Merchants Bank Campus Recruitment Work Guidelines*, *China Merchants Bank Social Recruitment Management Measures*, *China Merchants Bank Labor Contract Management Measures (Second Edition)*, *China Merchants Bank Employee Resignation Management Measures (Second Edition)* and other systems to stipulate remuneration, dismissal, recruitment, promotion, working hours, diversity, anti-discrimination and other benefits and welfare of employees in detail.

4.4.1.1 Equal employment and diverse recruitment

We are committed to eliminating discrimination in terms of gender, age, ethnicity, family status, religion, sexual orientation and social origin in recruitment and employment, and stipulate that discriminatory descriptions such as image, gender and place of origin are prohibited in recruitment announcements. The recruitment announcements of Head Office and branches are subject to review before release. We oppose and prohibit illegal employment practices such as child and forced labor. We strictly review the age and background of candidates during the resume screening stage. Those who do not comply with the relevant laws and regulations are not allowed to pass the resume screening. During the year, we did not detect any irregularities in employment.

In 2022, we implemented the strategy of giving priority to employment, promoted high-quality and full employment, actively leveraged platform advantages and offline service advantages, and helped college students broaden their employment channels and improve their employment competitiveness.

- **Online:** We cooperated with the Central Committee of the Communist Youth League to launch the "Sail Plan" for college student internships, launched the "National College Students Internship Service Platform" on the CMB App, provided internship positions, and supported the implementation of employability improvement for college students in terms of information integration and job expansion. As a pilot unit, Beijing Branch carried out the "Youth Entrepreneurship Beijing • Sail Plan" internship program for college students.

- **Offline:** We cooperated with many colleges and universities across China to carry out offline campus recruitment lectures. We jointly built CMB employment and entrepreneurship practice bases with local colleges and universities in Beijing, Shenzhen, Hefei, Kunming and other places, vigorously supported employment, internship practice and vocational training, and solidly promoted the employment of graduates.

Campus recruitment	<ul style="list-style-type: none"> • We have carried out the FinTech elite training camp for six consecutive years, and provided valuable opportunities for science and engineering students to actively embrace cutting-edge financial technology. In 2022, the training camp attracted a total of 188 students, and we created the best experience that “everyone is the protagonist” for the students through activities such as partner truth or dare, memory documentaries and parting gifts.
Intern program	<ul style="list-style-type: none"> • We continued to recruit winter, summer and daily interns, provided students with opportunities to learn knowledge and exercise abilities through training and on-the-job practice; helped students experience the workplace in advance through career counseling and mentor tracking to lay a solid foundation for job hunting after graduation. Interns with excellent performance can get a job offer or a campus recruitment pass. • We launched the project-based intern recruitment for the first time, and promoted the special intern program of “Dream Factory” in the “investment, commercial, private and scientific banking” pilot department of the Head Office. • We cooperated with Tsinghua University, Peking University and Renmin University of China to carry out special internship programs called, “Shuimu”, “Boya” and “Seeking Truth”. • In 2022, the number of recruited interns increased by 30% compared with last year.

[Case] London Branch advocated cross-cultural management and built an international team of professionals

Based on its latest business development strategy and goals, the London Branch formulated a transformation plan for the branch’s workforce, focused on recruiting experts with rich experience, vigorously advocated cross-cultural management and focused on diversity and tolerance. During the year, the branch carried out recruitment through various channels such as excellent talent reserves in the bank, local headhunters, and recruitment websites, and increased the proportion of foreign employees to 30%, laying a good foundation for building an international professional talent team with both international vision and local experience.



“Dreams come true” campus recruitment



Signing the school-enterprise cooperation agreement with the Chinese University of Hong Kong, Shenzhen to establish an internship base for financial technology talents

4.4.1.2 Optimizing salary incentive system

We provide our employees with competitive salary and benefits. The total annual remuneration of employees includes regular remuneration, contingent remuneration and benefits. Regular remuneration includes basic remuneration and performance remuneration; contingent remuneration refers to remuneration items arranged according to the company’s operating performance and operating requirements in addition to regular remuneration. Benefits include statutory benefits and supplementary benefits. We adhere to a gender-equal salary and benefits system, and pay attention to the salary and benefits of different genders. No abnormalities were found during the year.

For senior executives, we formulated the *Remuneration Management Measures for Senior Executives of China Merchants Bank Co., Ltd.*, which reflects the effective integration of various factors such as an incentive mechanism and restraint mechanism, risk management and sustainable development, management operation and board management. Senior management remuneration includes a performance-based variable remuneration system. Short-term incentive performance indicators mainly include risk-weighted return on assets, risk-weighted asset growth rate, return on equity, cost-to-income ratio, non-performing loan ratio, etc. Long-term incentive performance indicators mainly include wealth management capabilities, fintech capabilities, risk management capabilities, etc.

We fully consider the balance between material incentives and risk constraints in the assessment of senior management, set assessment indicators from benefit, risk and

efficiency, and integrate inclusive finance, green credit, anti-money laundering and compliance management issues, consumer rights protection and other ESG-related indicators into the assessment system. All senior managers use a unified performance indicator system, which fully embodies the incentive principles of risk sharing and benefit sharing. The assessment results of senior management are verified by third-party audits every year.

The annual bonuses for senior executives (including those who have resigned) are subject to the relevant provisions of the *Guidelines for the Supervision and Administration of Stable Salary in Commercial Banks* promulgated by the China Banking and Insurance Regulatory Commission (formerly the China Banking Regulatory Commission), and a deferred payment system is implemented. 40% of the annual bonus will be paid within one fiscal year after the assessment period, and the remaining 60% will be deferred for three years. The issuance of deferred bonuses for senior management is linked to risk indicators. If major risk events occur during the term of office, the Remuneration and Appraisal Committee of the Board of Directors has the right to recover all bonuses that have been paid within the corresponding period and stop paying all unpaid bonuses.

4.4.1.3 Human capital analysis

We carried out human capital risk assessment and analysis, and used scientific and effective means to help CMB's sustainable development with a reasonable employee structure.

Total number of personnel	<ul style="list-style-type: none"> Based on strategic priorities and operating budget objectives, we fully considered factors such as new institutions and regional differentiated development, and established a multi-dimensional evaluation model to verify the total number of personnel.
Personnel structure	<ul style="list-style-type: none"> Focusing on business orientation, according to factors such as the number of customers served and customer scale, and combined with personnel efficiency, we quantified the personnel required for key positions, and put forward targeted staffing suggestions.
Personnel recruitment and screening	<ul style="list-style-type: none"> Through the recruitment data analysis system, we monitored data and information such as the number of resumes delivered, the distribution of candidates' colleges and academic degrees, recruitment sources and channels in real-time to provide a scientific and powerful reference for optimizing recruitment strategies
Employee turnover monitoring and evaluation	<ul style="list-style-type: none"> We monitored employee turnover rate in real time through human resource reports, generated turnover data analysis reports on a regular basis, and focused on obvious abnormalities in employee turnover rate year-on-year. The Head Office set the index of "turnover rate of key employees" in the performance appraisal plan of domestic tier-1 branches, set corresponding tolerance values for the turnover rate of key management personnel, employees in core positions, new employees and other key types to pay attention to, and conducted regular inspections, audit, monitoring and evaluation.

4.4.2 Concerning Employee Growth

CMB strived to smooth the career development channel, continuously optimized the employee training system, and provided a broad platform for the growth and development of employees.

4.4.2.1 Smooth promotion channels

We established and improved the management and professional development system, which has changed the single and narrow employee promotion channel. We also established a back-up talent pool for professional positions as an important method to maintain a talent reserve and training.

- **Professional channel construction:** We launched a professional sequence system of full coverage, differentiation and same rank, same treatment, established a vertical development channel for employees, and comprehensively created an “expert” culture. In 2022, we further optimized the review process, enriched the content of professional ability evaluation, and guided managers at all levels to establish the concept of “promoting professional team building through sequential review”.
- **Construction of back-up talent pool for professional positions:** We continued to build a back-up talent pool for key positions under the overall management of the Head Office, and created an important horizontal development platform for employees to learn independently and organize echelon training. In 2022, we held two phases of the Haibei Project overseas back-up talent pool selection, and 84 overseas talents were newly reserved, with a total of 781 persons in the pool.

In the selection and appointment of cadres, we adhered to the meritocracy employment policy and the principle of gender equality, and focused on the professional ability and personal quality of candidates. In recent years, increasingly more outstanding female talents have come to the forefront in competitive selection. Additionally, female senior managers have given full play to their abilities and become an important force to promote the development of the company. By the end of 2022, the ratio of male to female senior managers in the head office departments and branches was close to 3:1.

We have established a dual-dimensional performance evaluation system of “performance + ability”, covering all cadres and employees, and carried out performance evaluation work on an annual basis. In 2022, we optimized the performance appraisal system for the members of the head office departments and branch leadership team, held performance management empowerment certification training courses, and included full-process performance management as a compulsory course for leadership training.

4.4.2.2 Building a training platform

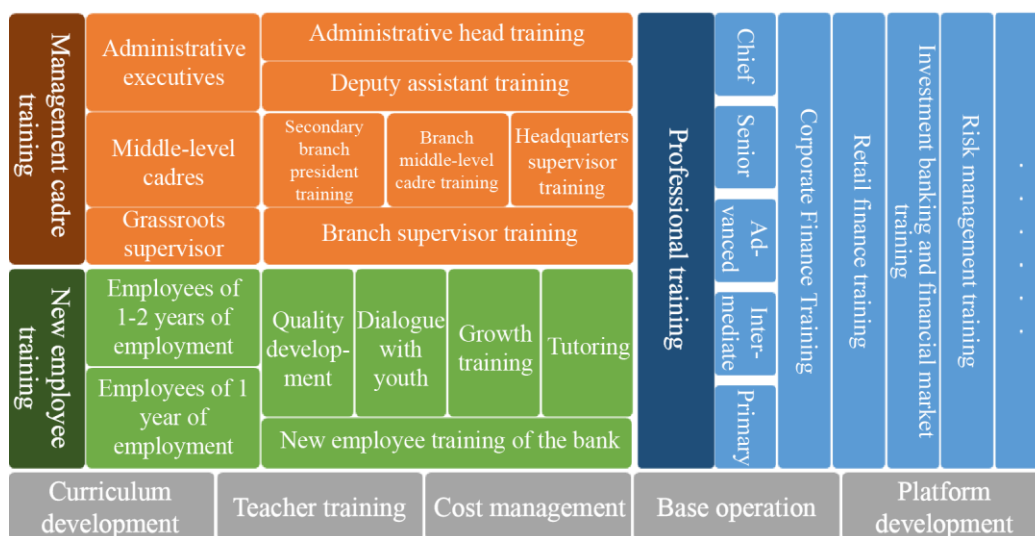
In 2022, we professionally operated the online training platform, continued to optimize the campus construction of training bases in Shenzhen and Shanghai, and strived to increase employee training participation and improve training service experience.

<p>CMB i learning platform</p>	<ul style="list-style-type: none"> • We built the CMB i Listening learning channel. By the end of 2022, 594 new audio learning resources were added throughout the year, and the number of learners was 179,000. • We significantly improved the satisfaction of students by establishing a learning service hotline, pushing digital learning bulletins, information, and disseminating learning experiences. • We continuously upgraded the “CMB i” learning platform, promoted the development of internal courses and the introduction of high-quality external resources, and created an open digital learning ecology. In 2022, 6,961 e-courses were launched on the “CMB i” platform offering more than 15,000 online courses. During the year, nearly 123 million people studied online, and the total learning time for the year reached 4.9627 million hours.
<p>Multi-functional live broadcast hall</p>	<ul style="list-style-type: none"> • We innovatively launched a multi-functional live broadcast hall. With the support of professional equipment, venues and operation teams, we built the first radio and television level, 4K integrated media live broadcast hall in the industry, which had been widely used in training, live broadcasts, product roadshows, course recordings, policy advocacy and other scenarios. In 2022, the multi-functional live broadcast hall held more than 80 live broadcasts and course recordings.

4.4.2.3 Carrying out comprehensive training

We continued to establish and improve a standardized and multi-level talent training system, adopted diversified online and offline training methods to meet the career growth needs of employees at different levels, and are committed to the organic combination of employee self-growth, value realization and enterprise development.

CMB staff training system



<p>New employees</p>	<ul style="list-style-type: none"> • We cooperated with professional research institutions to carry out the “special research on post-95 new employees”, formed a special research report on new employee training in 2022, and developed four themed courses: role transformation, learning growth, empathy, and positive behavior. • Using the linkage model of “online coverage and offline concentration”, we achieved full coverage of new employee training in the whole bank for the first time. The training content included the company’s strategic planning, corporate culture, customer service, risk compliance, anti-money laundering, etc. • We built an empowerment platform for new employees, and launched series courses of the “Compulsory Courses for New Employees in 2022”. As of the end of 2022, the cumulative learning volume reached 81,592 views.
<p>Employees in professional positions</p>	<ul style="list-style-type: none"> • We provided special training on corporate finance, retail finance, investment financial (investment banking and financial markets) and asset management, risk management for professionals at all levels.
<p>Management Personnel</p>	<ul style="list-style-type: none"> • Senior management personnel: We formulated a three-year training plan for branch presidents, department general managers and deputy assistants of Head Office, and established a standardized, institutionalized, differentiated and full-coverage executive leadership training system through strategic transmission, macro-trend interpretation, and strengthening team management capabilities. In 2022, we carried out special trainings for branch presidents, department general managers and deputy assistants of the head office. • Middle-level and grass-roots managers: We customized and developed management skills courses for grassroots managers with the themes of employee motivation, atmosphere creation and strategy implementation through basic management skill demand research; implemented the compound training mode of “online courses + live lectures + concentrated face-to-face teaching”. Additionally, formulated an online learning plan, and integrated the online learning management paradigm of micro-lecture learning, scenario simulation and knowledge point summary to improve the management ability of middle-level and grass-roots teams.
<p>Part-time teachers</p>	<ul style="list-style-type: none"> • We created a “dual-line empowerment” system of “job specialty + teaching skills”, in which job specialty improvement is connected to the professional talent training system, and teaching skill improvement connected to the “5+1” advanced training system for part-time teachers. • We set up the “five major teaching tasks + comprehensive quality” learning module for the “5+1” advanced training system, formulated differentiated training objectives for part-time teachers at different levels, and carried out regular training and education ability certification.

	<ul style="list-style-type: none"> We carried out the live broadcast lecturer training camp, carried out thematic live broadcasting on the two major empowerment scenarios of live broadcast interaction and micro class development and strengthened the live broadcast skills of part-time teachers.
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We provided employees with various forms of ESG-related special trainings such as anti-money laundering, risk compliance and green finance, such as offline centralized face-to-face lectures and online live broadcasts. Embedded relevant courses were compulsory courses for management and new employee training. As of the end of 2022, the CMB i learning platform has released more than 100 e-courses related to ESG topics, involving anti-money laundering, risk management, compliance management and inclusive finance, with more than 290,000 learners.

We established a new lecturer course effect evaluation system to improve the quality of training that took into account both experience and quality feedback, strengthened the management of training effects, realized comprehensive automatic mobile phone pushes for evaluation, introduced low-score triggers and regular monitoring and feedback mechanisms, and established closed-loop management of training quality system.

[Case] Cultivating Innovative Talents

In 2022, we comprehensively improved the “Innovation Workshop” mechanism from the aspects of project incubation, project review, personnel management, site support, training services and system guidance, gradually improved the one-stop incubation support system, and supported the incubation of innovative projects throughout the life cycle. During the year, we incubated several small team projects.

We also held the “Jiangxin Cup” creativity competition, encouraged employees to put forward innovative solutions based on their own positions, develop and implement them, and directly transform the results of the competition into productivity. In 2022, the “Jiangxin Cup” competition covered six major themes, attracting 3,486 participating teams and more than 29,000 participants.

[Case] Shanghai Branch helped improve the comprehensive professional ability of operation counter staff using the “Original Mission Plan”

Shanghai Branch carried out the “Original Mission Plan” activity for the operation line. The operation management department of the branch promoted the department management team, the general manager of regional operations and the operation supervisor to formulate and implement the “one person, one policy” professional ability improvement plan for employees to enhance the professional service ability for handling counter customers.

By the end of 2022, the comprehensive teller practice rate increased from 14.22% at the end of previous year to 42.54%. The number of comprehensive tellers meeting the branch standards reached 287, increasing by 304% over the end of previous year.

Moreover, the customer service experience and the service quality of the counter business had been steadily improved. The favorable rate of counter service increased by 0.40% year-on-year. The amount of praise of external customers and internal customers of the echo system increased by 35% and 328% respectively, and the number of complaints to counter staff decreased by 60% year-on-year.

[Case] Nanchang Branch created a highland for talent gathering through all levels of training

In 2022, Nanchang Branch carried out differentiated training programs for employees at different levels to improve their business capabilities in a targeted manner.

