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CZBANK  浙商银行  
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CZBANK  浙商银行 2018 Corporate Social Responsibility Report

# 2018

## Corporate Social Responsibility Report



CZBank Weixun



CZBank WeChat



2016 Corporate Social Responsibility Report



2017 Corporate Social Responsibility Report

## Remarks on Preparation of the Report

The Board of Directors and all directors of China Zheshang Bank Co., Ltd. guarantee that there are no false records, misleading statements or material omissions in this report, and bear individual and joint responsibility for the truthfulness, accuracy and completeness of the contents stated hereunder.

### Covering organizations and time span

Covered organizations: unless otherwise specified, this report covers the events of the Head Office as well as the branches of China Zheshang Bank Co., Ltd. For convenience, in this report, we refer to “China Zheshang Bank Co., Ltd.” by “CZBank”, “the Bank” or “we”.

Reporting time span: from January 1, 2018 to December 31, 2018. Occasionally some events reported are out of this period.

Release cycle: this is an annual report. The report for the previous year was released in May, 2018.

### Data source

The financial data of this report are extracted from the audited CZBank 2018 Annual Report. Other data are gathered from our internal documents and relevant statistics. Part of the content and data are quoted from the previous years.

### Standard for preparation of the report

*Opinions on Strengthening Social Responsibility of Banking Financial Institutions* of China Banking and Insurance Regulatory Commission, *Guidelines for Corporate Social Responsibility* of Chinese Banking Financial Institutions of China Banking Association (CBA), *Environmental, Social and Governance Reporting Guide (2016)* of the Stock Exchange of Hong Kong, *Guidance on Social Responsibility* (ISO 26000:2010) and *GRI STANDARDS*.

### Available versions

The report has publishing versions in both Chinese and English. In case of any discrepancies between the two versions, the Chinese version should prevail.

### Publishing formats

This report is published in hardcopies and in electronic copy. The e-copy can be viewed and downloaded at <http://www.czbank.com/>; <http://www.hkex.com.hk/>.

### Place of maintenance of this report

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## Message from the Chairman



Chairman of China Zheshang Bank  
Mr. Shen Renkang

The year 2018 was the first year for putting the guiding principles of the 19th National Congress of the Communist Party of China fully into effect and a key year for CZBank to implement its “Third Five-year” plan. CZBank fully implemented the spirit of the 19th National Congress and closely adhered to the “Two Most” objectives, to continuously promote the high-quality transformation and development of the Bank while continuing to serve the real economy, with the aim to share economic, environmental and social values with all stakeholders.

Remaining true to our original aspiration, we provided full support for real economy. This year, we actively implemented requirements of national policies, focusing on major strategies and key projects such as the “Belt and Road Initiative” and the development of the Yangtze River Economic Belt, optimized the allocation of financial resources, and promoted supply-side structural reform; targetted at the diversified financial needs of the real economy and adopted innovative financial service models to support private enterprises and small and micro enterprises, vigorously advanced inclusive finance and green finance, and built “liquidity service bank” “platform-based service bank” and “intelligent manufacturing service bank” to support the healthy and high-quality development of the economy across the board.

Guided by the innovation-driven development strategy, we fostered new growth drivers. We invested our scientific and technological resources in innovative areas that have a high degree of strategic alignment, aiming at solving key concerns in customers’ demand, actively using financial technologies to make innovations in products, business models and service methods to enable platform-based and ecological financial services. Through adopting an innovative thinking, we continued to strengthen financial technology, promote platform services, elevate management capabilities, upgrade the risk control system, better integrate new financial dynamics and thus cultivate new development advantages.

Adhering to green development, we actively guarded green hills and clear water. This year, we actively assumed our responsibilities as a financial institution in dealing with climate change, increased credit support for green environmental protection industries and emerging industries, opened up green channels for green enterprises, and developed diversified investment and financing products and services such as green credit and green funds, stimulating more social capital for green application and construction. We upheld low-carbon operation, vigorously promoting “paperless” business management, providing customers with convenient services while saving a lot of resources. We persisted in carrying out public welfare activities on environmental protection, to join hands with all parties to safeguard green hills and clear water.

Working together with all parties involved, we shared the fruits of economic development. This year, we adhered to the “customer first” service concept, actively built an integrated, streamlined, and intelligent bank; paid attention to the financial needs of special groups, continued to improve customer service; upgraded the consumer rights protection work management system, strengthened financial security knowledge publicity and education, optimized customer complaints supervision and management system, continuously improved customer satisfaction; listened to appeals from stakeholders, attached importance to talent team training and created a good career development platform for employees, as well as persisted in conducting charitable activities to satisfy people’s expectation for a good life.

With the strength of collectives, we will become invincible; with the brainstorm of all members, we can do everything. In 2019, we will be more determined to promote innovation-driven and high-quality development, and create a better future with customers, shareholders, communities and employees!

沈仁康

## Message from the President



President of China Zheshang Bank  
Mr. Xu Renyan

In 2018, confronted with the complicated external situations, CZBank strived to consolidate the comprehensive financial service capabilities of serving the economy, improving people’s livelihood and protecting the environment, under the guidance of the “Two Most” objectives and in accordance with the requirements of the new development concept. As of the end of 2018, the total assets of the Bank reached RMB 1.65 trillion, achieving net profit attributable to shareholders of the Bank RMB 11.5 billion, a non-performing loan ratio of 1.20% and allowance to non-performing loans 270%, indicating a high level of asset quality.

Strengthening our sense of responsibility. In response to the call of the Party Central Committee to support the development of private enterprises, we introduced “40 Measures for Supporting the Private Economy”, continuing to improve the level of services provided to private enterprises; further expanded inclusive financial services, promoted the innovative chain services for small enterprises and carried out the pilot pattern of “talent bank”; built a long-term mechanism of “bailout + development of the production ability” to help the poor. In 2018, the balance of financial precision poverty alleviation loans amounted to RMB 456 million, and the balance of agriculture-related domestic and foreign loans reached RMB 134.502 billion.

Welcoming financial technologies. We increased investment in financial technology, innovated in financial technology applications, built a comprehensive technology platform for “technology + finance + industry”, and deepened the promotion of “Three Platforms”. We upgraded the entire online business of small and micro enterprises, so that customers wouldn’t need a second visit. Relying on AI, big data and cloud computing, we improved the online banking function and intelligent customer service system to provide customers with diversified service channels and more convenient and efficient financial experience.

Firmly guarding the bottom line of risk. We continuously improved the risk management system and mechanism, raised the pertinence and effectiveness of risk management, provided a better credit review and approval mechanism for supply chain financial services, enhanced the awareness of compliance internally, intensified risk management and control of important businesses and key links, and seriously investigated into and punished violations, to firmly prevent systemic financial risk.