- **Risk compliance training for new employees:** We conducted risk compliance training for new employees engaged in corporate asset business, adopted centralized, online, on-the-job and other differentiated trainings for different types of trainees, and arranged the business backbone for on-the-job training instructors to be responsible for the formulation of training programs, operation guidance and assessment.
- **“Green Orange” and “Ivy” series of extended training:** For new middle-level cadres and supervisors, we organized the “Green Orange Phase I” and “Ivy Phase I” training programs to effectively improve the ability of new employees to identify problems and solve problems within six months.
- **Front-line management cadre training:** Relying on ten courses such as macroeconomic situation, action learning, emotion and stress management, we helped 44 front-line management cadres cultivate proper management thinking, and improved the management and service capabilities of front-line cadres through training instead of competition.



New Employee Training—Nanchang Branch



Ningbo Branch held a growth training camp for new employees recruited in 2022, and formulated an exclusive growth plan to help them quickly familiarize themselves with the business and corporate culture.



Shenzhen Branch launched a one-year talent training boot camp for 2022 new recruits to bolster the cultural identity of new employees and cultivate professional skills

4.4.2.4 Encouraging qualification certification

We attached great importance to the improvement of the professional ability of the staff and personalized empowerment, and advocated professionalism and developing multi-skilled staff. In 2022, we sorted out the certifications of 82 positions across the bank, guided and established a correct concept of professional ability training, promoted the mechanism of working with certificates, and built the professional capabilities of the talent team. In addition, we supported and encouraged employees to register for external professional certification exams, and reimbursed exam fees for employees who have obtained certification, covering Chartered Financial Analyst (CFA), Financial Risk Manager (FRM), Certified Public Accountant (CPA) and a total of 88 certification exams, and reimbursed professional certification fees for 5,576 persons throughout the year.

4.4.2.5 Promoting external cooperation

We expanded cooperation with well-known universities and professional training institutions at home and abroad, and actively introduced high-quality external learning resources.

Cooperative institutions	Cooperation content
Tsinghua University School of Economics and Management	We invited experts and scholars to give lectures to middle and senior managers on topics such as China's macroeconomics from the perspective of the 20th National Congress of the Communist Party of China, the international situation globally and China's diplomacy, and the mission and challenges of financial managers.
Peking University HSBC Business School	We invited experts and scholars to design courses in the fields of business model innovation, leadership literacy, and macroeconomics in the digital age, and provided lectures, exchanges and sharing for middle and senior managers.

4.4.3 Improving Well-being of Employees

The company fully protects the well-being of employees in daily management, strengthens the construction of corporate culture, solves employee concerns, and strives to improve employees' sense of happiness and inclusion.

4.4.3.1 Occupational health and safety

We advocate the concept of healthy living and are committed to creating a safe and comfortable working environment.

Creating a safe and comfortable environment	<ul style="list-style-type: none"> • We chose non-toxic environmentally friendly materials for interior decoration, installed air quality monitoring equipment to display office environment data in real time, and replaced old fluorescent lamps in the office area with anti-glare LED lamps with soft illumination. • We promoted the configuration of ergonomic health facilities, and provided employees with healthy ergonomic chairs and anti-blue light screens for computers. • We carried out safety inspections and assessments for fire prevention, disaster prevention and accident prevention, formulated 13 emergency response plans, and promptly investigated and rectified potential safety hazards.
Caring for the physical and mental health of employees	<ul style="list-style-type: none"> • We provided annual health checkups for employees and some employees' family members. During the year, we strengthened our care for employees and their family members through measures such as adding high-quality physical examination institutions, enriching the selection of physical examination packages, building a special area for medical examination knowledge, and introducing mental health assessments. • We opened a 24-hour free psychological assistance hotline set up by a professional psychological counseling service organization for all bank employees, invited experts and scholars from well-known universities and hospitals to customize psychological healing programs, and launched online lectures on mental health. • We regularly held health-related themed activities such as Chinese

	medicine consultation, health lectures, oral care and first aid training.
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4.4.3.2 Listening to employees

We respect and protect employees' right to know, participate, express and supervise the operation and management. Additionally, we formulated the *Management Measures of Workers' Congress of China Merchants Bank*, improved the enterprise democratic management system based on the workers' congress as the basic form, and carefully listened to democratic opinions. In 2022, we held the fourth, fifth, and sixth meetings of the second worker's congress, and after review voted to pass the *Management Measures for Staff Fit-for-Job Training of China Merchants Bank*, *Management Measures for Employee Leave of China Merchants Bank (Fourth Edition)*, *Management Measures for Abnormal Behavior of Employees of China Merchants Bank (Fourth Edition)* and other regulations closely related to the vital interests of employees to protect the legitimate rights and interests of employees.

We used the intelligent opinion collection platform Egg Shell (the "Egg Shell") to encourage employees to speak out freely, put forward valuable suggestions, and promoted problem improvement and management enhancement. The Egg Shell adopts an anonymous mechanism to fully protect user information. During the year, the number of visits to the Egg Shell exceeded 28 million, the number of monthly active users was 38,000, and a total of 384 valuable suggestions were adopted and employed for work and process optimization.

When their legal rights are affected, employees can appeal to the labor union of their unit or the Head Office through telephone, email, Egg Shell and other platforms, and the labor union will be responsible for coordinating, handling and replying.

We regularly conduct employee satisfaction surveys every year. During the year, we completed the 2022 employee satisfaction survey and generated an employee satisfaction report. Through in-depth analysis of the survey results, we disclosed the survey results and existing problems, listened carefully to the demands of employees, and put forward effective suggestions for follow-up work improvement.

4.4.3.3 Caring for the lives of employees

We continue to improve the welfare of employees, provide canteen services at the head office and branches for the convenience of employees' daily meals; provide shuttle services on weekdays to facilitate employees' commuting; provide rental apartments and housing subsidies to help new employees adapt and transition as soon as possible. In addition, we focus on caring for female employees, assistance, cultural and sports activities to protect the happy life of employees.

Caring for female employees	<ul style="list-style-type: none"> We carried out cervical cancer and breast cancer screening, HPV vaccination and other activities for female employees to enhance their awareness of health protection. In response to the national maternity policy, we provided paid maternity leave exceeding the legal minimum wage, and allowed for the number of days of maternity leave according to
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	<p>the requirements of the place of operation. Branches in different regions studied the specific implementation rules according to the relevant policies of parental leave and child care leave in the place where they are located, so qualified employees can get corresponding benefits.</p> <ul style="list-style-type: none"> We provided a maternal and child care room in the Head Office building to provide a facility for breastfeeding mothers.
Support and assistance	<ul style="list-style-type: none"> In 2022, we supported and assisted more than 70,000 employees on statutory holidays, cared about the lives of employees in need, and provided support to 923 employees in difficulties throughout the year. We restarted the “Sunny Plan” at the Head Office, a care plan for employees’ family members, to provide support to employees whose family members were suffering from illnesses. A total of 197 employees were assisted throughout the year, with RMB 1,153,100 dispersed.
Recreational and sports activities	<ul style="list-style-type: none"> We carried out extensive recreational and sports activities such as e-sports competitions, badminton games, reading exchanges and illustration DIY, reorganized 45 cultural and sports clubs in the Head Office, attracted more than 3,800 employees to join, and established 555 cultural and sports clubs in the branches. We carried out various employee lectures on value guidance, vocational education, healthy life, hobbies, etc., with 47,000 employees participating in the bank. We founded the “Union School” at the Head Office, and delivered 11 live courses in the form of online live broadcast and offline lectures, covering employee image etiquette, sports nutrition and health, etc., and the number of live broadcasts reached 4,726.



Hohhot Branch opened the “Golden Sunflower” staff bookstore, equipped with more than 2,000 books covering economics, finance, law, history, literature and other fields.



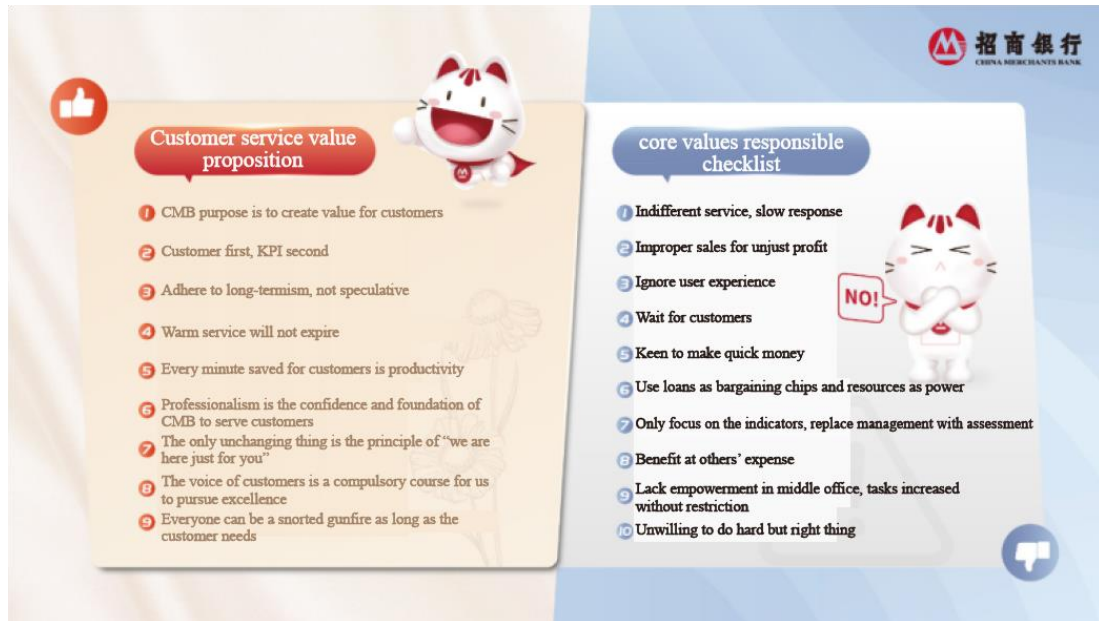
Ningbo Branch held the Lantern Festival Cultural Light Party to convey holiday greetings



Dalian Branch renting apartments and providing housing subsidies for new employees

4.4.3.4 Construction of corporate culture

In 2022, we released the “China Merchants Bank Customer Service Value Proposition” and “Core Values Responsible Checklist” to fully integrate values into business management and strengthen value leadership. We carried out two “Clean and Simple Work Codes Lectures” for manager training sessions covering more than 500 middle-level management employees. Additionally, relying on the publicity and exchange platforms of the “CMB E Newspaper” and “CMB E Journal”, we actively disseminated CMB’s dynamics and cultural achievements, and deepened the construction of corporate culture.



CMB Customer Service Value Proposition and Core Values Responsible Checklist



“Clean and Simple Work Codes Lecture” Manager Training



The New York Branch combined the corporate culture knowledge competition with the celebration of the Mid-Autumn Festival, which enhanced the sense of identity and belonging of overseas employees in a relaxed and warm atmosphere

4.5 Giving Back to Society and Passing on Warmth

CMB has been adhering to the social responsibility concept of “gaining from society and contributing to society”, by continuously helping and serving farmers, keeping our promise for 23 consecutive years, and solidly promoting the designated support in Yongren County and Wuding County, Chuxiong Yi Autonomous Prefecture, Yunnan Province to forge ahead on the road of rural revitalization. At the same time, we have enriched public welfare practices such as helping the weak and the disabled and community building, and build a more prosperous, just and wonderful society for all walks of life. In 2022, the group-based social contribution value per share was RMB 15.84.

4.5.1 Carrying out Designated Help

In 1999, the first batch of designated help cadres of CMB came to Yongren County and Wuding County, starting our road of help in Yongren and Wuding. Over the past 23 years, we have invested a total of RMB 313 million in various help funds for the two counties, and implemented 1,343 help projects, effectively helping the two counties win the battle against poverty as scheduled and embark on a new journey of rural revitalization.

In 2022, we continued to promote the work of providing designated help for rural revitalization, used our own advantages combined with the actual conditions of the two counties, advanced with the times, explored new avenues of help, and consolidated and expanded the achievements of poverty alleviation. We formulated the *2022 Rural Revitalization Support Work Plan of China Merchants Bank* focusing on the overall idea of paving the way for education, guaranteeing medical care, supporting industries, building human environments, and cultivating talent. CMB clarified the goals, objects and revitalization measures and a total of RMB 50.9019 million had been invested in 48 support projects in Wuding and Yongren counties, Yunnan throughout the year.

4.5.1.1 Education support

We nurtured education in the two counties, created a good teaching environment, and strived to improve the quality of education.

Improving school environment	<ul style="list-style-type: none"> • We created the CMB Shuxiang Moxiang Campus in two primary and secondary schools in Yongren County to cultivate good reading and writing habits. • We constructed projects such as the CMB Safe Drinking Water School, CMB English Standard Examination Room, CMB Charity Canteen and the CMB Basketball Court in Wuding County to create a high-quality learning and living environment. • In 2022, we carried out 15 campus construction projects, with an investment of RMB 14.2142 million.
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Improving incentive mechanisms	<ul style="list-style-type: none"> • For teachers: In the two counties, we set up CMB teaching awards, including the CMB Teaching Quality Award and CMB Gardener, to motivate teachers who have made outstanding contributions in teaching and management. • For students: We increased the amount of rewards for CMB Scholarships and the CMB Stipend to reduce the burden on the family for educational expenditures.
Introducing teaching resources	<ul style="list-style-type: none"> • We implemented the “special appointment system” for principals, introduced a team of famous teachers from Fujian, and promoted the reform of the education model in the two counties with advanced teaching concepts; we carried out activities such as teaching exchanges, teaching assistance in schools and student summer camps to strengthen inter-school cooperation. • In 2022, the number of students enrolled in the first-tier and second-tier college entrance examinations in the two counties hit a record high, and the effect of educational support was outstanding.

4.5.1.2 Medical support

CMB supported the two counties to comprehensively improve the basic medical security capabilities, strengthened the construction of rural medical teams, improved the ability of doctors to diagnose and treat, and realized improvement in both medical environment and medical quality.

- We promoted the construction of 30 smart rural clinics, introduced the Internet hospital system, and realized smart medical services such as online consultation, electronic prescriptions, electronic medical records, and patient management in rural clinics. After the completion of the smart rural clinic, it was shown that rural doctors could increase their income by an average of RMB 3,000-5,000 per year.
- We renovated 57 village clinics, improved the diagnosis and treatment environment, supplemented diagnosis and treatment equipment and improved service capabilities to meet people’s needs for medical care and basic public health services.
- We implemented training to ensure that rural doctors could master the use of medical equipment, diagnosis and treatment software.
- We employed chief physicians and deputy chief physicians from level 3 and above hospitals to teach and conduct consultations every year with the aim of improving the service technology and capabilities of county-level medical institutions.



Wang Liang, President of China Merchants Bank, learning about medical services in rural smart clinics

[Case] CMB Maternal and Child Health Ultrasound Imaging Room

We built the “CMB Maternal and Children Health Ultrasound Imaging Room” in Yongren County Maternal and Child Health Hospital, provided support for the purchase of GE10 color Doppler ultrasonic diagnostic equipment, and initiated the CMB Maternal and Children Health Fund based on 5% of the ultrasound imaging business income. By the end of 2022, free breast and cervical cancer screenings had been provided to 23,300 rural women in Yongren.

4.5.1.3 Industry support

Based on the characteristics of the counties we are designated to help, combined with the industrial development planning of the two counties, we implemented precise policies to promote industrial upgrading and consumption. This in turn, promotes production, and we introduced market-oriented models in the fields of planting, animal husbandry, tourism, and cultural industries.

- **Promoting modernization of the agricultural industry:** We built the CMB Digital Photoelectric Fruit Sorting Line and CMB Agricultural Product Quality and Safety Inspection Line in Yongren, and built the CMB Meat Product Deep Processing Line in Wuding. In 2022, we invested a total of RMB 3.618 million to help strengthen agricultural technology and equipment support.
- **Developing consumption support:** We built diversified online and offline sales channels for consumption support products, introduced e-commerce platforms such as China Merchants Food, benlai.com, Pinduoduo, etc. Local enterprises were encouraged to strengthen cooperation with well-known e-commerce companies. Additionally, we expanded the types of products for consumption support, drove the sales of prime agricultural products such as chestnuts, green jujubes and mangoes with the successful experience in pomegranates and walnuts, promoted the export of agricultural products from the two counties, and helped farmers increase production and income. In 2022, we directly helped purchase RMB 20.0324 million of agricultural products from the two counties, and helped sell RMB 3.6013 million of agricultural products.

[Case] Comprehensive industry support

On the basis of fully considering the development policies and conditions of the local agricultural industry, we deepened our industrial support across China and actively contributed to the overall revitalization of rural areas.

- Lanzhou Branch:** CMB Caodi Village Traditional Chinese Medicinal Planting Farmers Professional Cooperative signed an order purchase contract with the local Chinese medicinal material company for 200 mu (33 acres) of angelica and astragali planted by villagers, built a high-quality medicinal source base for leading enterprises, developed contract agriculture, and effectively solved the issue of sales for farmers.
- Yinchuan Branch:** We conducted on-the-spot research on the local goji berry industry. The goji berry social service project completed the site foundation construction during the year and it is estimated that after the project is put into operation in 2023, it can achieve a daily processing capacity of 10 tons of goji berry dried fruit.
- Nanchang Branch:** We established a sales platform for Yeping vegetables and launched a sales channel for Gannan navel oranges in the CMB App mall.
- Nanning Branch:** We publicized and promoted “green chewing cane” in Jialong Village, Tiandong County, Baise, Guangxi, and encouraged employees to be spokespersons for the “Consumption Support New Year Action”. We also helped green chewing cane to launch on the national online sales platform for agricultural and sideline products in poverty alleviation areas.
- Joint venture Merchants Union Consumer Finance:** We launched the “Rural Revitalization and Benefiting Farmers Plan”, launched more than 300 special agricultural products in the Merchants Union Installment Mall, and carried out diversified marketing. The sales volume of agricultural products increased by 220% compared with 2021.



Guiyang Branch used the Zhaocai Huigou sales platform to promote agricultural products



The joint venture China Merchants Union Consumer company carried out “Volunteer Activities for Country People” summer practice together with more than ten key colleges and universities across China. Rural areas were visited and researched in-depth. Local agricultural industry was promoted by producing short videos and live broadcasting.

4.5.1.4 Talent support

The key to rural revitalization lies in people. We persist in stimulating the core momentum of revitalization through talent training. Strong talent support is provided for comprehensively promoting rural revitalization and accelerating agricultural and rural modernization. In 2022, we trained a total of 386 rural revitalization leaders and 2,169 professional and technical personnel for the two counties.

Improving the ability of grassroots cadres in rural revitalization	We organized grassroots teams and workers from the two counties to carry out online and offline learning and in-state inspections to improve the quality of their abilities to serve the masses, the agriculture, rural areas, and rural residents.
Improving farmers' ability to develop rural industries	We built a talent pool for developing the rural revitalization industry, organized rural entrepreneurship and wealth leaders, private enterprise leaders, large farming households, and agricultural professional and technical personnel to carry out knowledge training and on-site teaching such as planting management of characteristic agricultural products, beef production, marketing, and the live broadcasting of e-commerce.

4.5.1.5 Rural construction

Improving the living environments in rural areas is the key to implementing the rural revitalization strategy. We continue to promote key tasks such as domestic sewage and garbage treatment, and improvement of village appearance, and strive to build beautiful villages that are both livable and suitable for business.

- In Yongren: We build party building promenade, micro-gardens, garbage and sewage facilities and garbage pools, and focus on the construction of nice villages.

- In Wuding: We built public toilets to effectively solve the toilet shortage of local people, while consolidating and expanding on the improvements of the rural living environment.



Dalian Branch provided full-process services for Dengshahe Sub-district special bond project. Planned to conduct unified sewage management for 15 villages under its jurisdiction and renovate the interior of the urban area to help Nanguan Village in developing revitalization.

4.5.2 Building a Professional Charity Platform

CMB continues to promote the “More Pleasure from Monthly Donations” plan and the construction of the credit card “Points for Micro Charity” platform, gives full play to the advantages of the platform and fully supports the fundraising for charity projects together with social charity organizations.

We

- **More Pleasure from Monthly Donations:** A small monthly donation plan launched by CMB and several charity organizations. Customers can freely choose charity projects or monthly donations to donate through the CMB App or personal online banking, and donate to vulnerable groups such as rural schools, children left-behind, and veterans of the Sino-Japanese War. In 2022, the annual cumulative donation amount of the “More Pleasure from Monthly Donations” platform reached RMB 2.7711 million.
- **Credit card Points for Micro Charity:** The credit card “Points for Micro Charity” platform features low participation threshold, transparent project and excellent user experience. The accumulated points are displayed prominently on relevant pages, and the donation status is displayed by project and by month. After donating, users can receive a certificate in real time, record and continue the kindness, and convey the public welfare concept of many little things can make something huge. As of the end of 2022, the credit card “Points for Micro Charity” platform donated 35.4883 million points throughout the year, which were used to redeem 15,200 hours of courses for children with autism, 139,500 healthy lunches, and 34,900 books for Yangfan project, benefiting many children.

4.5.3 Strengthening Volunteer Service Management

Volunteers are pioneers and leaders who contribute to society. In 2022, CMB strengthened volunteer management, clarified the basic conditions, rights and

obligations of volunteers, uniformly implemented warehouse management for volunteers, clarified the volunteer activity process, and established a volunteer incentive and commendation mechanism; established the CMB Charity Alliance, actively mobilized employees to participate in social charity activities.

We also assisted the Youth League Provincial Committee, Youth League Municipal Committee and volunteer service organizations to upgrade the volunteer service, built a dedicated service system for volunteers, and improved the level of digital management of volunteer services.

[Case] Changsha Branch Launched Changsha Youth Lei Feng Volunteer Card

In 2022, Changsha Branch assisted the Changsha Municipal Committee of the Communist Youth League, and jointly launched the Changsha Youth Lei Feng Volunteer Card with the Changsha Youth Volunteer Federation and the Volunteer China Platform. As a certificate for volunteer identification, in addition to replacing the old paper registered volunteer card, the card also has all the functions of a debit card. It can be used for online and offline identity identification and volunteer service information query through the QR code. During the cooperation period, the branch set up a special voluntary incentive system for certified volunteers, which effectively stimulated the enthusiasm of all sectors of society to participate in voluntary activities.

4.5.4 Carrying out Charity Activities

In 2022, CMB printed and distributed the *Measures for the Administration of Public Welfare Donations of China Merchants Bank* and *Workflow of Public Welfare Committee of China Merchants Bank*, established a Public Welfare Committee under the guidance of CMB senior management, established an online charity project management process, realized whole process coverage of project application, approval, implementation and effect review, and helped the development of public welfare undertakings in the fields of rural revitalization, education aid and environmental protection through donations. The total amount of external donations for the year was RMB 94.76 million.

Our charity footprint in 2022

- We donated a total of RMB 9.57 million to 20 colleges and universities throughout the year for scholarships and other works.
- We donated a total of RMB 1.96 million to 3 hospitals for medical assistance throughout the year. Among them, Wuhan Branch, Hubei Charity Federation and Wuhan Children's Hospital established the Zhaozhaoai micro-charity fund. By the end of 2022, the Zhaozhaoai micro-charity fund medical social work service project had sent 348 meals to sick children.
- We donated a total of RMB 43.969 million to 14 charity federations, foundations and Red Cross Societies throughout the year for rural revitalization, services for the disabled, education and student assistance, etc.

4.5.4.1 Helping the weak and the disabled

We care about vulnerable groups such as children and the disabled, provide resource support for those in need, and create a fair and warm social environment for them.

[Case] Cigna & CMB cared for children in distress

In 2022, the joint venture Cigna & CMB donated RMB 200,000 to the Ai You Foundation's "Ai You Ansheng" rescue and protection project for troubled children for the third consecutive year to build "Aiyou Children's Home" in Yunnan, Anhui and other places. The aim is to help local orphans and children left-behind and build a service network for children in distress, so they can have a place to call home. Since 2020, Cigna & CMB has donated a total of more than RMB 500,000, built four children's homes, carried out 834 household companionship activities, and helped nearly 2,500 orphans and left-behind children.

In addition, Cigna & CMB donated more than RMB 0.3 million to the "Ai You Childlike Heart" surgery rescue project of Ai You Foundation for children with congenital heart disease. The accumulated donations of more than RMB 2.4 million to the project have helped more than 130 children from poor families in 13 provinces to undergo operations and regain their health.



Cigna & CMB employee volunteers went to the "Ai You Children's Home" to visit the sponsored children

[Case] Merchants Union Consumer Finance innovatively launched "virtual workplace" to help the disabled with fingertips

In 2022, the joint venture Merchants Union Consumer Finance, launched the innovative "virtual workplace" solution relying on the advantages of financial technology to help disabled customer service staff in 56 cities find employment. In addition, Merchants Union Consumer Finance also launched the "Fingertip Shimmer" project together with public welfare organizations. By the end of 2022, the project provided more than 330 disabled people with employment positions such as corporate WeChat customer service and AI trainers, let people with disabilities find their occupational affiliation and participate in social life on an equal footing.



Chongqing Branch carried out the “Give You a Golden Sunflower” to pay tribute to city builders, and invited delivery persons, couriers, construction workers and their families to the Chongqing Grand Theater to watch public welfare performances, and distributed refreshing supplies to outdoor workers relying on outlets.

4.5.4.2 Integrating in the Community

We actively integrate into the communities where our overseas operations are located, respect the unique local culture, pay attention to the needs of local people’s livelihood, actively participate in community construction, and give back to the society with practical actions.

[Case] CMB Wing Lung Bank based in Hong Kong and giving back to the society with charity

The subsidiary CMB Wing Lung Bank has been rooted in Hong Kong for 90 years and has developed steadily. It has always been actively involved in public welfare and charitable undertakings to repay the public.

- We specially ordered CMB Wing Lung low-sugar mooncakes, and donated them to the needy through charitable organizations to celebrate the Mid-Autumn Festival.
- We have sponsored the National Day Concert of the Hong Kong Philharmonic Orchestra for 13 consecutive years to promote the development of Hong Kong art and culture, participated in grand events and celebrated the National Day together.
- We insisted on organizing employees to participate in the “Community Chest Walk for Millions” hosted by the Community Chest of Hong Kong over years to raise funds for the Community Chest of Hong Kong and help its family and child welfare organizations.



Singapore Branch participated in the 2022 Singapore “President's Challenge” public welfare project and won an award from the President of Singapore. Money was donated together with volunteer partners and assistance provided to low-income families in skills training, employment assistance and children’s education.



Sydney Branch carried out a “No Waste” food recycling activity together with the Australian charity to help vulnerable groups in society get high-quality meals with dignity.

4.5.4.3 Innovation practice

In 2022, the private bank continued to build a charity platform and actively guide customers to do good deeds. During the year, it assisted customers to set up 5 charity trusts and 3 special funds, managed more than RMB 300 million of charity assets, and helped entrepreneurs to better practice charity and create a better society together.

- **Charity consulting:** We provided nearly 100 charity consultations for customers, helped ultra-high-end customers sort out their charity ideas and chose a suitable charity structure
- **Charity projects connection:** In girl care and other fields, we assisted clients to connect with social organizations and screen charitable projects.
- **Establishing a bridge of charity communication:** We continued to operate the Online Charity Hall of CMB App, and invited guests from the charity field throughout the year to give 12 themed lectures on various fields such as charity and finance, charity tax laws and regulations, environmental protection, rare diseases, hospice care for the elderly, and family charitable foundations. Additionally, we held eight charity salons and charity experience activities in each branch to build a bridge for customers to communicate with the charity circle.

5 Governance - Building a Solid Foundation for Development through Steady Governance

Sustainability background

Good corporate governance is the core guarantee for banking financial institutions to unswervingly follow the path of financial development with Chinese characteristics. It is the fundamental basis for adhering to the original mission of serving the country with finance and helping build Chinese-style modernization which is an important starting point for preventing and controlling financial risks and maintaining financial stability. CMB continuously improves the scientificity, stability and effectiveness of corporate governance; adheres to prudent operation, builds a fortress-style comprehensive risk and compliance management system, promotes anti-corruption in depth, effectively prevents and resolves various financial risks, and lays a solid foundation for the company's high-quality development.

Sustainable Development Goals (SDGs)



Our actions and achievements

<p>Optimizing the governance system and improving the quality and efficiency of governance</p>	<ul style="list-style-type: none"> • We amended the <i>Articles of Association of China Merchants Bank Co., Ltd.</i> (officially implemented after the approval of the China Banking and Insurance Regulatory Commission) to further ensure a clear corporate governance structure, smooth information communication, and a sound working mechanism. • We received grade A (the highest) for nine consecutive years in the evaluation of annual information disclosure for listed companies on the Shanghai Stock Exchange.
<p>Improving risk management and preventing systemic risks</p>	<ul style="list-style-type: none"> • We built a fortress-style comprehensive risk and compliance management system and strengthened risk management and control in key areas. • We built a multi-level and multi-dimensional risk management training system.
<p>Establishing a long-term mechanism to ensure compliant operations</p>	<ul style="list-style-type: none"> • We solidly carried out warning education and conducted 1,500 anti-corruption trainings throughout the year, covering 164,000 man hours. • We carried out the “Compliance Culture Publicity Season”, in which the participation rate of the “Compliance Knowledge Contest” reached 96.1%. • We conducted 1,268 AML trainings, covering 386,200 employees.

Deepening procurement practices and establishing a responsible supply chain	<ul style="list-style-type: none">• We strengthened supplier management, improved supplier social and environmental risk identification mechanism, and formulated and actively promoted suppliers to sign the <i>Anti-Commercial Bribery Commitment</i>.• We comprehensively upgraded the procurement management system of the “CMB Procurement E-Platform” to realize the digitization of the whole process of multiple procurement links.
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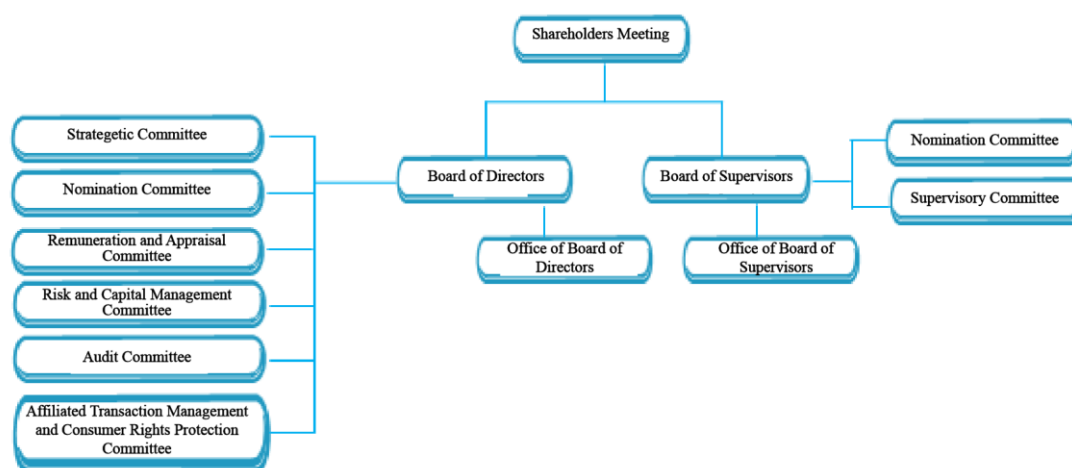
5.1 Optimizing the Governance System and Improving the Quality and Efficiency of Governance

CMB has established and continuously improved the corporate governance structure, continued to promote the standardization and effectiveness of corporate governance, effectively played the functions of the Board of Directors and the Board of Supervisors, improved the level of information disclosure and transparency, and promoted sound corporate governance to become the basic guarantee and driving force for the sustainable development of CMB.

5.1.1 Improving Governance Structure

In 2022, CMB smoothly promoted the reelection of the Board of Directors, and effectively ensured the orderly connection and smooth operation of the Board of Directors. During the year, we amended the *Articles of Association of China Merchants Bank Co., Ltd.* (the “Articles of Association”) in accordance with the latest regulatory requirements to adjust and refine the operations of the Board of Directors and the Board of Supervisors, and the performance of duties by directors and supervisors; incorporated a number of ESG-related content related to shareholder rights, directors and supervisors’ performance of duties, consumer rights protection, and sustainability management into the business objectives of CMB; further refined and listed the duties of loyalty and diligence of directors; renamed the Strategic Committee of the Board of Directors to the Strategy and Sustainability Committee of the Board of Directors; added the responsibilities of the Board of Directors and the Strategy and Sustainability Committee of the Board of Directors in ESG and other aspects; added the responsibilities of the Nomination Committee of the Board of Directors in promoting the diversity of board members and regularly reviewing the implementation of diversity (came into effect after being approved by the China Banking and Insurance Regulatory Commission. This further ensures a clear corporate governance structure, smooth information communication and a sound working mechanism.

CMB Corporate Governance Structure Chart



As of the end of 2022, we had a total of fifteen directors, including one executive director, six independent non-executive directors, and eight non-executive directors. All directors actively participated in meetings and performed their duties diligently during the year. We maintained the high attendance rate of the Board of Directors at 98.13% and the Special Committees of the Board of Directors at 96.59%.