Building a green bank. We continued to improve the green financial policy, requiring the credit investigation review to consider green standards. In 2018, the green loan balance was RMB 22.558 billion. We promoted intelligent office, successfully activated the “green machine room” new data center and thus realized internal technology management. We popularized new intelligent machines, improved operational and service efficiency, and reduced energy and resource consumption as a result. In 2018, the coverage of new intelligent machine tools reached 98%.

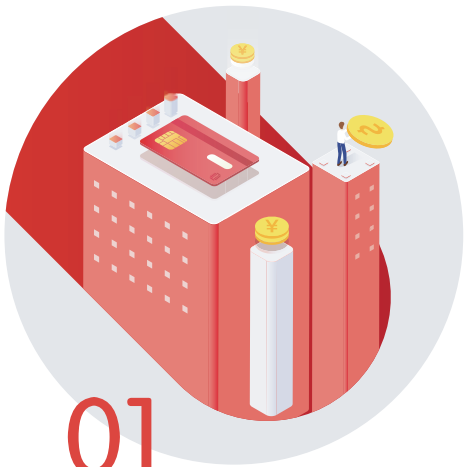
Engaged in social welfare activities. We continued to carry out our special charity brand activities of “CZBank Rainbow Plan” and “Solute to City Guardians” to spread love and warmth to more people. We provided long-term assistance to 19 poverty-stricken schools in Sichuan, Shaanxi and other provinces and cities. In 2018, our public welfare donation expenditure reached RMB 13.2826 million, and contributed more than 13,000 hours volunteer activities.

With great ambitions and firm determinations, we can fly higher. The coming year is full of hopes and challenges. We will grasp the development opportunities of the new era, comprehensively enhance our comprehensive financial service capabilities, and create more economic, environmental and social values with financial wisdom and strength!

徐仁彦

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About Us

Company Profile

Headquartered in Hangzhou, Zhejiang Province, CZBank is the only nationwide joint-stock commercial bank based in Zhejiang Province. CZBank was listed on the Hong Kong Stock Exchange in 2016.

Since its inception, CZBank has always adhered to the initial intention of serving customers and the society, striving to create the comprehensive value of economy, environment and society, and moving towards a new era with a more open and inclusive attitude. In April, 2018, CZBank Hong Kong Branch was officially opened, a substantial step in the international strategic layout of the Bank.

As at the end of 2018, we had established 242 branch outlets, effectively covering the Yangtze River Delta, the Bohai Rim, the Pearl River Delta and certain areas in Midwestern China.

Branch outlets

242



Awards & Recognition



Event/Organizer/Media	Award/Ranking
The Banker Magazine of the U.K.	111th (in terms of tier-one capital) and 100th (in terms of total assets) in the "Top 1000 World Banks 2018" ranking
China Banking and Insurance Regulatory Commission	No.1 in Consumer Protection Assessment and Evaluation among National Joint Stock Banks
China Banking Association	Best People Livelihood Finance Award
China Banking Association	Advanced Model Company and Company with Prominent Innovation Achievements in 2018 Customer Service Center Comprehensive Evaluation by China Banking Association
China Banking Association	Professional Contribution Award for Green Bank Evaluation Work
China Banking Association	The Best Performing Company of the "Financial Knowledge Promotion" Campaign
The Shanghai Stock Exchange	Excellent Participating Institutions of Assets Securitization Business
Shanghai Commercial Paper Exchange Corporation Ltd.	Excellent Banking Dealer
Shanghai Clearing House	Excellent Settlement Member
The Asian Banker	Trading Bank with the Most Growth Potential in China
The Banker Magazine of China	Top 10 Wealth Management Innovation Award
REBRAND	REBRAND 100 Annual Excellent Award
Social Responsibility Special Committee, the Chinese Institute of Business Administration	Excellence Award for Employee Sustainable Practice
2018 China Supply-Chain Conference	Best Supply-Chain Financial Product Innovation Award
China Financial Certification Authority (CFCA)	The Best Online Banking User Experience Award of the Year, Best Mobile Banking Feature of the Year
Financial Times	Most Competitive Bank of the Year
Shanghai Securities News	Excellent Award for Private Bank
21st Century Business Herald	Excellent Financial Technology Bank in 2018
JRJ.com	Outstanding Asset Management Bank Award, Outstanding Investment Team Award
China Business Journal	Supply-chain Financial Service Bank with Excellent Competitiveness in 2018
China Consumer Journal	Model Company in Putting the Customer First in 2018
51job.com	China HR Management Outstanding Award for 2018
zhaopin.com	The Best Employer in China of 2018



# Finance Supports Growth of Private Enterprises

“

CZBank will increase credit supply and comprehensively use such channels as on- and off-balance sheet financing, bond underwriting and asset securitization to achieve a steady increase in both the growth speed and amount of loans for private enterprises.”