Shareholders meeting	<ul style="list-style-type: none"> • Held 1 meeting • Considered 13 proposals • Listened to 6 reports
Board of Directors	<ul style="list-style-type: none"> • Held 18 meetings • Considered 86 proposals • Listened to 17 reports
Special Committees of the Board of Directors	<ul style="list-style-type: none"> • Held 35 meetings • Considered 104 proposals • Listened to 33 reports
Board of Supervisors	<ul style="list-style-type: none"> • Held 14 meetings • Attended one general meeting of shareholders and 18 on-site meetings of the board of directors and special committees as a nonvoting delegate
Special Committees of the Board of Supervisors	<ul style="list-style-type: none"> • Held 5 meetings • Considered 7 proposals

5.1.2 Reasonable Selection of Directors

CMB nominates and elects directors in accordance with the *Articles of Association*, which brings broad vision and high-level professional experience to the company through a reasonable director structure, maintains the independent elements in the Board of Directors, and ensures that the Board of Directors can effectively make independent judgments and scientific decisions when researching and deliberating major issues.

Independence of directors	<ul style="list-style-type: none"> • By the end of 2022, the Board of Directors had six independent non-executive directors. The qualifications, number and proportion of independent non-executive directors complied with the relevant regulations of the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission, and the Shanghai Stock Exchange. • The <i>Articles of Association</i> clearly stipulates the number of non-executive directors/independent non-executive directors in other institutions. None of the independent non-executive directors served as independent non-executive directors in more than five listed companies, and 11 non-executive directors/independent non-executive directors served in four or less other organizations.
Diversity of directors	<ul style="list-style-type: none"> • We adhered to and adopted the diversity policy of the board members. The Nomination Committee of the Board of

	<p>Directors regularly reviews the structure, number and composition of the Board of Directors from the aspects of skills, knowledge, experience, and gender every year to ensure that the structure of the Board of Directors is reasonable and the members are diverse. By the end of 2022, the Board of Directors had one female director, and the chairmen of the six special committees served by different directors.</p> <ul style="list-style-type: none"> • We mandated the diversity of board members into the <i>Articles of Association</i> (came into effect after being approved by the China Banking and Insurance Regulatory Commission) to ensure a diversified system from the top-level design. The Nomination Committee of the Board of Directors is responsible for promoting the implementation of the diversity policy.
Professionalism of directors	<ul style="list-style-type: none"> • Board members have professional background and experience, and the ability to handle environment, green finance and other ESG matters. • The eight non-executive directors are all served by the chairman, general manager, deputy general manager, financial director and other senior management personnel of large state-owned enterprises. They have rich experience in corporate management and finance, and develop professional advice on issues related to the environment and green finance. • One executive director has worked in a commercial bank for a long time, has rich experience in financial management, can guide the company to actively practice the ESG concept and increase efforts in developing green finance. In addition, the director supports the real economy, and advocates energy conservation and emission reduction. • The six independent non-executive directors include experts in accounting and finance, university professors and financial experts with an international perspective. They possess a deep understanding of the development of domestic and foreign banking industries. Among them, one independent non-executive director is from Hong Kong, China and familiar with international accounting standards and Hong Kong capital market rules. These qualified authorities can express professional, objective and independent opinions on issues related to the environment and green finance on the Board of Directors to help promote and support CMB to achieve sustainability.

5.1.3 Enhancing Performance Quality and Efficiency

CMB provides comprehensive training for directors and supervisors, conducts internal and external performance evaluations, promotes the diligent performance of duties of directors and supervisors, and provides professional advice on ESG-related issues.

5.1.3.1 Duty performance

Our management periodically on ESG work to the Board of Directors, the Strategic Committee, and the Affiliated Transaction Management and Consumer Rights Protection Committee on-site or in writing. In 2022, the Board of Directors and its special committees reviewed and discussed a series of important ESG issues, and effectively fulfilled the relevant responsibilities of the Board of Directors in green finance, inclusive finance, human capital, consumer rights protection, charity, and social responsibility.

Board of Directors	<ul style="list-style-type: none"> • Researching and discussing ESG issues regularly or irregularly. • We reviewed and approved the <i>Proposal on the Overall Performance of ESG-related Duties by the Strategic Committee of the Board of Directors and Changing the Name of the Committee, 2021 Annual Sustainability Report, 2021 Annual Report and Summary, 2022 Semi-annual Report and Summary</i> (the above annual report and semi-annual report contain our ESG-related proposals on financial product safety, inclusive finance, green finance, rural revitalization, etc.). This further consolidated the system and mechanism foundation of CMB's ESG work, and ensured that the Board of Directors performed its duties in ESG development planning, inclusive finance and green finance development, human capital optimization, customer information security and rights protection, and social responsibility fulfillment, while promoting the company's ESG management level and performance at a higher level of corporate governance.
Strategic Committee	<ul style="list-style-type: none"> • We reviewed and approved the <i>2021 Inclusive Finance Development and 2022 Work Plan Report, 2021 Data Governance Work Summary and 2022 Work Plan, 2021 Strategic Implementation Evaluation Report, China Merchants Bank Green Development Plan (2022 Edition), 2021 Human Resource Management Situation and Talent Strategy Implementation Report</i>, etc. with the aim of ensuring that the company intensify its efforts to develop inclusive finance and green finance business, strengthen data governance, and improve the level of talent development.
Affiliated Transaction Management and Consumer Rights Protection Committee	<ul style="list-style-type: none"> • We reviewed and approved proposals related to consumer rights protection such as the <i>2021 Consumer Protection Work Report, Report on China Merchants Bank's Implementation of the Pre-internal Audit Mechanism for Consumer Protection Review, 2021 Bank-wide Customer Complaint Analysis Report</i>, heard the <i>Circular on the Supervision and Evaluation of China Merchants Bank's Consumer Rights and Interests Protection in 2021</i> of China Banking and Insurance Regulatory Commission and the report on corrective actions of the bank, <i>Circular on the Evaluation of China Merchants Bank's Financial Consumers' Rights and Interests Protection in 2021</i> of the People's Bank of China and the report on corrective actions of the bank, and

	promoted the company to further improve the quality of financial products and services.
Risk and Capital Management Committee	<ul style="list-style-type: none"> We reviewed and approved the <i>2021 Comprehensive Risk Report, 2021 Annual Risk Preference Implementation Report, 2022 First Quarter Comprehensive Risk Report, 2022 First Half Comprehensive Risk Report, 2022 Third Quarter Comprehensive Risk Report, 2021 Annual Employee Behavior Assessment Report, 2021 New York Branch Network Information Security Situation Assessment Report, Proposal on Optimizing Some Quantitative Indicators of Risk Preferences</i> and other proposals to boost the company's ability to improve comprehensive risk management, strengthen employee behavior management, strengthen security awareness and further build a fortress-style comprehensive risk and compliance management system.

5.1.3.2 Performance training

Through comprehensive performance training content and a sound performance evaluation system, we have effectively improved the ability of directors and supervisors to perform their duties. In 2022, the directors participated in four training sessions, covering topics such as anti-money laundering and sanctions compliance, carbon peak and carbon neutrality target, and the impact of carbon neutrality on related industries. The members of the Board of Directors participated in the training for 10.8 hours on average, and the feedback on the training effect was satisfactory.

5.1.3.3 Performance evaluation

Through institutional documents such as the *Guidelines for the Value Standards and Code of Conduct of Directors, Supervisors and Senior Management of China Merchants Bank* and *Measures for Evaluation of Duty Performance of Directors and Supervisors of China Merchants Bank*, we formed differentiated evaluation content, comprehensively evaluated the performance of directors and supervisors from multiple dimensions, promoted directors, supervisors and senior managers to abide by environmental, social and governance standards, practiced the best corporate governance principles, and promoted the company's steady, sustainable and high-quality development.

We have solidly promoted specific evaluation for the performance of directors. The Board of Supervisors conducts a performance evaluation of all directors on a regular basis every year. Evaluation procedures include statistical files of directors' annual performance information, directors filling out self-evaluation questionnaires on annual performance, independent director project evaluation, and external audit institutions verifying evaluation results. The Board of Supervisors invites regular reporting external audit institutions to verify the performance evaluation work every year, and discloses its verification opinions on the performance evaluation results in the *Annual Evaluation Report on the Performance of Duties of the Board of Directors and Its Members*). Among them, the self-evaluation questionnaire on the annual performance of directors is filled out by the directors themselves, and the content includes

self-evaluation on the performance of loyalty and diligence duties, a brief summary of the performance of duties, and suggestions on corporate governance and operation management.

In 2022, the Board of Supervisors accelerated improvement of the performance evaluation system for directors, conducted performance interviews, optimized the performance self-evaluation questionnaire, improved the performance evaluation report, fully reflected the differences in the types of directors and special committees in the evaluation, and carried out the performance evaluation of directors with more diverse dimensions, more comprehensive content and a more prominent focus. The Board of Supervisors evaluated the performance of all directors in 2022 as competent.

5.1.4 Protection of Shareholders' Rights and Interests

CMB fulfills the responsibility of protecting shareholders' rights and interests, standardizes shareholders' equity and voting rights, actively promotes shareholders' participation in corporate governance, and helps all shareholders obtain valuable company information through timely, transparent and effective information disclosure.

5.1.4.1 Equity policy

According to the relevant laws and regulations of the regulatory agencies and the *Articles of Association*, we strictly abide by the policy of common shares with the same rights. Common stockholders (including shareholder agent) exercise voting rights according to the number of voting shares they represent, and each share has one vote.

Except for the following circumstances, the shares held by the preferred shareholders of the company have no voting rights. Matters related to classified voting of preferred shares such as the issuance of preferred shares, the revision of the content related to preferred shares in the *Articles of Association*, the one-time or cumulative reduction of registered capital exceeding 10%, etc. This applies for instances within the valid period for the restoration of voting rights of preferred shareholders i.e., from the day after the Bank's general meeting of shareholders approves the Bank's failure to pay dividends for preference shares in accordance with the agreed system for three fiscal years or two consecutive fiscal years to the Bank's full payment of dividends for the current year.

In 2022, we further revised the *Measures for the Administration of Equity Affairs of China Merchants Bank Co., Ltd.* to improve and enrich the relevant responsibilities of the Board of Directors and relevant functional departments of the company in equity affairs management and further enhance the quality and efficiency of the company's equity affairs management.

5.1.4.2 Shareholder participation

General Meeting of Shareholders and Performance Conference	<ul style="list-style-type: none"> • We opened an online live broadcast to broadcast 2021 Annual General Meeting of Shareholders to the market and the Internet, which was seen by participating shareholders. • We held the 2021 annual results conference, disseminated 2022 half-year results and two quarterly exchange meetings through live video broadcasting, and fully protected the rights of all investors. The broadcast effectively responded to investors' concerns as we announced the link of the conference in advance and asked for investor questions in advance. • We released the record of investor exchanges on the official website to actively respond to market concerns. • We collected investor questions in advance, actively responded to investor concerns at shareholders' meetings, and deepened investor understanding of the company's development strategy.
Daily communication	<ul style="list-style-type: none"> • We responded to investors' concerns through the company's official website, investor mailboxes, consultation telephones, and "SSE e-Interaction" platform.

5.1.4.3 Information disclosure

We have always adhered to strict compliance with regulatory requirements, continuously consolidated the foundation of information disclosure compliance management, continued to optimize the information disclosure management system, fulfilled statutory information disclosure obligations in accordance with laws and regulations, further enriched the information disclosed in regular reports guided by investor needs, and continuously improved the quality of corporate information disclosure.

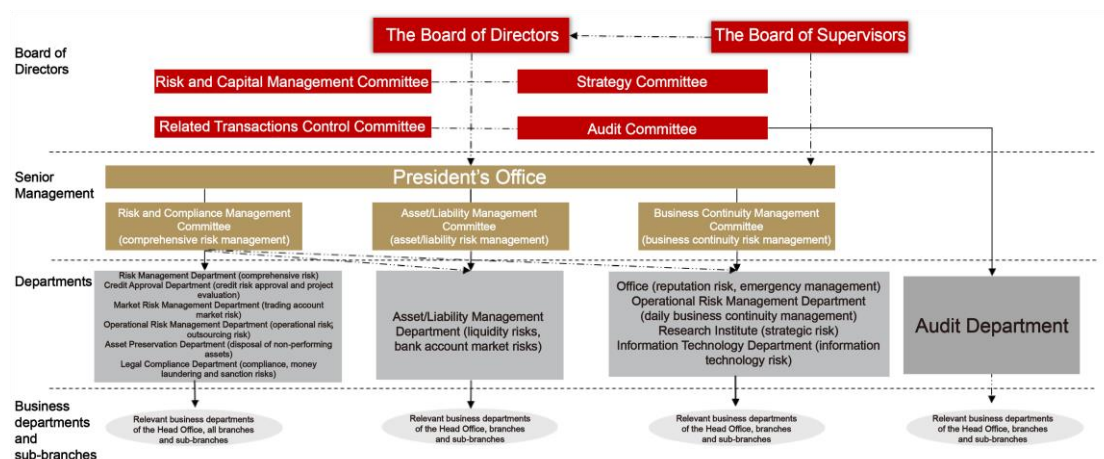
In 2022, we comprehensively revised the *Information Disclosure Affairs Management System of China Merchants Bank Co., Ltd.* and *Insider Information and Insider Management System of China Merchants Bank Co., Ltd.* in accordance with regulatory rules and combined with daily work practices, refined and improved the responsibilities and work content of various information disclosure-related responsible entities and further improved the quality of the company's information disclosure management. We received the highest grade A (for nine consecutive years) in the evaluation of annual information disclosure of listed companies on the Shanghai Stock Exchange. In addition, after the 2021 annual results conference, we organized an online roadshow and met with major institutional investors from different countries and regions, effectively enhancing the market's confidence in the company's sustainable and steady development.

5.2 Improving Risk Management and Preventing Systemic Risks

CMB adheres to the risk management culture of “steadiness, rationality, initiative, and all employees”, continues to upgrade risk management tools, comprehensively improves risk management levels, and strives to build a fortress-style comprehensive risk and compliance management system covering “all customers, all assets, all risks, all institutions, all processes and all elements”.

5.2.1 Improving Risk Management Framework

CMB has established a comprehensive risk governance framework covering all institutions, risks, businesses and processes. The Board of Directors was ultimately responsible and the Board of Supervisors oversaw the risk management work. The senior management team directly led the risk management work, and our business departments, domestic and foreign branches, and risk consolidation companies closely cooperated in the risk management work, while our audit department independently audited the risk management work.



5.2.2 Consolidating Risk Management System

We have implemented risk management preferences, optimized risk management models and scientifically formulated a risk management system covering various risks in strict accordance with regulatory requirements and in combination with the development strategy.

<p>Risk management preference</p>	<ul style="list-style-type: none"> We adhered to sound risk preference policy that included risk, capital, profit, reputation, compliance, etc. By accurately defining, clearly measuring, prudently assessing and proactively managing all material risks faced in daily operations, we ensured that all business activities were effectively implemented within the framework of risk preferences. We made it match the bank’s risk tolerance and capital adequacy level, and strived to optimize the risk and
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	return within the set risk tolerance.
Risk management model	<ul style="list-style-type: none"> • First defense line is business units and line management departments: Assumes direct responsibility for risk management. • Second defense line is risk compliance: Responsible for formulating basic risk management systems and policies, analyzing and reporting the overall risk management status, evaluating and monitoring the standardization and effectiveness of risk management in various departments and institutions at all levels, and implementing comprehensive risk reporting. • Third defense line is the internal audit department: Ensuring the effectiveness of the first and second defense lines through inspection and supervision.
Risk management audit	<ul style="list-style-type: none"> • We paid close attention to the design and operation of risk management-related systems. In 2022, through the audit and inspection of the business system, we discovered the systemic reasons behind the problems in time and prompted the departments to improve them.

In 2022, we took multiple measures to further improve the risk management system and guide the company's sustainable and healthy development.

Optimizing the big wealth risk management system	<ul style="list-style-type: none"> • We continued to improve the construction of a three-tier system for the risk management of big wealth business, formulated basic regulations on risk management for various types of business, and improved the whole-process risk management mechanism.
Promoting the “one branch, one policy” list system for asset business	<ul style="list-style-type: none"> • We established and improved the “one branch, one policy” list-based working framework system for asset business to improve specific work requirements and guide the adjustment of asset structure.
Strengthening organization and team building	<ul style="list-style-type: none"> • We adjusted and optimized the organizational structure and functions of the second defense line in-depth to improve the pertinence and intensiveness of risk management. • We strengthened the construction of the middle defense line in risk management, improved the front office's two-line reporting mechanism, set up key risk management personnel in a differentiated manner, formulated a work paradigm for risk management positions and evaluated the performance of key risk management personnel to effectively ensure the full implementation of the risk management frontier mechanism of front offices.

In the face of severe and complex risk situations during the year, we focused on strengthening risk management in key areas and comprehensively improving risk prevention capabilities.