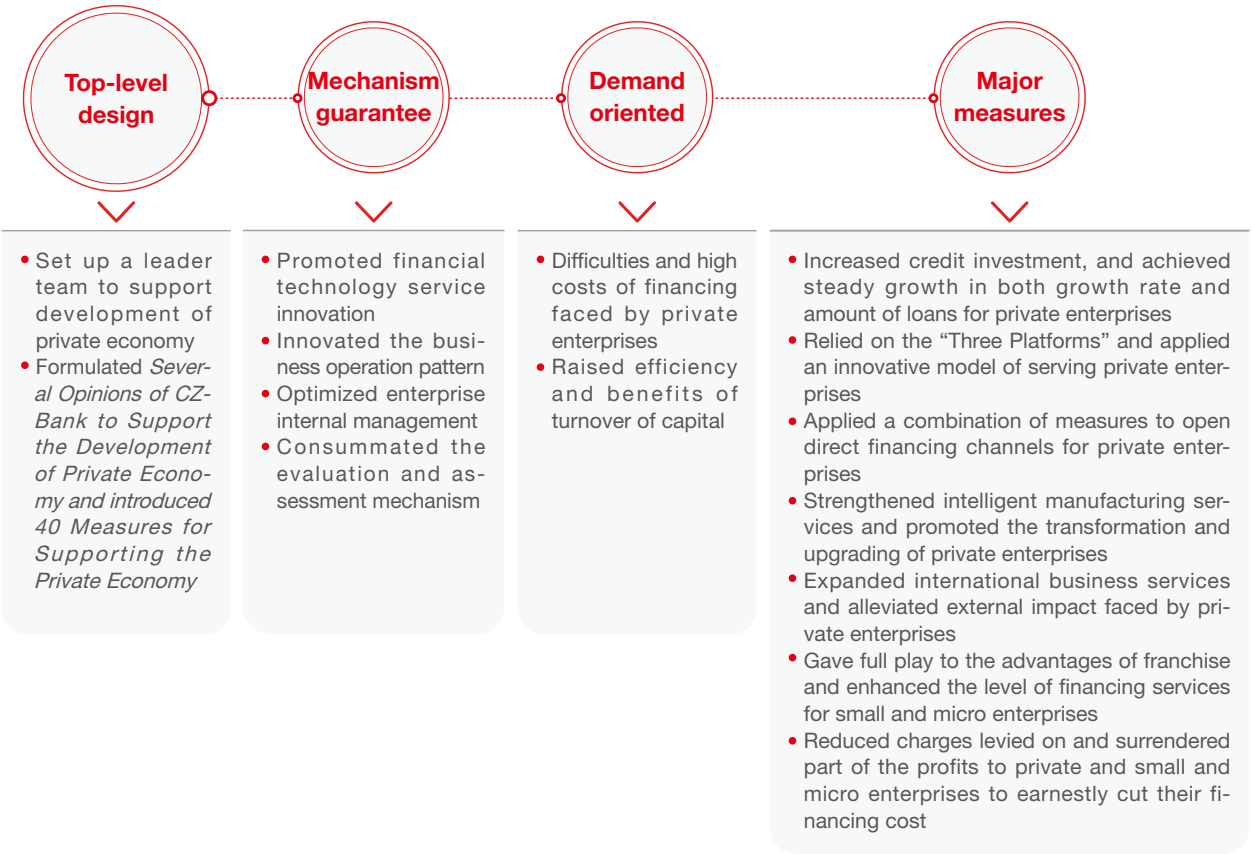
— Mr. Shen Renkang, Chairman of CZBank

”

The private sector is an important force for promoting the socialist market economy and an important subject for advancing structural reforms on the supply side, achieving high-quality development, and building a modern economic system. CZBank targets at the needs of private enterprises, adopts innovative financial service models, optimizes service processes, and continuously improves the level of financial services of private enterprises in light of the characteristics of various private enterprises.

By the end of 2018, private enterprises accounted for 55.16% of corporate loans, 55.94% of on- and -off balance sheet, and had access to more than RMB 200 billion financing through businesses like assets management.

Diagram of support to the growth of private enterprises by CZBank



In corporate loans, private enterprises accounted for

55.16 %

Financing for private enterprises exceeded RMB

200 billion

## Our actions

Using the “accounts receivable chain platform + securitization” model, based on accounts receivable, we issued the first domestic block chain accounts receivable ABN “CZBank Chain”

As the first pilot lead underwriter, we issued the first national private enterprise bond linked with CRMW

Established CRMW in the form of a consortium with China Bond Insurance Corporation (CBIC)

Issued “Xuyue 2018 First-stage Small- and Micro- Enterprise Loan Asset Support Securities”, valuing RMB 2.634 billion

In 2019, we will provide about RMB 130 billion of new loans through various financing methods such as on-balance sheet loans and off-balance sheet financing to serve private enterprises, accounting for more than 60% of the resources available of the Bank.

New loans reached about RMB

130 billion

Accounting for the resources available of the Bank

60 %

## CZBank’s innovative measures of science and technology financial services for private enterprises

**Promoting pooled financing platform and revitalizing liquid assets of private enterprises**

Guided private enterprises to enhance liquidity of their funds through introducing difficult-to-cash assets like accounts receivable into the pool

**Promoting “Yongjin Treasurer” to improve allocation efficiency and liquidity of internal resources**

Provided private enterprises with overall financial solutions integrating fund-raising and liquidity management to help them revitalize existing resources

**Promoting the accounts receivable chain platform and elevating the financial service level of private enterprises**

Applied the block chain technology to convert accounts receivable of private enterprises into electronic payment settlement and financing tools, to revitalize their precipitation resources

**Promoting the online supply chain financial credit model to solve difficulties in credit granting faced by private enterprises**

Promoted the “1+N” “A+B” and “H+M” credit model of online supply chain finance, carried out special credits for private SMEs in the upstream and downstream of the supply chain through relying on the credit of core enterprises, and carry out the business of block chain accounts receivable

**Applying innovative business patterns of the block chain Order Connect, Manifest Connect and Installment Connect**

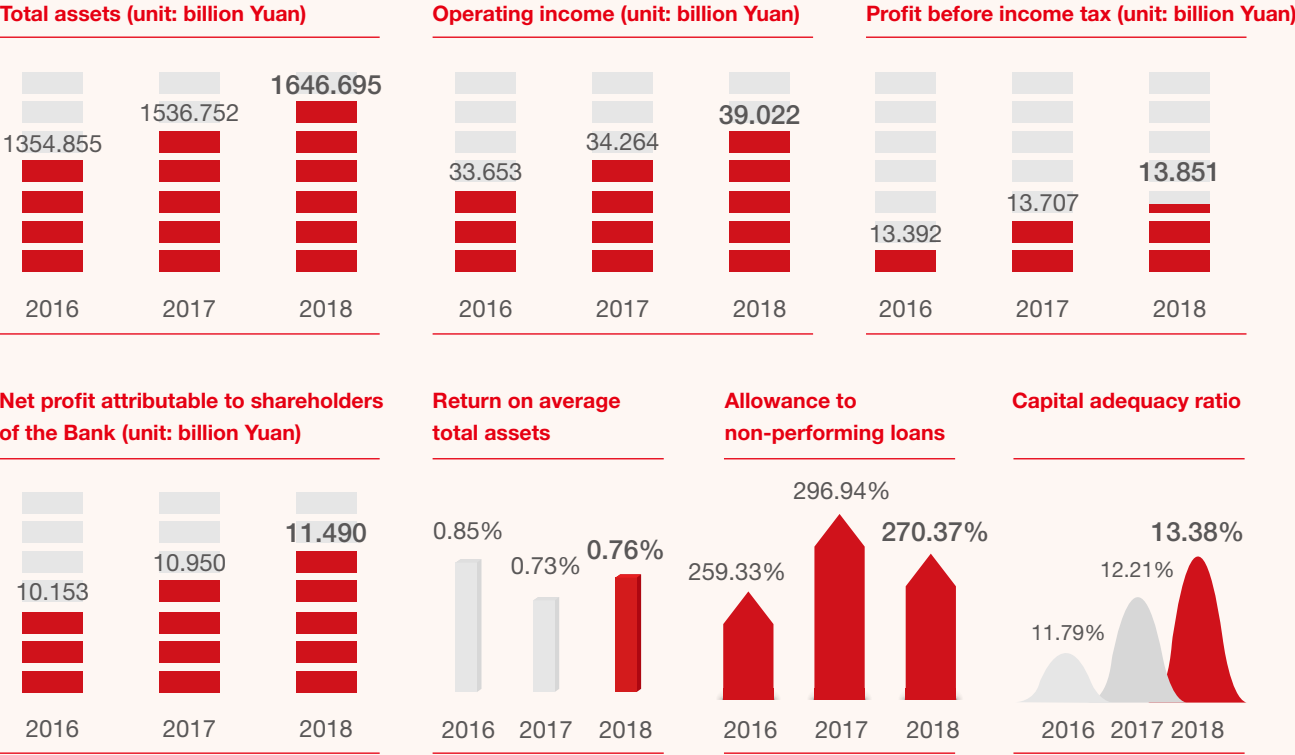
Applied innovative business patterns of block chain Order Connect, Manifest Connect and Installation Connect through relying on the accounts receivable chain platform, to solve the difficulties and high cost of financing faced by the private enterprises