Systemic financial risk prevention	<ul style="list-style-type: none"> We designed an overall plan to improve comprehensive risk management driven by market risk signals, track changes in market signals in a wider range and form a rapid response mechanism for risk management.
Large-value customer management	<ul style="list-style-type: none"> We improved the large-value customer risk monitoring mechanism, established a large-value customer risk management and control review mechanism and a risk monitoring mechanism for the large-scale entity enterprises of branches. We strengthened concentration risk management and control, optimized the quota management plan for large-value customers, and carried out the annual large-value customer risk investigation to find out the risk status.
Real estate business management	<ul style="list-style-type: none"> We implemented the policy and deployment of the central government, actively cooperated with the risk management of distressed real estate companies, and signed strategic cooperation agreements with Vanke Group, Gemdale Group, Greentown China, China Jinmao and other high-quality enterprises to jointly promote a virtuous cycle and stable and healthy development of the real estate industry. We dynamically monitored real estate related policies, business scale and structure, risk changes and key customers. We optimized real estate and upstream and downstream policies, and strengthened risk management of real estate business.
Management of overseas institutions	<ul style="list-style-type: none"> We strengthened the risk inspection of overseas branches and subsidiaries to strengthen accountability for non-due diligence. We intensified risk investigation in sensitive areas and formulated management and control measures.

5.2.3 Strengthening Digital Risk Control Capabilities

CMB strengthened the application of fintech, promoted the improvement of digital risk management tools, and promoted the improvement of risk management efficiency.

Building credit cloud platform	<ul style="list-style-type: none"> Launched the wholesale asset business trading system on the cloud trading platform and realized digitization and paperless credit business and 24/7 online services. Promoted the full integration of the system and the risk market, established a market data analysis platform for business personnel, optimized the risk management portal system modules, and realized the comprehensive improvement of risk data processing and management synergy.
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Enhancing data foundation capabilities	<ul style="list-style-type: none"> Expanded external high-value data and added access to a variety of external data types including environmental risks for credit granting, post-loan management, risk monitoring, etc. Improved the risk data governance mechanism and enhanced data management and application capabilities.
Deep mining of data application	<ul style="list-style-type: none"> Dually combined the internal and external data of CMB, mined risk signals through digital means, and synchronously applied various risk signals to the post-loan early warning management process to effectively improve risk identification and management capabilities.
Promotion development of online financing service	<ul style="list-style-type: none"> Expanded online scenarios, provided online risk control support for multiple scenarios, implemented stock scenario optimization, and improved product process experience and risk strategy effectiveness.

5.2.4 Building a Three-dimensional Training Mechanism

CMB has established a wide-ranging, hierarchical and three-dimensional risk management education and training system to meet the different learning needs of employees with rich and diverse training and continuously enhance the pertinence and professionalism of risk management training.

For new employees	<ul style="list-style-type: none"> Established the “Retreat from Maicheng” training system, arranged risk awareness education and risk case warnings during the training, and built a typical risk case library to promote new employees to establish risk compliance awareness and bottom-line thinking from the moment they step into the company.
For risk managers	<ul style="list-style-type: none"> Conducted a series of risk management training and video training such as branch experience sharing sessions to strengthen the sharing of new businesses and new knowledge and promote positive internal interaction.
For newly appointed head of the risk management department of the branch	<ul style="list-style-type: none"> Held “Run-up Plan” training courses to help the responsible person quickly understand the key points and specific requirements of risk management through centralized training and defense.
For newly-appointed branch risk manager	<ul style="list-style-type: none"> Carried out the “Sword Sharpening Operation” training class, and communicated the company’s risk management strategic orientation and specific requirements through centralized training, seminars and exchanges.

5.3 Establishing a Long-term Mechanism to Ensure Compliant Operations

CMB has continuously strengthened compliance risk management and control, established the concept of “compliance first, compliance creates value, and compliance from the top management” among all employees, and strictly implemented regulatory policies and requirements. Furthermore, we developed institutional documents such as the *China Merchants Bank Employee Conduct Compliance Manual*, *China Merchants Bank Practitioner Conduct Prohibition* and *China Merchants Bank Employee Code of Conduct*, and specified the compliance requirements that employees must follow when handling specific businesses in various business management systems. We also continued to urge employees to master and implement the above code of conduct and compliance requirements through various trainings and case warning education.

Main content involved in *China Merchants Bank Employee Conduct Compliance Manual*

- **Insider trading:** Insider information refers to undisclosed information that has a major impact on the market price of the company’s securities and its derivatives. Employees with knowledge of insider information shall not divulge insider information or use insider information to make profits for themselves, relatives or other institutions or individuals. In addition, they shall not use relevant information to buy and sell company securities with securities accounts of their own, relatives or others, and shall not advise or recommend others to buy or sell company securities based on insider information.
- **Anti-money laundering:** Employees should abide by the relevant regulations on AML, and perform their respective AML responsibilities in the process of product development, marketing and service, operation and risk management. All employees are responsible for reporting suspicious transactions and behaviors of customers to the AML administrator or legal compliance department. Employees are strictly prohibited from participating in or assisting money laundering activities in any form.
- **Confidentiality:** Employees should strictly abide by the company’s regulations on confidentiality management, and keep state secrets and commercial secrets learned during work confidential.
- **Environment, health and safety:** CMB is committed to establishing a safe and healthy working environment. Employees should immediately report to their superiors or safety authorities if they find any hidden management hazards or unsafe factors in their working environment.
- **Reporting:** Employees are encouraged to report and boycott behaviors that violate laws, regulations, company rules and regulations. Reports must be objective and true, and no fabrication or distortion of facts, false accusations or “framing” of others is allowed. We advocate real-name reporting and take effective confidentiality measures for whistleblowers.

5.3.1 Employee Conduct Management

CMB continued to improve the long-term mechanism of internal control and compliance management, improved management procedures, established a complete and effective employee conduct management system, and realized the all-around deepening of employees' compliance awareness and behavior.

Board of Directors	<ul style="list-style-type: none"> • Taking ultimate responsibility for employee conduct management and authorizing the Risk and Capital Management Committee to perform some of its duties.
Board of Supervisors	<ul style="list-style-type: none"> • Responsible for supervising and evaluating the performance of the Board of Directors and senior management in the management of employee conduct.
Senior management	<ul style="list-style-type: none"> • Assuming responsibility for the implementation of employee conduct management and implementing the resolutions of the Board of Directors.
Key departments of the Head Office and branches	<ul style="list-style-type: none"> • Legal Compliance Department: Leading department for employee conduct management • Risk Management Department: Risk management culture building and major risk event investigation and resolution management department • Audit Department: Audit and supervision department of employee conduct management • Supervision Department: Case prevention and control and violation accountability management department • Human Resources Department: Conducting behavioral assessments of personnel to be recruited or teams to be appointed; organizing education and training for new employees/teams to ensure that the training includes employee code of conduct and compliance education-related content.
Departments at the Head Office and branches and business units at all levels	<ul style="list-style-type: none"> • The main responsible department for employee conduct management

In addition, we organized relevant employees to sign the *Confidentiality Management Responsibility Letter*, *Customer Information Confidentiality and Insider Trading Compliance Commitment*, *Party Conduct and Clean Government Construction Responsibility Letter*, *Integrity and Self-discipline Commitment*, *Ten Rules of CMB on Right Behaviors and Disciplines*, *Security Responsibility Letter*, *Foreign Exchange Business Compliance Commitment*, *Compliance Performance Commitment*, and *New Employee Compliance Commitment* according to regulatory requirements and internal management needs every year.

5.3.1.1 Violation monitoring

Based on the principle of knowing our employees, we continued to pay attention to the work and state of mind of employees. Through routine investigations of abnormal behaviors and special investigations in key areas of violations combined with employee conduct monitoring mechanisms, we detected employee violations in a timely manner, effectively controlled and eliminated potential risks. During the year, we improved the management mechanism to be more systematic, constructive and effective and promoted the employee violation monitoring mechanism that centered on violation points, restricted list of violations and resignation due diligence.

Violation points	<ul style="list-style-type: none"> We managed employee violations quantitatively, and adopted behavioral control measures such as warning education, compliance admonishment, or post-waiting training based on the accumulated points. For employees subject to compliance admonishment or post-waiting training, the qualification of the current year's appraisals will be cancelled.
Restricted list of violations	<ul style="list-style-type: none"> We included employees with serious violations of laws, regulations and disciplines on a restricted list of violations, and clearly stipulated the specific scope and time limit of relevant employees' business qualifications, job promotion, assessment and evaluation, and recruitment restrictions.
Resignation due diligence	<ul style="list-style-type: none"> We organized and carried out resignation due diligence on asset business personnel who apply for resignation, and held accountable employees who had non-performing assets and had improperly performed their duties, failed to fulfill their duties or were held responsible before going through the resignation procedures.

5.3.1.2 Confidentiality management

We formulated and issued management regulations such as *CMB Confidentiality Management Measures (Second Edition)* and *Implementation Rules of CMB Confidentiality Management Measures*, and took technical prevention and control measures such as data leakage prevention to strengthen the protection of business secrets, continue to carry out publicity and education activities, and enhance employees' awareness of confidentiality.

- **Entry:** We incorporated confidentiality requirements into the centralized training courses for new employees to help employees understand confidentiality requirements when entering CMB.
- **On-the-job:** We pushed confidentiality cartoons, posters and online courses through channels such as the Zhaohu subscription account, CMB i learning platform and screensavers to strengthen employee awareness of confidentiality. Before dispatching to overseas institutions, we conducted unified confidential conversation and reminded employees of confidential carrier management and other requirements in advance, and improved the confidentiality skills of expatriates.

- **Resignation:** We embedded confidentiality reminders and requirements into the human resources management process, and further clarified confidentiality management requirements.

5.3.1.3 Audit check

We continued to incorporate regulations highly related to employee code of conduct, business ethics and anti-corruption and their implementation into relevant special audits or continuous audits. We formulated the *Administrative Measures for the Audit and Verification of Abnormal Employee Behaviors of China Merchants Bank* to clarify the relevant procedures and normative requirements for employee abnormal behavior audits, and built a special audit model to audit and monitor the risk characteristics of abnormal behaviors that need to be focused on, discover and deal with abnormal behavior problems in a timely manner, and comprehensively prevent related risks.

In 2022, we carried out economic responsibility and resignation audits on the management teams of the Head Office and branches, and conducted audits and supervision on the honest and professional behavior of relevant cadres.

5.3.1.4 Compliance training and publicity

We formulated the *China Merchants Bank Employee Conduct Compliance Manual*, *China Merchants Bank Practitioner Conduct Prohibition* and *China Merchants Bank Employee Code of Conduct*; established a systematic compliance training system; organized related employees to sign various forms of compliance responsibility letters from time-to-time for different scenarios according to regulatory requirements and internal management needs to ensure that compliance-related regulations and concepts were effectively transmitted to all employees, and built a good atmosphere for internal control and compliance culture.

Training program	Training instructors and frequency	Training coverage	Training methods	Main content
Leadership lectures on compliance	<ul style="list-style-type: none"> • Heads of each organization train staff at least once a year • The Compliance Officer must train the employees at least semi-annually • The Compliance Supervisor must train the employees at least quarterly 	Teams and employees	On-site teaching	Regulatory forms and requirements, interpretation of internal and external regulations, promotion of the employee code of conduct, internal control compliance management system, case warning education, etc.

Compliance training for new employees	<ul style="list-style-type: none"> The leader of the internal control and compliance management department provides a training session for new employees 	New employees recruited in the current year	Centralized off-the-job training	Basic knowledge of internal control and compliance; basic management system; promotion of employee code of conduct, case warning education, etc.
Special compliance training	<ul style="list-style-type: none"> Unscheduled training 	Employees in internal control and compliance management positions	Centralized on-site teaching or video training	Training suitable for employee responsibilities and work content



The Compliance Officer of Nanjing Branch conducting compliance lecture

In 2022, we further deepened the publicity of the concept of compliance and carried out the “Compliance Culture Publicity Season” covering the whole bank. By setting up a column of “Big Shot Talking about Compliance”, launching “Compliance Knowledge Contest”, holding short video contest of “Compliance Creates Value”, releasing promotional posters of compliance culture, establishing “CMB Compliance” subscription account, and other activities with various forms and rich contents, we vigorously promoted the concept of compliance. Among them, the “Compliance Knowledge Contest” had a participation rate of 96.1%; the short video contest of “Compliance Creates Value” received 143 works, and good results had been achieved in publicizing and implementing the compliance concept.



CMB Compliance Concept Promotional Poster

We provided employees with consulting services on business ethics and behavior management: enabled on-site consultation for employees during the Q&A session of compliance training; disclosed the contact persons and contact information for employees who can provide consulting services in the relevant systems for each employee code of conduct and other information. The Legal Compliance Department of the Head Office and branches accepted employee's consultation on the content related to the employee code of conduct in the issuance system of this line. They can consult the Legal Compliance Department of the Head Office if the Legal Compliance Department of the branches cannot reply to the inquiry.

5.3.2 Anti-corruption

In 2022, the *Regulations of the Supreme People's Procuratorate and the Ministry of Public Security on the Standards for Filing and Prosecuting Criminal Cases under the Jurisdiction of Public Security Organs (II)* officially implemented. CMB combined CPC history study and education with security case prevention education according to the requirements of the new regulations in a timely manner, deepened case warning education, innovated publicity and education methods, guided teams and employees to enhance trust with understanding and practice morality to become ideologically and behaviorally conscious of teams and employees and truly let the sense of integrity take root in people's hearts.

5.3.2.1 Integrity and anti-corruption education

We thoroughly studied and implemented the spirit of the 20th National Congress of the Communist Party of China, improved ideological awareness, and promoted the concrete and normalization of political supervision. During the year, we carried out anti-corruption and integrity education in various forms and on a large scale for the Board of Directors and all levels and types of employees focusing on key areas. Through the system-wide leading cadre education warning conference and the enlarged meeting of the Disciplinary Committee of the Head Office, we required leading cadres and units at all levels to learn from the cases and solidly promoted the construction of party conduct, integrity and the fight against corruption.

CMB continued to innovate in warning education and publicity models, and effectively built a solid defense line where nobody is able to, dares to or wants to bribe anyone. In 2022, we carried out a total of 1500 anti-corruption training sessions, covering 164,000 employees.

Carrying out case warning education for all employees	<ul style="list-style-type: none"> Used the online learning platform as the main carrier to vividly interpret relevant laws and regulations and typical cases through criminal case warning education promotional videos, micro animations, video animations, etc. This is a compulsory course for employee case prevention education, and all employees are encouraged to strictly abide by the red line of discipline and the bottom line of the law.
Creating the column of “Clean CMB”	<ul style="list-style-type: none"> Established “Clean CMB” column on the “CMB E Newspaper” platform, updated content on a weekly basis, published various manuscripts, notified typical violations of laws and regulations, and promoted employee warning education to achieve good results.
Carrying out special warning education	<ul style="list-style-type: none"> Carried out special warning education in key departments of the Head Office and branches, interpreted CPC discipline and regulations, analyzed typical cases, and further enhanced the sense of integrity and self-discipline of line cadres and employees.

5.3.2.2 Corruption reporting and handling

In 2018, we issued the *Administrative Measures for Disciplinary Inspection and Supervision on Complaint and Whistleblowing*, which provided detailed and comprehensive regulations on reporting channels, reporting procedures and whistleblower protection related to discipline inspection, supervision and anti-corruption. As of the end of 2022, the discipline inspection and supervision departments at all levels of CMB had accepted and dealt with 132 cases of complaints from discipline inspection and supervision letters and visits.

Whistleblowing channel	<ul style="list-style-type: none"> Disciplinary inspection and supervision departments at all levels need to announce the scope of acceptance of complaints and whistleblowing, mailing addresses, addresses of reception areas for visitors, 24×7 whistleblowing telephone number, e-mail, etc. The whistleblowing mailbox
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	was also set up, which is opened and registered by two people every month.
Whistleblowing process	<ul style="list-style-type: none"> We strictly implemented the <i>Work Rules of Discipline Inspection and Supervision Organs for Handling Complaints and Whistleblowing</i> issued by the General Office of the CPC Central Committee, which divided the procedures into three parts, namely complaint receiving, clue processing and clue settlement.
Protection of rights and interests of whistleblowers	<ul style="list-style-type: none"> Disciplinary inspection and supervision departments at all levels allow anonymous whistle-blowing and stipulate that suppression, discrimination, harassment, retaliation and framing against whistleblowers and their relatives is strictly prohibited. Transfer of materials and information about whistleblowing and accusations of the reported parties or unrelated units is strictly prohibited. We investigate and punished any activity that violates a whistleblower's civil rights to effectively protect the legitimate rights and interests of whistleblowers, including those that are anonymous.

We set up a special section in the *Measures for Handling Employees' Violation of Rules and Disciplines* to clarify the behaviors and handling methods that violate integrity and discipline, and compiled the key behaviors into the *Ten Rules of CMB on Right Behaviors and Disciplines* as the red line of work.

In 2022, we formulated the *Internal Identification Standards for Criminal Cases* in combination with regulations and judicial interpretations. According to business characteristics, we divided cases in the industry into two major fields: business and non-business, refined the regulatory standards from qualitative and quantitative dimensions, adjusted the minimum amount involved in major corruption cases, and intensified the handling of various criminal cases including corruption cases.

5.3.3 Anti-money Laundering

CMB has established money laundering risk management framework with sound organization, complete structure, and clear responsibilities, and fully embeds AML laws, regulations, and regulatory requirements into money laundering risk management policies, systems and processes. The three defense lines cooperate closely with each other to form a money laundering risk management operation mechanism with clear layers, mutual coordination and effective cooperation, which provides a solid guarantee for CMB's AML work.

AML System

<ul style="list-style-type: none"> <i>Anti-Money Laundering and Sanctions Compliance Policy</i> applicable to the Head Office, branches and subsidiaries <i>Anti-Money Laundering and Sanctions Compliance Management Measures</i> applicable to domestic branches AML special systems of branches for customer due diligence, identity information and transaction record preservation, money laundering risk assessment and
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classification management, large-value transaction and suspicious transaction report, etc.

- Special AML business management system formulated by business line based on the actual situation

AML Governance Structure

<p>Board of Directors</p>	<ul style="list-style-type: none"> • Assuming the ultimate responsibility for money laundering risk management, responsible for fulfilling the goal of establishing a money laundering risk management culture, reviewing or authorizing a special committee to review the group's basic policies on AML and anti-terrorist financing, work reports, and risk assessment reports. • The Risk and Capital Management Committee, authorized by the Board of Directors, is responsible for performing some of the responsibilities of money laundering risk management such as regular review of AML work reports and irregular review of major AML issues, and provides professional advice on money laundering risk management to the Board of Directors.
<p>Board of Supervisors</p>	<ul style="list-style-type: none"> • Assumes the supervision responsibility of money laundering risk management, responsible for supervising the performance of duties of the Board of Directors and senior management in money laundering risk management and supervising rectification, and provides opinions and suggestions on the company's money laundering risk management.
<p>Senior management</p>	<ul style="list-style-type: none"> • Assuming the responsibility for the implementation of money laundering risk management, and implementing the resolutions of the board of directors. • CMB appoints or authorizes a senior executive to take the lead in money laundering risk management with the authority to work independently and report directly to the Board of Directors on money laundering risk management. • We set up the Anti-money Laundering and Sanctions Compliance Management Committee as a deliberative body for anti-money laundering and sanctions compliance, and the senior executive responsible for money laundering risk management acts as the chairman of the committee.
<p>Two-level AML teams at the Head Office and branches</p>	<ul style="list-style-type: none"> • We set up Anti-Money Laundering and Sanctions Compliance Management Center under the Legal Compliance Department of the Head Office, and allocated a professional team responsible for AML policy and system management, reporting large-value transactions and suspicious transactions, AML investigation, publicity and training, performance appraisal, etc. A dedicated team is responsible for the continuous development and maintenance of the AML IT system. • We had a compliance officer in each business department of the Head Office and each branch responsible for managing the AML affairs of the department and the institution, we also set up Anti-money Laundering and Sanctions Compliance

	Management Committee, Anti-money Laundering Working Group, and designate internal department or special post to be responsible for the specific implementation of the AML affairs.
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During the year, we continued to promote the application of AI technology in the AML field such as suspicious transaction monitoring, and improved the intelligent level of AML management; promoted the comprehensive online AML management and control, and launched functions such as quasi-real-time early warning for highly suspicious customers to help the company greatly improve AML management and control efficiency. We also continued to improve the AML management data analysis system to fully empower the AML management.

5.3.3.1 AML due diligence

We adhered to the risk-based principle, and clarified the specific mechanism and process of customer due diligence by establishing the basic system for AML and embedding AML compliance requirements in the system of business or customer group departments. For situations with higher risks, we required enhanced due diligence measures and set up different enhanced due diligence plans for different scenarios.

Enhanced Due Diligence Scenarios (Partial)

<ul style="list-style-type: none"> • High-risk and relatively high-risk customers for money laundering; • Customers who are actually in the AML list; • Customers or their important associates come from high-risk countries or regions suggested by international authoritative organizations such as FATF (Financial Action Task Force on Money Laundering), and countries or regions with serious criminal activities such as terrorist activities, drug crimes, cross-border fraud, smuggling, and corruption as prompted by the United Nations and the Chinese government; • Customers who are suspected to be persons that relevant state agencies require the company to cooperate with in their investigation in accordance with the law, or persons suspected of money laundering and related crimes that are of interest to national judicial, law enforcement and supervisory agencies. After the assessment, it is comprehensively judged that the risk status of the customer has changed significantly, and it is necessary to conduct enhanced due diligence, etc. • Customers who conduct high-risk business.

For customers in high-risk countries or regions, we formulated AML risk management strategies in strict accordance with the AML laws, regulations and policies of FATF and China, and adopted differentiated business strategies, KYC (Know Your Customer) and risk control measures for different risks, including but not limited to: prohibiting the establishment of business relationships, conducting strengthened KYC, further learning about the purpose and intention of establishing business relationships, understanding customers' wealth and sources of funds, obtaining higher-level approval before establishing business relationships, strengthening customers' money laundering risk assessment, increasing the frequency of customer information review,

enhancing transaction monitoring, restricting account functions, and limiting the types of business that can be handled and the scale of transactions.

5.3.3.2 AML staff training

We have established and continuously improved the AML and sanctions compliance training system covering all personnel in the Head Office, branches and affiliated institutions. In 2022, we conducted a total of 1,268 AML trainings, covering 386,228 employees.

Training form	<ul style="list-style-type: none"> On-site centralized training, on-site attendant training, online centralized training, online independent training, etc.
Training frequency	<ul style="list-style-type: none"> Held annual AML business backbone training for the whole bank, and periodically held special AML trainings. Provided AML training to the Board of Directors, supervisors and senior management every year. Each business line conducted AML training covering all employees at least once a year, and key departments conducted special AML training on a semi-annual or quarterly basis. Participated in various trainings organized by regulatory authorities.
Training content	<ul style="list-style-type: none"> Money laundering risk management policies and procedures, money laundering risk assessment, customer due diligence, risk grading and classification management, AML monitoring and analysis, sanctions compliance management, business money laundering risk management, sanction list management, inventory sensitive high-risk customer screening, etc.

5.3.3.3 Suspicious transaction management

CMB developed a comprehensive monitoring, analysis and resolution process for transaction customers who may be suspected of money laundering or terrorist financing; issue early warnings for abnormal transactions report suspicious transactions, and take appropriate control measures for high-risk customers. We also established an internal and external reporting system, allowed employees and stakeholders to report suspicious transactions to the company in a timely manner, and elevated relevant information to the AML management department of CMB. In 2022, we had no money laundering cases or major violations.

Suspicious Transaction Behavior Report

Employees	<ul style="list-style-type: none"> In the AML system, we clearly stipulate the obligation of all employees to report suspicious transactions, and provide the reporting channels and methods. AML monitoring and analysis system opens the reporting function to all employees. Employees who find abnormal situations can report to the legal compliance department through this function, and the legal compliance department will carry out investigation, analysis and reporting based on the reporting clues, and will take appropriate control measures depending on the risk status.
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Stakeholders such as partners	<ul style="list-style-type: none"> We firmly require that suspicious transactions and violations found in business cooperation be transferred in a reasonable manner, and cooperated with the company to investigate relevant suspicious transactions or behaviors and implement appropriate risk control measures.
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Handling of Money Laundering or Non-compliance Cases

<ul style="list-style-type: none"> For abnormal transactions (behaviors) or customers warned by the system or reported manually, regulatory reports will be made after manual analysis in accordance with the law, and appropriate risk management measures will be taken to prevent further spread of risks. For typical or major cases of money laundering or violations, the relevant responsible department will take the lead in investigating the underlying causes and take remedial measures, including optimizing the working mechanism, improving the business management mechanism, taking appropriate risk management measures, and issuing risk warnings to relevant institutions and personnel in a timely manner. We thoroughly investigate and determine the responsibility of those who should bear the responsibility in the case in accordance with the laws and regulations and internal regulations.
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5.3.4 Tax Payment

CMB conscientiously fulfilled the basic obligation of paying taxes according to law, strengthened tax management, strictly prevented tax risks, and consciously assumed due social responsibility for paying taxes.

Dealing with tax risks	<ul style="list-style-type: none"> We optimized the tax risk management system, improved the level of automation, intelligence and integration, dynamically assessed and updated tax risk status and supported business strategy arrangements to prevent tax risks. We strengthened communication with tax authorities to enhance the certainty of tax treatment.
Ensuring tax compliance	<ul style="list-style-type: none"> We formulated tax risk management measures, invoice management measures, value-added tax declaration operation procedures and other management systems. We built an information-based tax management system and built tax compliance monitoring, risk warning and other modules. We created a tax knowledge empowerment system, comprehensively publicized the awareness of compliance and tax payment, and trained personnel in tax handling skills.

5.3.5 Intellectual Property Protection

CMB carried out patent application and copyright registration in accordance with current *Patent Law*, *Copyright Law* and other laws and regulations in China, and continued to implement the *CMB Rules on Intellectual Property Management*, *CMB Administrative Measures for Legalization of Software*, *Notice on Strengthening*

Copyright Management in Business Activities and other relevant systems and regulations. In 2022, CMB did not have any major intellectual property violations determined by court judgment.

We actively improved employees' awareness of intellectual property protection, and carried out *Patent Sharing Session* during the year to promote the accelerated popularization of patent knowledge. We insisted on encouraging inventions and creations and promoting independent innovation. By the end of 2022, we had obtained a total of 78 patent authorizations, and 9 new patent authorizations during the year.

5.4 Deepening Procurement Practices and Establishing a Responsible Supply Chain

CMB formulated and released the CMB Administrative Rules for Procurement (Second Edition), CMB Rules Governing Suppliers, CMB Non-Tendering Centralized Procurement Operation Procedures and other systems. Following the principles of “openness, fairness, impartiality, good faith, competition, effectiveness and efficiency”, we adopted the system of publicizing procurement information and announcing transaction results. Suppliers were selected via both centralized and decentralized procurement processes.

We adopted hierarchical and classified management for suppliers, and the supplier categories were divided into key focus type and general transaction type. For key suppliers, we set up special post personnel to conduct active tracking and management through interviews and appointment, monitor performance risks and market price changes in real time, and deal with supply chain risk-related issues in a timely manner. For general transaction suppliers, we discovered and dealt with performance problems in a timely manner, and for suppliers with defect records, we recorded the reasons through the procurement system and deactivated them.

We were committed to continuously strengthening the identification of risks in supplier operations, ethics, and performance of contracts, and provided targeted training for procurement-related employees. The training content covered the supplier’s own operating risks, including AML, financial, fraud, and violations of laws and regulations; supplier moral hazards, including bid rigging, fraudulent bid winning and other risks; supplier performance risks, including malicious breach of contract, supply interruption, supply overdue, quality accidents, etc.

Supplier social risk management	<ul style="list-style-type: none"> • We formulated and actively promoted suppliers to sign the <i>Anti-Commercial Bribery Commitment</i>. • We required suppliers to provide/supplement relevant commitments and certificates in light of service needs, such as requiring human service suppliers to provide supplementary social security payment certificates, etc. • We urged suppliers to strengthen labor management and ensure labor health and safety by adding safety management requirements to suppliers in procurement requirements and requiring suppliers to provide social security payment certificates for key project personnel.
Supplier environmental risk management	<ul style="list-style-type: none"> • We prioritized the selection of energy-saving and environment-friendly products under the conditions of meeting procurement requirements and having equal quality and service standards. • When procurement involves environmental requirements, suppliers are required to have an ISO 14001 management system certification, China Environmental Labeling Product Certification and other relevant qualifications. Those who can provide these qualifications can get extra points in the supplier grade ranking.

In 2022, we provided 69 training sessions for suppliers through a combination of online and offline methods. The training content included supplier portal and commodity operation performance management, procurement information platform management, supplier management requirements, etc.

During the year, we had realized the full-process electronic function on the new-generation procurement management system “CMB Procurement E Platform”, realized the paperless operation of the whole process in procurement sourcing, contract signing and other links, and gradually promoted paperless procurement throughout the bank, which effectively saved paper usage and promoted resource conservation. In addition, we have integrated digital renminbi into the four-in-one smart reimbursement digital overall solution of “scenario + fee control + smart review + online banking”. As of the end of 2022, pilot institutions had used digital renminbi to pay suppliers in 1,114 transactions, totaling RMB 1.69 billion.

6 ESG Key Performance

6.1 Environmental Performance

6.1.1 Supporting green finance

Indicator	2020	2021	2022
Green loan situation ¹			
Balance of green loan (RMB 100 million)	2,085.88	2,638.42	3,553.57
Balance of loans made to energy-saving and eco-friendly industry (RMB 100 million)	178.79	251.70	511.13
Balance of loans made to clean production industry (RMB 100 million)	118.27	166.36	88.28
Balance of loans made to clean energy industry (RMB 100 million)	614.79	814.27	1,270.29
Balance of loans made to ecological and environmental industries (RMB 100 million)	61.39	97.90	108.61
Balance of loans made to green upgrades of infrastructure (RMB 100 million)	1,106.60	1,295.73	1,563.86
Balance of loans made to green service (RMB 100 million)	6.02	12.45	11.39
Green loan balance increase compared to prior year (RMB 100 million)	413.32	552.54	915.15
Energy saving and emission reductions achieved by green loan projects (Unit: ten thousand tons) ²			
Equivalent annual water saving of green loan projects	979.77	1,638.25	1,481.79
Converted annual reduction of carbon dioxide equivalent of green loan projects	1,237.86	1,525.24	1,613.05
Converted annual emission reduction of sulfur dioxide from green loan projects	14.28	16.55	16.49
Converted annual emission reduction of standard coal from green loan projects	618.80	694.29	733.01
Converted annual emission reduction of chemical oxygen demand from green loan projects	28.06	29.58	35.72
Converted annual emission reduction of ammonia nitrogen from green loan projects	4.37	5.06	5.50
Converted annual emission reduction of nitrogen oxides from green loan projects	2.68	4.52	3.48
Reduction of exposure to sectors with overcapacity, high energy consumption and pollution			
Balance of loans made to sectors with overcapacity, high energy consumption and pollution (RMB 100 million)	893.65	1,047.50	1,326.66

Balance of loans made to sectors with overcapacity, high energy consumption and pollution as a percentage of domestic corporate loans (%)	6.37	5.85	6.56
Balance of loans made to petroleum processing, coking and nuclear fuel processing industries (RMB 100 million)	64.33	129.84	181.41
Balance of loans made to petroleum processing, coking and nuclear fuel processing industries as a percentage of domestic corporate loans (%)	0.45	0.72	0.90
Balance of loans made to chemical raw materials and chemical products manufacturing industry (RMB 100 million)	246.33	271.88	385.85
Balance of loans made to chemical raw materials and chemical products manufacturing industry as a percentage of domestic corporate loans (%)	1.72	1.52	1.91
Balance of loans made to non-metallic mineral products industry (RMB 100 million)	123.01	173.28	293.51
Balance of loans made to non-metallic mineral products industry as a percentage of domestic corporate loans (%)	0.86	0.97	1.45
Balance of loans made to ferrous metal smelting and rolling processing industry (RMB 100 million)	136.99	198.07	174.66
Balance of loans made to ferrous metal smelting and rolling processing industry as a percentage of domestic corporate loans (%)	0.96	1.11	0.86
Balance of loans made to non-ferrous metal smelting and rolling processing industry (RMB 100 million)	61.81	47.97	124.25
Balance of loans made to non-ferrous metal smelting and rolling processing industry as a percentage of domestic corporate loans (%)	0.43	0.27	0.61
Balance of loans made to thermal power generation (RMB 100 million)	262.98	208.00	151.51
Balance of loans made to thermal power generation as a percentage of domestic corporate loans (%)	1.84	1.61	0.75

Note:

1. Statistical calculations were carried out according to the method of the People's Bank of China.
2. Statistical calculations are carried out according to the *Notice of the General Office of the China Banking and Insurance Regulatory Commission on the Green Financing Statistics System* (YBJBBH [2020] No. 739) issued by the China Banking and Insurance Regulatory Commission.