Adopted the block chain installment payment method to support equipment upgrade of private enterprises and ease their pressure of one-time payment

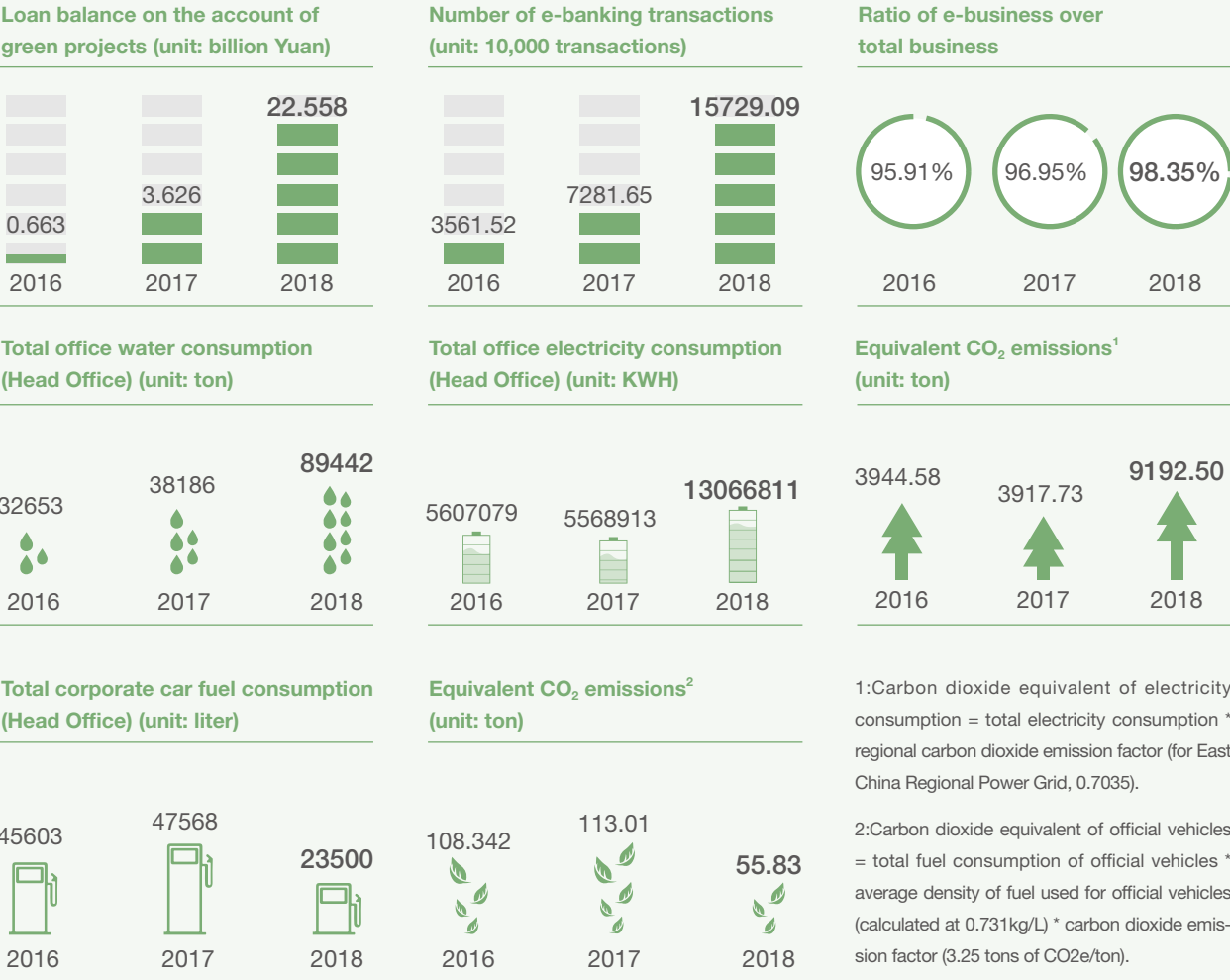
Our Achievements in 2018

Key Indicators of Social Responsibility

Economic Performance



Environmental Performance



Social Performance





Became the agency bank for the central bank's treasury centralized payment business

Established "Tongyouyi" financial alliance

Qualification Approved

Balance of loans for small- and micro-enterprises exceeded RMB 200 billion

Release "Yongjin Treasurer"

Issued the first domestic block chain receivables ABN

Started to operate "green machine room" new data center

Introduced "40 Measures for Supporting the Private Economy"

Set its headquarter in Xiaoshan to support construction of "Qiantang River Financial Harbor"

Implemented China's first oil trading Manifest Connect platform

Carried out special inspection on work style in poverty alleviation work

Continued the CZBank Rainbow Plan. By the end of 2018, the Plan raised about RMB 22.51 million, capable of helping more than 20,000 poverty-stricken students. In 2018, more than RMB 2 million was raised through online and offline channels, with RMB 1 million donated by CZBank, bringing the number of students that received the financial support to 1,000.

Connected to the new illegal and criminal trading risk event management platform of the telecommunications network. In 2018, 17 suspected network telecom fraud incidents were intercepted, avoiding loss of more than RMB 2 million for customers.

Anti-fraud



# Management Structure

## Corporate Governance

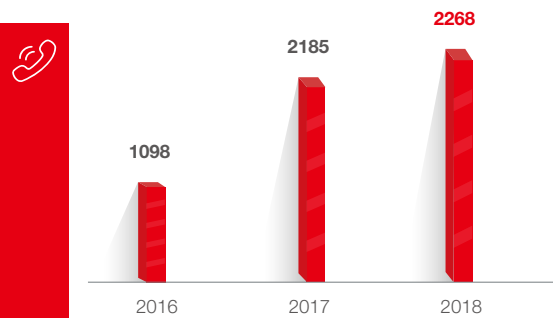
CZBank constantly improved its corporate governance structure to ensure that the Board of Directors, the Board of Supervisors and the special committees to function in strategic direction, scientific decision-making and effective supervision on important issues in the Group's operation and management, and further improved the corporate governance operation mechanism taking the shareholders' meeting, the Board of Directors, the Board of Supervisors and the top management as the main subjects. We strictly implemented information disclosure, continuously improved transparency, actively served the investors, and guaranteed compliant operations and steady development of all business sectors.

**Investor relationship management.** We enhanced investors' understanding and recognition of the Bank and improved corporate transparency through continuous enrichment of information disclosure contents and the exchanges between channels and investors and intensified interaction and communication with actual and potential investors. We also regularly published social responsibility reports to disclose the latest momentum in corporate governance as well as measures and progress in promoting comprehensive economic, social and environmental development. In 2018, we totally made 53 announcements.

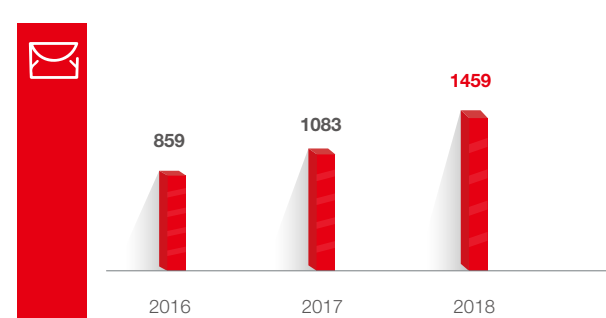
Total announcements  
**53**



Number of calls from investors (unit: calls)



Number of emails replied to investors (unit: email)



### Case

#### Congress of Party representatives of CZBank

From August 30 to September 1, 2018, the first congress of the Communist Party of China Zheshang Bank Co., Ltd. was held in Hangzhou. At the congress, the first session of the Party Committee and the Disciplinary Committee members were elected and the resolutions of the First Congress of the Communist Party of China Zheshang Bank Co., Ltd. on the work report of the Party Committee and the resolutions on the work report of the Commission for Discipline Inspection, and the report on the management of the collection and use of Party fees were reviewed and approved. This Party congress is of great significance for strengthening the construction of CZBank and systematical planning of the reform and development of CZBank in the new era.

# Risk and Compliance

## Safeguarding the Risk Bottom Line

In order to comply with the supervision situation of “strong supervision and strict accountability” and implement the principle of “holding the bottom line of preventing systemic financial risks”, we insisted on the operation risk philosophy of safeguarding the bottom line and returning to the ultimate source, continuing to upgrade the risk control system. As of the end of 2018, our non-performing loan ratio was 1.20%, indicating a favorable asset quality.

Non-performing loan ratio  
**1.2** %



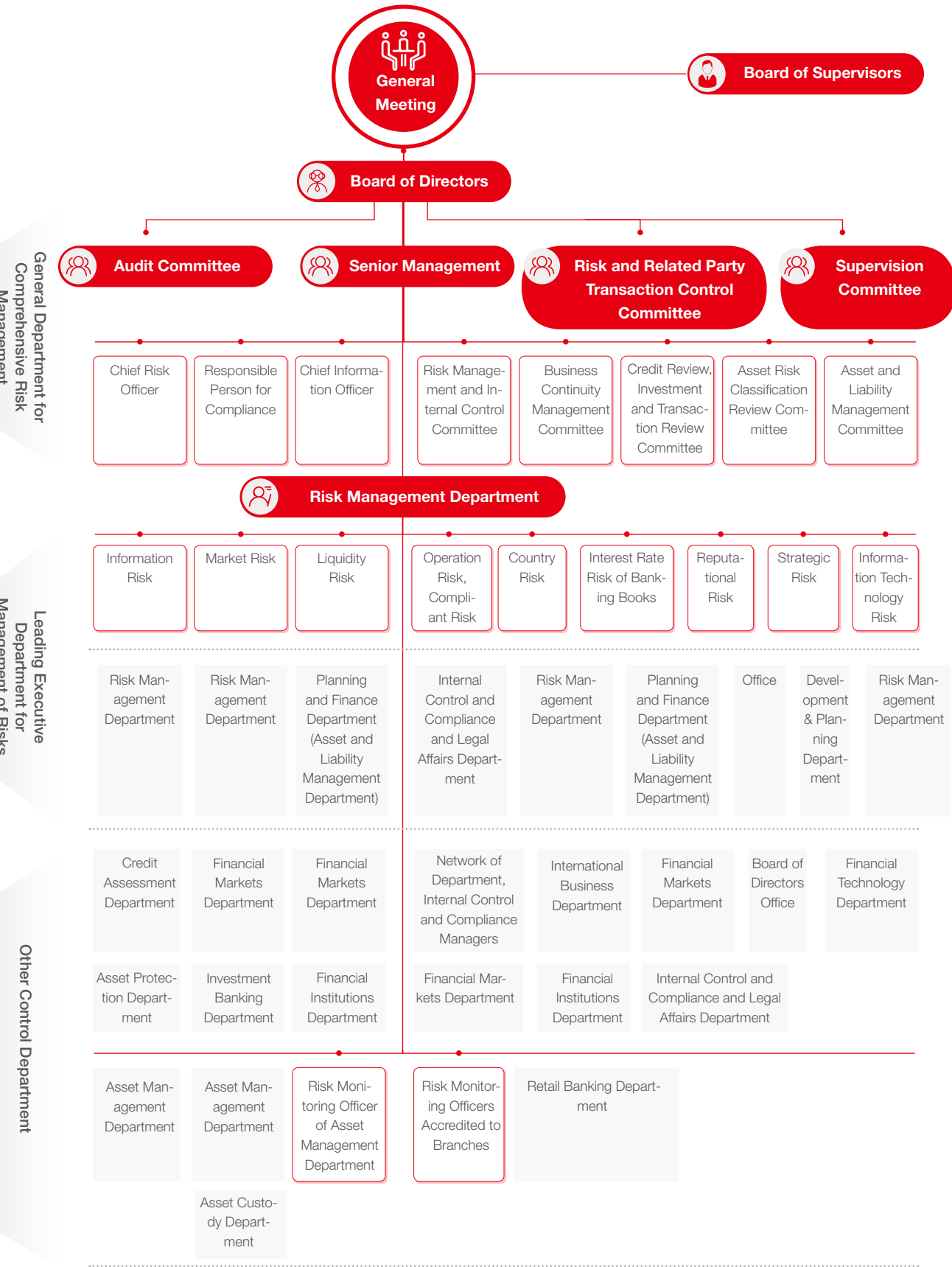
### Overall risk management system construction of CZBank

- Strengthening risk preference management**  
Adhered to the “active and solid” risk preference matching our strategic goals and business plans
- Vigorously applying financial technology**  
With the help of financial technologies such as big data and AI, we built a system platform for centralized operation, information sharing, real-time monitoring and intelligent management of credit business.
- Optimizing the unified credit mechanism**  
Improved the quota setting, review and approval process, and customer credit risk limit management and control mechanism in unified credit management, and strengthened customer concentration management



Anti-money laundering campaign in Xi'an North Railway Station by CZBank Xi'an Branch

Organizational Structure of Comprehensive Risk Management



Intensifying Internal Control Management

CZBank has always abided by the *Company Law of the People's Republic of China*, *Anti-Money Laundering Law of the People's Republic of China* and *Anti-Corruption Convention* and related laws and regulations. The year 2018 was the year of improvement focusing on reinforcement and improvement as set in the Special Action Plan (Phase II) for “Protection with Internal Control and Safeguarding with Compliance”, aiming to continuously improve the awareness of legal compliance among all employees, comprehensively upgrade the internal control and legal compliance management level of the Bank and steadily promote the construction of compliance culture.