6.1.2 Paper and material management

Indicator	2022
Paper from recycled fiber or certified sustainable forestry as a percentage of total paper use (%)	53
Percentage of paper certified by FSC (Forest Stewardship Council) (%)	15
Percentage of paper certified by PEFC (Program for the Endorsement of Forest Certification Schemes) (%)	38

Indicator	2020	2021	2022
Amount of paper used for new card brochures and envelopes (ten thousand pieces)	2,190	2,543	2,147
Weight of paper used for card brochures and envelopes (kilograms)	273,180	317,815	268,375
Ratio of credit card customers using e-bills (%)	99.63	99.59	99.58
Paper saved by using e-bills for credit cards (100 million pieces)	19.04	19.43	19.86

6.1.3 Energy Consumption and Greenhouse Gas Emissions

Indicator	2020	2021	2022
Direct energy consumption^{1, 2}			
Gasoline consumption of vehicles (ten thousand liters)	9.84	145.62	119.57
Diesel consumption of vehicles (ten thousand liters)	0	1.08	0.93
Natural gas consumption (ten thousand cubic meters)	52.14	297.18	324.42
Indirect energy consumption^{1, 2}			
Consumption of externally-acquired electricity (megawatt-hour)	15,554.88	389,988.79	427,792.45
Consumption of externally-acquired thermal energy (gigajoules)	/	47,981.15	34,812.99
Greenhouse gas emissions^{1, 2, 3}			
Greenhouse gas emissions (ten thousand tons of CO ₂ equivalent)	0.96	24.29	25.80
Scope 1 (direct) greenhouse gas emissions (ten thousand tons of CO ₂ equivalent)	0.14	1.00	1.02

Scope 2 (indirect) greenhouse gas emissions (ten thousand tons of CO ₂ equivalent)	0.82	23.30	24.78
Per capita greenhouse gas emissions (tons of CO ₂ equivalent/person)	/	3.82	2.52
Data center energy consumption			
Average PUE of self-owned data centers ⁴	1.62	1.57	1.54

Note:

1. The statistical scope of energy consumption and greenhouse gas emissions in 2022 was the CMB Head Office and all subordinate institutions or headquarters of 44 domestic branches. These include the office areas of the Head Office in Shenzhen, Shanghai, Chengdu and Hangzhou, the training centers in Shenzhen and Shanghai, all subordinate institutions of Beijing Branch, Changsha Branch, Chengdu Branch, Dalian Branch, Foshan Branch, Fuzhou Branch, Guangzhou Branch, Guiyang Branch, Harbin Branch, Haikou Branch, Hefei Branch, Kunming Branch, Nanchang Branch, Nanjing Branch, Nanning Branch, Nantong Branch, Ningbo Branch, Shenzhen Branch, Tangshan Branch, Tianjin Branch, Wenzhou Branch, Urumqi Branch, Wuxi Branch, Xiamen Branch, Xi'an Branch, Xining Branch, Yantai Branch, Yinchuan Branch and Zhengzhou Branch, and Headquarters of Changchun Branch, Chongqing Branch, Dongguan Branch, Hangzhou Branch, Hohhot Branch, Jinan Branch, Lanzhou Branch, Qingdao Branch, Quanzhou Branch, Shanghai Branch, Shenyang Branch, Shijiazhuang Branch, Suzhou Branch, Taiyuan Branch, and Wuhan Branch. For the statistical scope of energy consumption and greenhouse gas emissions in 2021 and 2020, please refer to the Social Responsibility/ Sustainability report issued by the company in 2020 and 2021.
2. CMB has established an energy management platform in 2022. After the energy management platform connects with the energy consumption data of the whole bank, CMB will gradually promote energy and greenhouse gas target goal setting and information disclosure work in the Head Office and branches.
3. The greenhouse gas accounting method and the selection of emission factors for various energy sources for 2022 mainly referred to the *Reporting Guidance on Environmental KPIs* (2022 version) of the Stock Exchange of Hong Kong Limited, *Greenhouse Gas Emission Accounting Methods and Reporting Guidelines for Public Building Operation Enterprises* (Trial) of the National Development and Reform Commission, *Notice on Carrying out Work in Reporting and Management of Greenhouse Gas Emissions of Enterprises in the Power Generation Industry from 2023 to 2025* of the Ministry of Ecology and Environment), *General Rules for Accounting and Reporting Greenhouse Gas Emissions of Industrial Enterprises* (GB/T 32150) of the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the National Standardization Management Committee, etc. Please refer to the Social Responsibility /Sustainability Report released by CMB in 2020 and 2021 for the accounting methods and selection of emission factors for various energy sources in 2020 and 2021.

4. The statistical scope was data centers of the Head Office in Shenzhen and Shanghai.

6.1.4 Water Resource Management

Indicator	2020	2021	2022
Total water consumption (ten thousand tons) ^{1,2}	9.29	203.46	188.46
Total municipal water supply (tons)	/	198.20	185.84
Total barreled water consumption (ten thousand tons)	/	2.89	0.84
Total bottled water consumption (ten thousand tons)	/	2.37	1.78
Per capita water consumption (tons/person)	/	31.98	18.42

Note:

- The statistical scope of water consumption in 2022 was the CMB Head Office and all subordinate institutions or headquarters of 44 domestic branches. These include the office areas of the Head Office in Shenzhen, Shanghai, Chengdu and Hangzhou, the training centers in Shenzhen and Shanghai, all subordinate institutions of Beijing Branch, Changsha Branch, Chengdu Branch, Dalian Branch, Foshan Branch, Fuzhou Branch, Guangzhou Branch, Guiyang Branch, Harbin Branch, Haikou Branch, Hefei Branch, Kunming Branch, Nanchang Branch, Nanjing Branch, Nanning Branch, Nantong Branch, Ningbo Branch, Shenzhen Branch, Tangshan Branch, Tianjin Branch, Wenzhou Branch, Urumqi Branch, Wuxi Branch, Xiamen Branch, Xi'an Branch, Xining Branch, Yantai Branch, Yinchuan Branch and Zhengzhou Branch, and Headquarters of Changchun Branch, Chongqing Branch, Dongguan Branch, Hangzhou Branch, Hohhot Branch, Jinan Branch, Lanzhou Branch, Qingdao Branch, Quanzhou Branch, Shanghai Branch, Shenyang Branch, Shijiazhuang Branch, Suzhou Branch, Taiyuan Branch, and Wuhan Branch. For the statistical scope of water consumption in 2021 and 2020, please refer to the Social Responsibility/ Sustainability report issued by the company in 2020 and 2021.
- In the future, CMB plans to improve step-by-step the statistical process of water consumption and promotes water consumption target goal setting and information disclosure in the Head Office and branches.

6.1.5 Waste Management

Indicator	2022
Total amount of non-hazardous waste (tons) ^{1,2}	4,929

Note:

1. The statistical scope is the properties directly managed by the Head Office in Shenzhen.
2. CMB is actively exploring the establishment of a statistical mechanism for the total amount of hazardous waste and waste target setting work.

6.2 Economic Performance

6.2.1 Financial Performance

Indicator	2020	2021	2022
Total assets (RMB million)	8,361,448	9,249,021	10,138,912
Operating income (RMB million)	290,482	331,253	344,783
Total profit (RMB million)	122,440	148,173	165,113
Net profit (RMB million)	97,959	120,834	139,294
Total taxes (RMB 100 million)	503.06	568.68	610.04
Nonperforming loan ratio (%)	1.07	0.91	0.96
Balance of non-performing loans (RMB 100 million)	536.15	508.62	580.04
Allowance coverage ratio of non-performing loans (%)	437.68	483.87	450.79
Leverage ratio (%)	7.39	8.00	7.95
Return on Average Assets Attributable to Shareholders (ROAA) (%)	1.23	1.36	1.42
Return on Average Equity Attributable to Shareholders (ROAE) (%)	15.73	16.96	17.06

6.2.2 Service scope

Indicator	2020	2021	2022
Number of domestic business outlets	1,867	1,913	1,899
Number of business outlets in rural and county areas ¹	121	125	127
Number of community banks	211	201	150
Number of outlets with barrier-free access	1,867	1,913	1,899
Number of domestic and foreign branches	1,877	1,924	1,909
Number of domestic self-service banks	2,944	2,812	2,695
Number of self-service equipment	7,751	6,592	5,855
Number of visual devices	16,559	14,746	12,511
Total retail customers (100 million)	1.58	1.73	1.84
Number of new individual customers (ten thousand)	1,433	1,534	1,060
Number of CMB App downloads (ten thousand)	14,475.30	17,009.13	18,771.92
Number of monthly active users of CMB App	6,126.38	6,541.69	6,686.2

(ten thousand)			
Transaction volume of CMB App (RMB 1 trillion)	40.91	59.62	52.87
Cumulative users of CMB Life (100 million)	1.1	1.27	1.37
Wholesale online channel customer coverage (%)	93.05	94.00	94.71
Number of online corporate banking customers (ten thousand)	212.59	212.24	233.38
Number of CMB corporate App customers (ten thousand)	129.51	123.48	148.88
Transaction volume of CMB corporate App (RMB 100 million)	3,406.45	7,777.87	8,649.25

Note:

1. The standard of this indicator was updated in 2022 to use the *2020 Administrative Division Code of the People's Republic of China* announced by the Ministry of Civil Affairs, including county-level administrative regions under the jurisdiction of prefecture-level administrative regions, municipalities directly under the Central Government or directly under the jurisdiction of provincial administrative regions (only provinces and autonomous regions), including county-level cities, counties, autonomous counties, banners, autonomous banners, special zones, and forest areas, excluding municipal districts. The data for 2020 and 2021 are revised to comparable data for the same period.

6.2.3 Service Quality

Indicator	2020	2021	2022
Remote online omni-channel customer satisfaction (%)	/	97.61	98.53
Remote online omni-channel manual connection rate (%)	98.40	97.56	98.00
20-second manual response rate for remote online omni-channel (%)	95.42	94.37	94.89
Smart service to self-service ratio (%)	77.23	78.29	81.38
Number of people covered by remote banking manual services (ten thousand)	6,178	6,502	5,489
Number of people covered by online interactive intelligent robot service (ten thousand)	10,622	10,571	9,834
Average service response time (second)	3.09	4.31	3.63
Customer praise and affirmation (times)	56,042	106,521	205,947

6.3 Social Performance

6.3.1 Serving the Real Economy

Indicator	2020	2021	2022
Balance of loans made to support strategic emerging industries (RMB 100 million)	1,714.15	2,191.54	3,023.23
Balance of loans made to support strategic emerging industries as a percentage of total corporate loans (%)	10.50	11.64	14.42
Balance of domestic corporate loans made to emerging industries (RMB 100 million)	1,011.28	1,235.59	1,734.89
Loan disbursement amount made to support cultural industry for the year (RMB 100 million)	234.52	433.66	413.20
Balance of loans made to support cultural industry (RMB 100 million)	353.05	358.39	305.00
Number of customers entered into the talent pool of “Qianying Zhanyi”	31,430	31,713	32,106
Balance of loans made to “Qianying Zhanyi” customers (RMB 100 million)	6,876	7,191	9,200
Number of “Qianying Zhanyi” customers with credit in the current year	7,517	7,667	7,900
Number of “Qianying Zhanyi” customers with loans in the current year	3,179	4,588	4,565
Loan balance of “Qianying Zhanyi” customers with loans in the current year (RMB 100 million)	937.94	967.47	1,313

6.3.2 Inclusive Finance Development

Indicator	2020	2021	2022
Balance of loans made to inclusive SMEs (RMB 100 million)	5,306.50	6,011.00	6,783.49
Loan balance growth rate of inclusive SMEs (%)	17.06	18.22	12.85
Number of inclusive SMEs with loan balance	480,063	913,289	990,693
Loan disbursement amount made to new inclusive SMEs during the year (RMB 100 million)	5,625.16	4,354.26	4,762.43
Average interest rate of loans made to new inclusive SMEs during the year (%)	4.53	5.28	5.15
Balance of agriculture-related loans (RMB 100 million) ¹	2,038.10	2,318.32	2,332.81

New loan amount made to affordable housing projects in the current year (RMB 100 million)	142.08	254.57	113.95
Balance of loans made to affordable housing projects (RMB 100 million)	559.69	689.40	675.86

Note:

1. From 2022, the standard of this indicator was adjusted to include the balance of agriculture-related loans in RMB and foreign currencies. The data for 2020 and 2021 were revised to comparable data for the same period.

6.3.3 Consumer Rights Protection

Indicator	2020	2021	2022
Number of new systems, new products and new services reviewed	4,460	34,063	76,464
Number of items of new systems, new products and new services reviewed	7,671	34,063	76,464
Number of people covered by consumer rights protection training	/	85,895	89,600
Amount invested in consumer education services (RMB ten thousand)	/	457.60	341.20
Annual accumulative number of consumer education activities	11,170	22,608	14,940
Number of audiences for consumer education (ten thousand)	104,107.60	64,144.20	50,801.00
Number of customer complaints accepted and transferred ¹	27,992	21,628	16,651
Number of customer complaints handled ²	366,415	321,548	248,323

Note:

1. In 2020 and 2021, the number of complaints referred by the regulatory authority recorded in CMB's complaint system; in 2022, the number of referral complaints notified by the regulatory authority.
2. Refers to the total number of complaints received by the CMB transferred from regulatory authorities, customer complaints through 95555, customer complaints through the credit card center, and complaints through other channels within the bank (excluding account control, debt negotiation, credit investigation, and billing standard complaints).

6.3.4 Recruitment and Employment

Indicator	2020	2021	2022
Employee number ¹	90,867	103,669	112,999
Number of employees by type			

Permanent employees that have signed labor contracts with CMB	85,883	98,453	105,419
Contractors	4,984	5,216	7,580
Number of employees by gender²			
Number of female employees	47,748	53,890	59,405
Number of male employees	38,135	44,563	46,014
Number of employees by age²			
Number of employees aged below 30	35,858	43,095	46,066
Number of employees aged between 31 and 50	47,291	52,160	55,861
Number of employees aged above 50	2,734	3,198	3,492
Number of employees by region¹			
Number of employees in the Yangtze River Delta region	/	25,495	28,555
Number of employees in the Bohai Rim region	/	12,618	13,941
Number of employees in the Pearl River Delta and West Coast Economic Zone	/	32,216	35,289
Number of employees in Northeast China	/	5,176	5,114
Number of employees in Central China	/	11,616	11,691
Number of employees in West China	/	13,366	15,332
Number of overseas employees	/	3,182	3,077

Indicator	2020	2021	2022
Number of new hires ²	9,072	9,662	10,639
Number of new hires by category²			
New hires in campus recruitment	4,392	4,562	6,276
New hires in social recruitment	4,680	5,100	4,363
Number of new hires by gender²			
Female new hires	/	/	6,162
Male new hires	/	/	4,477
Number of new hires by age²			
New hires aged 30 and below	/	/	9,296
New hires aged between 31 and 50	/	/	1,308
New hires aged above 50	/	/	35

Indicator	2020	2021	2022
Employee turnover rate (%) ²	7.24	7.18	7.14
Employee turnover by gender ²			
Female employee turnover rate (%)	6.35	6.55	6.65
Male employee turnover rate (%)	8.33	7.93	7.78
Employee turnover by age ²			
Turnover rate of employees aged below 30 (%)	9.54	9.50	10.73
Turnover rate of employees aged between 31 and 50 (%)	5.62	5.44	4.76
Turnover rate of employees aged above 50	3.73	2.77	3.46
Employee turnover by region ²			
Turnover rate of employees in the Yangtze River Delta region (%)	/	/	6.75
Turnover rate of employees in the Bohai Rim region (%)	/	/	4.14
Turnover rate of employees in the Pearl River Delta and West Coast Economic Zone (%)	/	/	9.25
Turnover rate of employees in Northeast China (%)	/	/	3.95
Turnover rate of employees in Central China (%)	/	/	3.68
Turnover rate of employees in West China (%)	/	/	5.67

Note:

1. Calculation base included permanent employees that have signed labor contracts with CMB and contractors.
2. Calculation base only included permanent employees that have signed labor contracts with CMB.