Internal control system construction of CZBank

**Improving top-level governance system**

- Selected independent directors with professional background in risk management and experience in risk management and control
- Provided more trainings on internal control and legal compliance for directors
- Revised management systems such as systems on risk management and related party transactions
- Optimized the performance evaluation system and increased the weight of legal compliance indicators

**Strengthening control and management on key fields**

- Sorted out the key points for operation risk management and control of important businesses and key links, clarified management and control requirements, and further strengthened internal control and legal compliance, operational risks and case prevention and control.
- Prudently and reasonably determined the scale and growth speed of business, took measures to standardize related businesses, and increased the compliance management of businesses

**Streamlining rules and regulations**

- In 2018, we introduced 458 new systems and revised 345 existing ones.
- Carried out post-evaluation work

**Strengthening management of employee behaviors**

- Strengthened management of abnormal behaviors of employees, and increased efforts to investigate employees' involvement in illegal private banks, money laundering, commercial bribery and other abnormal behaviors
- Continued to carry out supervision and inspection of performances and increased education and training on internal control and legal compliance for employees

Construction of anti-money laundering system of CZBank

**Advancing the construction of anti-money laundering system**

- Applied the intelligent face recognition camera on the counter to the account opening scenario
- Carried out the special rectification action on management and control of customer information collection system
- Completed large-scale anti-money laundering system upgrades for 4 times, resulting in updating nearly 70 functions and adding or improving 13 suspicious monitoring models

**Strictly preventing and controlling the risk of money laundering**

- Conducted anti-money laundering investigations and inspections for more than 40 times, having shut down non-counter-side transactions for more than 1,000 high-risk accounts.
- In 2018, no major anti-money laundering risk event happened

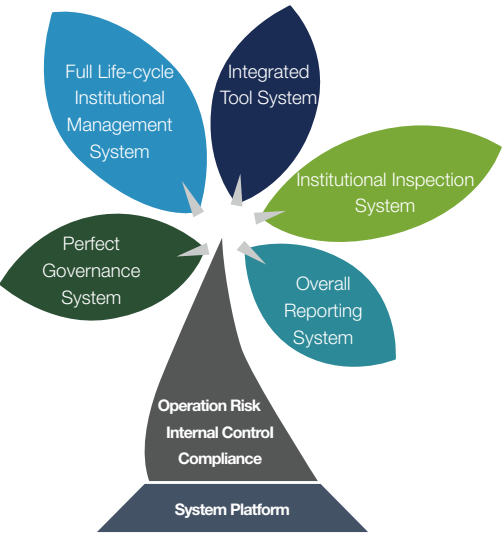
**Continuing to provide anti-money laundering training**

- Provided anti-money laundering trainings by means of video training, seminars and online learning.
- The training covered anti-money laundering situation and analysis of important policies, and problems found by recent anti-money laundering supervision and inspection, etc.
- The training covered 12,207 person times

**Actively organizing anti-money laundering campaign**

- Launched a variety of anti-money laundering campaigns such as the “six-entering” series
- Carried out 569 anti-money laundering campaigns





“Five in One” operation risk, internal control and legal compliance management system. In 2018, we gradually realized online internal control management, legal compliance management, system management and legal affairs management, and comprehensively improved management efficiency based on the platform, and thus integrated operational risk, internal control and legal compliance management across the board.

Case

Micro film *Petty Profits Blind Eyes, Never Get Off the Right Track*

In 2018, CZBank carried out more than 1,000 internal control and legal compliance inspections, more than 700 legal compliance trainings such as “Compliance Culture Patrolling Session”, and more than 260 featured activities such as “Learn from Cases by Your Side”, and sent more than 1,400 articles on risk warning and dynamics, thus having greatly improved the management level of internal control and legal compliance of the Bank.

In order to implement the “Protection with Internal Control and Safeguarding with Compliance” special plan, CZBank Wuhan Branch organized to produce the micro film *Petty Profits Blind Eyes, Never Get Off the Right Track*, which tells a story of two young men and tries to explain the importance of legal compliance for bank employees and educate and warn everyone to be compliant.

Internal control and legal compliance inspections

>1,000



Featured activities About

>260



Anti-corruption work of CZBank

Established the Discipline Inspection and Supervision Office in domestic branches to comprehensively strengthen the discipline inspection work



Aiming at building a “clean bank”, we made great progress in promoted anti-corruption work

Prepared the Implementation of the *List of Responsibilities for Party Conduct with Party Committee Taking the Main Responsibilities and the Disciplinary Supervision Committee Taking the Supervision Responsibilities of CZBank*, enabled the *Responsibility Letter for Building Party Conduct* to be signed by leaders at different levels and clarified “two responsibilities”

Carried out series of activities such as expert counseling and visits to the legal education bases to make anti-corruption education pertinent and effective. In 2018, we organized 10 times of education on being clean and integrity, with 28,700 participants (person times)

Formulated the *Code of Conduct for Performance of Leaders of the Head Office*, strengthened inspection and review during festive holidays and key links. In 2018, we carried out 701 unannounced visits during the festive holidays

Social Responsibility

Ideology of Responsibility

Ideology of CZBank’s social responsibility work: correctly deal with the relationship between self-development and external environment, insist on the essential requirements on finance serving the real economy, vigorously carry out green finance, inclusive finance and scientific finance services, conduct compliant operations according to law, strengthen protection of consumer rights and interests, boost construction of ecological civilization, fulfill effectively the corporate social responsibility, and actively build up the excellent corporate citizenship image.

Management Organizational Architecture

In 2018, CZBank issued *Management Measures for Social Responsibility Work of CZBank*, which clarified the social responsibility work organization, division of responsibilities, work content and supervision and assessment management, with the aim to comprehensively improve the Bank’s awareness of performing social responsibilities. The Head Office, as the centralized management department of the social responsibility work of the Bank, is responsible for the daily management of social responsibilities, through leading work teams including its relevant departments and branches.

In 2018, the Bank injected about RMB 400,000 to hold 208 trainings about social responsibility, covering the total trainees of 1,325.

Trainings about social responsibility

208



Investment in social responsibility work registered RMB

400,000



# 01 | Providing Financial Dynamics Supporting Real Economy

Guided by the new development concept, CZBank, taking financial technology as the means and sharing and win-win as the goal, actively promoted both quality and efficiency of serving the real economy with the daily operation and management, fulfilled the mission of “serving the real economy effectively”, to provide financial dynamics for high-quality economic development.