6.3.5 Diversity and Equal Opportunity

Indicator	2020	2021	2022
Number of ethnic minority employees ¹	3,586	4,210	4,625
Percentage of female employees (%) ¹	56	55	56
Percentage of male employees (%) ¹	44	45	44
Percentage of females among middle and senior managers (%) ¹	21	23	22
Percentage of males among middle and senior managers (%) ¹	79	77	78

Note:

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

6.3.6 Labor Relations Management

Indicator	2020	2021	2022
Percentage of employees signing labor contracts (%) ¹	100	100	100
Coverage of social insurance (%)	100	100	100
Union establishment rate (%)	100	100	100

Note:

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

6.3.7 Occupational Health and Safety

Indicator	2020	2021	2022
Lost workdays due to work-related injuries (Days) ¹	2,525	2,667	1,886
Deaths due to work ²	/	0	0
Proportion of work-related deaths (%) ²	/	0	0

Note:

1. The indicator represents all employees' lost workdays due to work-related injuries.
2. Statistics started from 2021.

6.3.8 Training and Development

Indicator	2020	2021	2022
Expenditure on employee training (RMB ten thousand)	/	54,216	52,683
Number of training rounds	7,452	7,202	6,715
Number of employees who attended training	75,244	76,972	79,603
Number of employees who participated in training (ten thousand)	45.4	45.8	43
Number of employee participations in online study (ten thousand)	3,103	9,500	12,259
Percentage of employees who accepted training (%)	99	98	98
Percentage of male employees who accepted training (%)	99	98	98

Percentage of female employees who accepted training (%)	99	98	98
Percentage of senior managers who accepted training (%)	/	100	100
Percentage of middle-level managers who accepted training (%)	100	96.7	96.5
Percentage of grassroots employees who accepted training (%)	99	99	99
Per-capita learning time (hours)	85.11	75.36	88.43
Average learning time of male employees (hours)	85.44	76.92	82.61
Average learning time of female employees (hours)	84.37	74.54	92.34
Average learning time of senior managers (hours)	/	50.5	69
Average learning time of middle-level managers (hours)	135.10	32.92	23.85
Average learning time of grassroots employees (hours)	84.80	75.59	88.78

6.3.9 Charity

Indicator	2020	2021	2022
Total external donations (RMB ten thousand)	/	3,223	9,476
Total number of credit card “Points for Micro Charity” donation cardholders (ten thousand)	8.88	11.59	16.21
Total points of credit card “Points for Micro Charity” donations	24,170,492	17,528,620	35,438,261
Number of courses for children with autism redeemed through credit card “Points for Micro Charity”	12,152	7,176	15,151
Quantity of healthy lunches redeemed through credit card “Points for Micro Charity”	90,137	71,074	139,488
Credit card “Points for Micro Charity” Yangfan Public Welfare Book	22,984	16,480	34,873
Number of employee volunteers	/	/	2,100
Volunteer service hours of employee volunteers	/	/	24,913.5

6.4 Governance Performance

6.4.1 Corporate Governance

Indicator	2020	2021	2022
Number of directors	17	16	15
Number of executive directors	3	2	1
Number of independent non-executive directors	6	6	6
Number of other non-executive directors	8	8	8
Number of female directors	1	1	1
Number of male directors	16	15	14
Number of non-executive directors with industry experience	14	14	14
Average tenure of board members (years)	5.6	6.6	5.6
Average board meeting attendance (%)	99.45	99.73	97.52
Training sessions attended by board members	3	5	4

6.4.2 Employee Conduct Management

Indicator	2020	2021	2022
Number of employees punished for violations	391	596	514

6.4.3 Anti-corruption

Indicator	2020	2021	2022
Anti-corruption training times ^{1,2}	750	971	1,500
Number of people covered by anti-corruption training (ten thousand) ^{1,2}	12.78	16.28	16.40
Number of corruption cases brought against CMB or employees and concluded	0	0	0
Number of cadres' integrity talks before taking office	2,223	2,204	1,757

Note:

1. Before 2021, the statistical scope was the Head Office; from 2022, the statistical scope is the whole bank.
2. Since 2021, CMB has given full play to the role of education and deterrence through the deeds around us, and has focused on promoting targeted warning education and training in affiliated institutions. We also established "Clean CMB" on the "CMB E Newspaper" platform and carried out online compulsory courses

on the prevention and control of cases and the practice of integrity, so the relevant training data increased significantly compared with previous years.

6.4.4 Anti-money Laundering

Indicator	2020	2021	2022
Number of AML training times	949	1,026	1,268
Number of people covered by AML training (ten thousand)	19.54	26.31	38.62

6.4.5 Procurement Management

Indicator	2020	2021	2022
Number of suppliers for centralized procurement projects	420	637	528
Number of suppliers at Chinese mainland	416	611	498
Number of suppliers in overseas regions, HK and Macau	4	26	30
Number of suppliers included in supplier database	20,874	25,680	29,868
Number of orders placed through the CMB Cloud Procurement Platform	280,000	410,000	390,000
Number of centralized procurement projects	384	439	282
Budget of centralized procurement projects (RMB 100 million)	33.61	75.06	49.19
Average cycle of centralized procurement projects (days)	27	20	24
Ratio of centralized procurement projects that received assistance for ensuring fulfillment of obligations (%)	100	100	100
Supplier review coverage (%)	100	100	100
Number of suppliers implementing hiring practices (ten thousand)	/	/	1.2

Independent Limited Assurance Report



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Independent Assurance Report on the Sustainability Report

安永华明(2023)专字第60621222_A01号
China Merchants Bank Company Limited

To the Board of Directors of China Merchants Bank Company Limited

Scope

We have been engaged by China Merchants Bank Company Limited (the "China Merchants Bank" or "CMB") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the selected key data as at 31 December 2022 and for the year then ended in the 2022 Sustainability Report.

Selected key data

The selected key data in the 2022 Sustainability Report of China Merchants Bank for 2022 that is covered by this report is as follows:

- Number of centralized procurement projects
- Average cycle of centralized procurement projects (days)
- Employee number
- Number of new hires
- Employee turnover rate (%)
- Percentage of female employees (%)
- Percentage of females among middle and senior managers (%)
- New hires in campus recruitment
- Number of ethnic minority employees
- Number of employees who attended training
- Remote online omni-channel customer satisfaction (%)
- Number of people covered by online interactive intelligent robot service (ten thousand)
- Number of CMB App downloads (ten thousand)
- Average PUE (power usage effectiveness) of self-owned data centers
- Balance of loans made to inclusive SMEs (RMB 100 million)
- Balance of green loans (RMB 100 million)
- Total points of credit card "Points for Micro Charity" donations
- Ratio of credit card customers using e-bills (%)
- Consumption of externally-acquired electricity (megawatt-hour)
- Total water consumption (ten thousand tons)
- Greenhouse gas emissions (ten thousand tons of CO₂ equivalent)





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安永华明（2023）专字第 60621222_A01 号
China Merchants Bank Company Limited

Our assurance was with respect to the selected key data as at 31 December 2022 and for the year then ended only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2022 Sustainability Report.

Criteria applied by China Merchants Bank

The criteria used by China Merchants Bank to prepare the selected key data in the 2022 Sustainability Report are set out in the Reporting Standards of the selected key data (the "Reporting Standards") within the "About this Report" of the 2022 Sustainability Report.

China Merchants Bank's responsibilities

China Merchants Bank's management is responsible for selecting the Reporting Standards, and for presenting the selected key data in accordance with the Reporting Standards within the 2022 Sustainability Report, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the selected key data, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the selected key data as at 31 December 2022 and for the year then ended in the 2022 Sustainability Report based on the evidence we have obtained.

We conducted our engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. The standard require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the selected key data in the 2022 Sustainability Report is presented in accordance with the Reporting Standards, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality control

We have maintained our independence and confirm that we have met the requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board





Independent Assurance Report on the Sustainability Report

安永华明（2023）专字第 60621222_A01 号
China Merchants Bank Company Limited

for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the selected key data in the 2022 Sustainability Report and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with personnel to understand the business and reporting process of the selected key data during the reporting period;
- Undertook analytical review procedures;
- Tested, on a sample basis, underlying source information; and
- Recalculation.

We also performed such other procedures as we considered necessary in the circumstances.





Independent Assurance Report on the Sustainability Report

安永华明（2023）专字第 60621222_A01 号
China Merchants Bank Company Limited

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the selected key data as at 31 December 2022 and for the year then ended in the 2022 Sustainability Report, in order for it to be in accordance with the Reporting Standards.

Supplementary observations

We also referred to *AA1000 Accountability Principles 2018* and conducted inquiries and interviews with managers of different departments of China Merchants Bank on the application of the principles of inclusivity, materiality, responsiveness and impact. Our work was restricted to gaining China Merchants Bank's understanding of the principles of inclusivity, materiality, responsiveness and impact, thus we do not express any assurance opinion according to *AA1000 Accountability Principles 2018*.

We have the following observations:

1) Inclusivity

China Merchants Bank identified the government and regulators, shareholders and investors, customers and consumers, employees, suppliers and partners and communities as stakeholders, and understood the needs and priorities of stakeholders. In addition, while determining development strategies, formulating development plans, formulating business policies and daily business operations, China Merchants Bank adhered to "building the most social responsibility bank" as one of its strategic objectives, optimized and upgraded the sunflower responsibility concept model, and considered stakeholders expectations and their impact. We suggest that China Merchants Bank further improve the stakeholder participation process, implement appropriate, powerful, comprehensive and objective stakeholder participation strategies, plans and methods, and provide multiple channels for stakeholders to participate in the decision-making of China Merchants Bank to continuously improve the performance of sustainable development

2) Materiality

China Merchants Bank integrated the needs and focus of stakeholders, financial performance, industry characteristics, policy requirements, social impacts and other factors, identified and qualitatively and quantitatively disclosed the substantive issues and selected key data of China Merchants Bank's sustainable development work, and prioritized it. We suggest that China Merchants Bank could consider further developing the identification process of substantive





Independent Assurance Report on the Sustainability Report

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China Merchants Bank Company Limited

issues to guide the management and employees to identify, evaluate, report and prioritize various substantive issues related to China Merchants Bank's sustainable development.

3) Responsiveness

China Merchants Bank developed relevant policies, objectives and action plans in accordance with its business characteristics, and responded to substantive issues by improving the governance structure, management system and process, and establishing diversified stakeholder communication channels. We suggest that China Merchants Bank further clarify the division of responsibilities and refine the process guidance, accordingly make a better, timely and relevant response to substantive issues.

4) Impact

China Merchants Bank evaluated and disclosed the direct and indirect impact of substantive issues on economy, environment, society and stakeholders in a quantitative or qualitative way. We suggest that China Merchants Bank further clarify and improve the assessment process of the impact of substantive issues, in order to evaluate, manage and disclose the impact of substantive issues better and objectively, and use the impact evaluation results in the decision-making and management of internal organizational governance, strategy, goal setting and operation.

Restricted use

Our report is intended solely for the information and use of the board of directors of China Merchants Bank for limited assurance of the selected key data in the 2022 Sustainability Report and is not intended to be and should not be used by anyone other than those specified parties.

Ernst & Young Hua Ming LLP

Ernst & Young Hua Ming LLP
10 March 2023
Beijing, China



Relevant Content Index

(I) Content Index of SEHK's *ESG Reporting Guidelines*

Subject Areas, Aspects, General Disclosure and KPIs		Page Number	
<i>A. Environment</i>			
Aspect 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 on land, and generation of hazardous and non-hazardous waste.	P60	
	KPI A1.1	The types of emissions and respective emissions data.	P178-P179
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P179-P181
	KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	No available calculation mechanism has been established yet, but it is planned to be disclosed in the future
	KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P181-P182
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	P60-P62, P179-P181

	KPI 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.	P64
Aspect A2: Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.		P60
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P179-P181
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P181
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P60-P62, P179-P181
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for appropriate purposes, water efficiency target(s) set and steps taken to achieve them.	P63
	KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	P179
Aspect A3: Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impact on the environment and natural resources.		P49-P57
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P49-P57
Aspect 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.		P36-P45
	KPI 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.	P36-P45
<i>B. Social</i>			

Employment and Labor Practices			
Aspect 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.		P124
	KPI B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region.	P186-P187
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	P188
Aspect 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.		P124
	KPI B2.1	Number and rate of work-related fatalities occurring in each of the past three years including the reporting year.	P189
	KPI B2.2	Lost days due to work injury.	P189
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P134-P135
Aspect B3: Development and Training	General Disclosure: Policies on improving employee knowledge and skills for discharging duties at work. Description of training activities.		P128-P133
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P189-P190

	KPI B3.2	The average training hours completed per employee by gender and employee category.	P189-P190
Aspect B4: Labor Standards	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 preventing child and forced labor.		P124
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	P124
	KPI B4.2	Description of steps taken to eliminate these practices when discovered.	P124
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.		P175-P176
	KPI B5.1	Number of suppliers by geographical region.	P192
	KPI 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.	P175-P176, P192
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P175-P176, P192
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P175-P176, P192

Aspect 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, labeling and privacy matters relating to products and services provided and methods of redress.		P107-P123, P174
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P105-P107, P186
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P174
	KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P110-P114
Aspect 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.		P167-P173
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and outcomes of the cases.	P191
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P167-P173
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	P167-P173
Community			

Aspect B8: Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure their activities take into consideration the communities' interests.		P139-P148
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P139-P148
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P190

(II) TCFD Recommended Disclosure Index

TCFD Recommended Disclosures	TCFD Recommended Disclosures	Disclosure page
Governance: Disclosure of organizational governance of climate-related risks and opportunities		
a)	Describe the board's oversight of climate-related risks and opportunities	P31
b)	Describe management's role in assessing and managing climate-related risks and opportunities	P31
Strategy: Disclose actual and potential climate-related impacts on the organization's business, strategic and financial planning		
a)	Describe the risks and opportunities associated with climate change identified by the organization in the short, medium and long term	P36-P45
b)	Describe the impact of the organization's business, strategic and financial planning on climate-related risks and opportunities	P36-P45
c)	Describe the organization's strategic resilience, taking into account different climate-related scenarios (including 2 °C or more severe scenarios)	P48
Risk management: Disclosure on how the organization identifies, assesses and manages climate-related risks		

a) Describe the organization's process for identifying and assessing climate-related risks	P46-P48
b) Describe the organization's processes for managing climate-related risks	P46-P48
c) Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management system	P46-P48
Metrics and objectives: For material information, disclose the metrics and targets used to assess and manage climate-related issues	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities following their strategy and risk management processes	P177-P182
b) Disclosure of Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and associated risks	P177-P182
c) Describe the objectives used by the organization to manage climate-related risks and opportunities, and the performance against those objectives	P177-P182

(III) GRI Content Index as per GRI Standards

Instructions for use	China Merchants Bank Co., Ltd. reported the information cited in this GRI Content Index with reference to GRI standards from January 1, 2022 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure item	Page Number
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	P13-P14
	2-2 Entities included in the organization's sustainability reporting	P4
	2-3 Reporting period, frequency and contact point	P4-P5
	2-4 Restatements of information	None
	2-5 External assurance	P193-P197
	2-6 Activities, value chain and other business relationships	P13-P14
	2-7 Employees	P186 -P187
	2-8 Workers who are not employees	P186 -P187

	2-9 Governance structure and composition	P151
	2-10 Nomination and selection of the highest governance body	P151-P157
	2-11 Chair of the highest governance body	P6-P7
	2-12 Role of the highest governance body in overseeing the management of impacts	P151-P157
	2-13 Delegation of responsibility for managing impacts	P151-P157
	2-14 Role of the highest governance body in sustainability reporting	P151-P157
	2-15 Conflicts of interest	P162
	2-16 Communication of critical concerns	P24-P27
	2-17 Collective knowledge of the highest governance body	P151-P157
	2-18 Evaluation of the performance of the highest governance body	P151-P157
	2-19 Remuneration policies	P126-P127
	2-20 Process to determine remuneration	P126-P127
	2-22 Statement on sustainable development strategy	P18-P21
	2-23 Policy commitments	P6-P9
	2-24 Embedding policy commitments	P6-P9
	2-26 Mechanisms for seeking advice and raising concerns	P24-P27
	2-27 Compliance with laws and regulations	P60,P110
	2-28 Membership associations	P64
	2-29 Approach to stakeholder engagement	P24-P27
GRI 3: Material Topics 2021	3-1 Process to determine material topics	P24-P27
	3-2 List of material topics	P24-P27
Material Issues		
Economic performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	P183
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	P183
	201-2 Financial implications and other risks and opportunities due to climate change	P36-P45
	201-3 Defined benefit plan obligations and other retirement plans	P179-P181
Indirect Economic Impacts		

GRI 3: Material Topics 2021	3-3 Management of material topics	P71-P97
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	P71-P97
	203-2 Significant indirect economic impacts	P185-P186
Procurement Practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	P175-P176
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	P175-P176
Anti-corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	P167-P169
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	P167-P169
	205-2 Communication and training about anti-corruption policies and procedures	P167-P169
	205-3 Confirmed incidents of corruption and actions taken	P191
Tax		
GRI 3: Material Topics 2021	3-3 Management of material topics	P173-P174
GRI 207: Tax 2019	207-1 Approach to tax	P173-P174
	207-2 Tax governance, control, and risk management	P173-P174
	207-3 Stakeholder engagement and management of concerns related to tax	P173-P174
Materials		
GRI 3: Material Topics 2021	3-3 Management of material topics	P63-P64
GRI 301: Materials 2016	301-1 Materials used by weight or volume	P179
Energy		
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Reader Feedback

Dear readers:

Thank you for reading this report. To help us keep on improving our social responsibility work, increasing our ability to fulfill our social responsibilities, elevating the level of management, and optimizing the quality of preparing social responsibility reports, we sincerely hope you can take time out of your busy schedule to put forth your valuable opinions and suggestions.

Please make assessments by answering the following questions:

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2. Do you think the report has fully reflected the economic, social and environmental performance of China Merchants Bank?	Yes ____ Somewhat ____ No ____
3. Do you think the report can comprehensively respond to the expectations and demands of China Merchants Bank's stakeholders?	Yes ____ Somewhat ____ No ____
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5. Do you think the writing in the report is well organized, uses common language and is easy to understand?	Yes ____ Somewhat ____ No ____
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7. If you have a more detailed assessment and/or feedback, please write down and let us know:	

You can give your opinion to us through the following methods:

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