## Serving National Strategy

In 2018, CZBank took the initiative to support the major national strategies and key projects such as “Opening to the outside world”, “the Yangtze River Economic Belt Construction” and “regional coordinated development”, to provide tailor-made financial service solutions for enterprises through differentiated and featured product innovation.

### Measures for supporting national strategies of CZBank



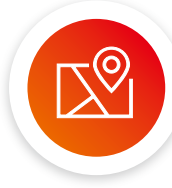
#### Supporting opening-up

- Established agency relationships with 830 domestic and foreign banks over 84 countries (regions) in the world, to enrich expedited liquidation channels.
- Made full use of “Three Platforms” of pooled financing platform, Yiqiyin platform, and accounts receivable chain platform to provide foreign trade enterprises with integration of internal and external trades and local and foreign currencies.
- Promoted Enterprise’s Online Foreign Exchange Transaction Client—Zheshang Trading Treasure, with the trading volume close to USD 10 billion by the end of 2018.
- Developed Manifest Connect with block chain technologies, to provide export-import financing and internal-external trade synthetically integrated service schemes for commodity trading.



#### Supporting the Yangtze River Economic Belt

- Configured products properly, to effectively reduce financing cost of Wuhan Municipal Construction Group Co., Ltd., and supported the construction of modern comprehensive transportation system, to promote the optimization and upgrading of industrial structure along the Yangtze River.



#### Supporting regional coordinated development

- Innovated in financial products to support the collaborative development of upstream and downstream manufacturing enterprises in Ningbo, an “Intelligent Manufacturing 2025” pilot demonstration city, and optimized the economic structure in the eastern region of China.
- Further utilized “Three Platforms” to help high-end manufacturing enterprises in northeast China reduce the cost and leverage.



#### Supporting infrastructure construction

- Provided Ningbo Railway Group, the only entity funded and founded and operated by Ningbo Urban Rail Transit with RMB 100 million loan, and issued RMB 1 billion medium-term notes with China Development Bank, with RMB 300 million sold by CZBank Ningbo Branch.
- Supported the only transit project in Lanzhou City, Gansu province — Lanzhou Rail Transit Construction.



#### Supporting the renovation of shantytowns

- Formulated *Measures for Loan Management of Urban Shantytown Renovation of CZBank*
- By the end of 2018, we had completed the implementation rules of shantytown renovation loans’ record of the five branches in Beijing, and completed open credit balance of RMB 6.9 billion for urban shantytown renovation, covering 5.89 million square meters of the three old renovated areas, serving about 35,347 relocated people.



Case

Helping enterprises go out and expand overseas contracting businesses

A communication technology company in Wuhan is a well-known provider of information and communication network products and solutions. In 2018, the company participated in the construction of Thai telecommunication projects. CZBank set up a financing scheme for purchasing accounts receivable under specific contract insurance, with the total amount of financing USD 8.85 million, which met such demands of the enterprise as early repayment and optimizing statements, alleviated its financial pressure, and assisted it to further expand its overseas project contracting businesses.

Total amount of financing accumulated to USD

8.85 million

Case

Financial support for the development of high-end manufacturing enterprises in Northeast China

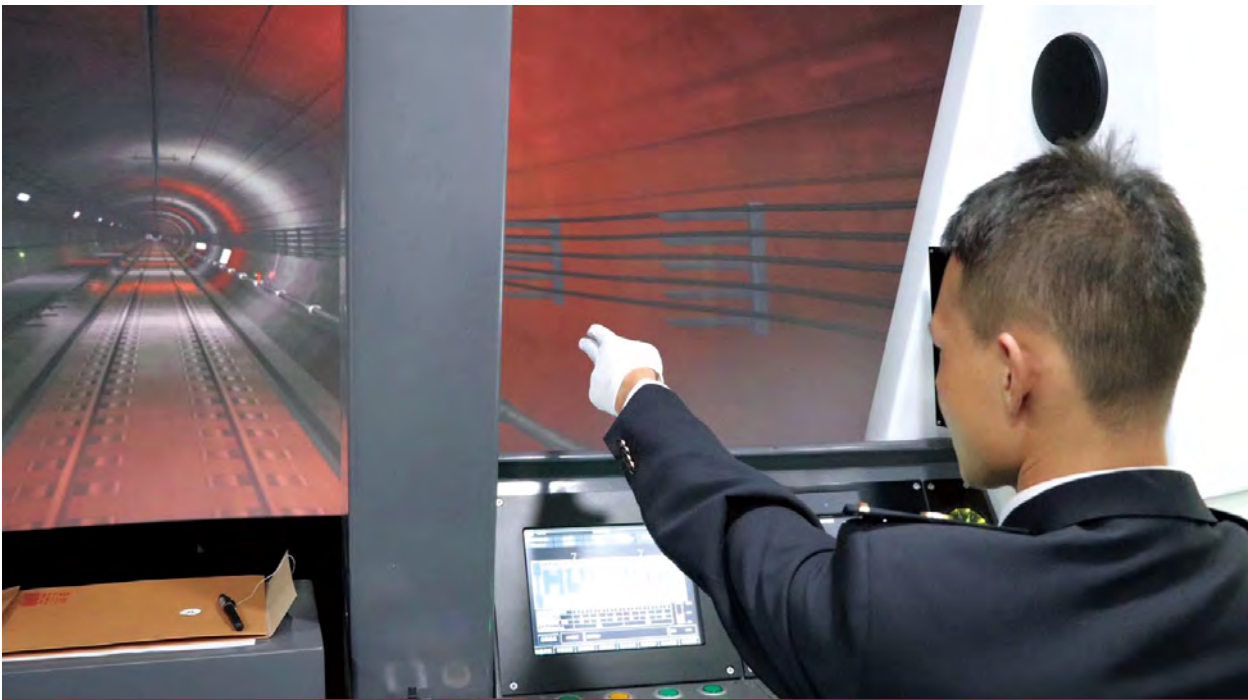
Shenyang Blower Works Group Co., Ltd., reputed as the “national weight”, is the only professional manufacturer in China, which integrates R&D, design, manufacture and service of three kinds of general machinery products: large centrifugal compressor, large reciprocating compressor and large centrifugal pump. On the basis of in-depth analysis of the needs of the enterprise, CZBank Shenyang Branch gave full play to the business advantages of pooled financing platform such as “no picking of notes”, “high discount rate”, “online” and “free of charge”. It formulated a comprehensive liquidity service solution for the pooling platform, which helped the enterprise to de-leverage and reduce costs. By the end of 2018, the Group had 12 pooled financing units, with a total of RMB 590 million in the pool.

Pooled financing totaled RMB

590 million

Pooled financing units

12



Lanzhou Rail Transit Line 1 supported by Lanzhou Branch is being tested and the train will enter Yellow River under-river tunnel

Promoting Inclusive Finance

CZBank continued to explore the effective integration of financial products and services with Inclusive finance, expanding inclusive financial services in depth, helping subjects such as “Agriculture, Rural Areas and Farmers” and small and micro enterprises with specialized financial solutions, and actively promoting the “blossoming and fruiting” of inclusive finance.

Supporting the Development of Small and Micro Enterprises

CZBank implemented 2018 *Requirements for Promoting High-quality Development of Small and Micro Finance* of China Banking and Insurance Regulatory Commission, made full use of the benchmarking advantages of Small and Micro Finance, took advantage of financial science, innovated and promoted customer chain service of small and micro enterprises, and made great efforts to alleviate the difficult financing, expensive financing and slow financing problems of small and micro enterprises.

By the end of 2018, national-standard small and micro loan balance reached RMB 204.546 billion, accounting for 23.90% of all loans; the number of small and micro enterprises franchised institutions was 150, 17 more than that at the year beginning, which had serviced more than 220,000 small and micro enterprises, and created more than 3 million jobs.

Measures of CZBank to serve small and micro enterprises



Implementing the re-engineering of Inclusive Financial Credit Business 2.0

- Developed the electronic loan application function of small enterprises, enabling completion of online loan applications in a few minutes.
- Depending on the technology of identity network verification and “Rongchatong” on mobile devices, realized one-stop acceptance and investigation.
- After completing the approval, customers can sign contracts, withdraw and repay money online.
- Stabilized the risk-control firewall of inclusive financial credit business by actively docking external information and deeply mining internal information.



Innovating the service mode of technology

- Deepened the innovative use of “Three Platforms”, strengthened “Corporate Business Department & Small Enterprise Department Interaction”, to improve the service ability of providing liquidity to small and micro enterprises.
- Promoted the new generation process for small and micro enterprises, providing online, efficient and intensive system support and process services, and ensuring customers not to pay a second visit
- Innovated in and promoted all businesses online, and deeply promoted the integration of “Visiting Streets + Mobile Loans”



Innovating in financial products of small and micro enterprises

- Successfully issued “Asset-backed Securities for the First Phase of Micro-enterprise Loan in 2018”, with an amount of RMB 2.634 billion



Continuing pilot “Talent Bank” mode

- Explored the combination mode of talent factor and financial factor, established “talent bank”, and provided a series of comprehensive services including initial credit loan and trade settlement according to the different investment and financing needs of high-level talents.
- By the end of 2018, we had served near 100 enterprises set up or co-sponsored by high-end talents, including national and provincial experts. Among them, 7 are listed on the main board, 1 on the GEM, 2 are preparing for IPO, 4 are listed on the new third board, and 8 are selected for IPO by governments at all levels.

Case

Developing supply chain financial cooperation with enterprises in emerging industries

Zhuji, Zhejiang Province, is the largest embroidery whole machine industry base in the world. The computer embroidery machines produced here can help embroidery enterprises to achieve “machine replacing people”, but the one-time payment of equipment “upgrade” cost makes most small and medium-sized enterprises overburdened. CZBank specially developed “Intelligent Manufacturing Loan” for this purpose, working with the whole machine manufacturers to grant equipment mortgage in batches to the downstream enterprises under the “1+N” supply chain financial model. It successfully helped the downstream enterprises to update their equipment and upgrade industries as early as possible. At the same time, it also enabled the whole machine manufacturers to quickly withdraw funds and expand sales channels.

Case

Promoting the standardized development of online car-hailing by financial means

Didi driver Mr. Liu, had some troubles the other day. According to the requirements of the new policy, he needs to “rent rather than purchase” a new energy vehicle that meets the requirements of the new policy, but he could not afford hundreds of thousands of yuan since he just came to Shenzhen. By chance, Mr. Liu learned that CZBank Shenzhen Branch could meet the financial needs of the online car-hailing drivers for vehicle deposit and one-time prepaid rent. The “Easy Loan — Cooperative Loan” product developed by CZBank could transact businesses online. Finally, Mr. Liu opened a bank card on his mobile phone and got the loan product developed by CZBank. By the end of 2018, CZBank Shenzhen Branch had issued RMB 179.1 million through the product of “Easy Loan — Cooperative Loan”, which helped 1,720 drivers like Mr. Liu to realize their dream of starting a business.

“Easy Loan --- Cooperative Loan” provided RMB

179.1 million

Promoting the Strategy of Rural Revitalization

CZBank has always adhered to the support aiming at development of the production ability and drip irrigation maintenance of the vast rural areas, exploited the “bank + leading enterprises + farmers” industrial chain to support upstream and downstream farmers, promoted the combination of industrial development and increase in farmers’ income, and took various measures to unblock the “last-mile” of rural financial services.

By the end of 2018, the balance of agriculture-related domestic and foreign loans reached RMB 134.502 billion, with an increase of RMB 30.121 billion as compared to the beginning of the year. The number of the Bank's financial products serving “Agriculture, Rural Areas and Farmers” reached 44.

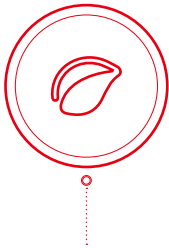
The balance of agriculture-related domestic and foreign loans reached RMB

134.502 billion

In comparison with the year beginning an increase of RMB

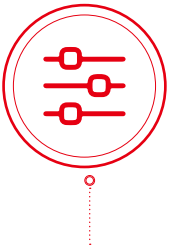
30.121 billion

Measures of CZBank to serve the strategy of rural revitalization



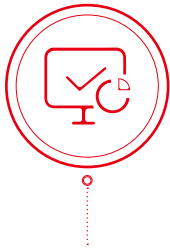
Innovating in products serving “Agriculture, Rural Areas and Farmers”

- Launched financial products such as “Rural E-commerce Loan” and “Residential Loan”
- Continued to promote “farmhouse mortgage loan” products and by the end of 2018, a total of 2,860 farmers were granted RMB 1.868 billion of farmhouse mortgage loan loans.
- Used online “Photovoltaic Loan” products to cooperate with manufacturers of PV equipment in Zhejiang Province to provide near RMB 100 million for farmers who need to buy PV equipment.



Supporting rural industry development

- In the fields of expanding agricultural industry chain and value chain, promoting industrial integration and development, we played as a bridge between supply and demand, and drew a smiling curve of “bank + leading enterprise + poor peasant household” industrial chain.
- Developed supply chain financial cooperation with agricultural core enterprises in Ningbo, Gansu and Shaanxi provinces to solve the problem of farmers’ funds in upstream and downstream areas



Focusing on industry digital inclusion

- By building a digital platform, established a deep integration of financial and non-financial services scenario, expanding inclusive financial customers such as online services for “Agriculture, Rural Areas and Farmers”, and promoting the development of inclusive finance on a large scale

Case

Innovation of supply chain financial service mode

Mr. Zhao, a farmer in Jiangxi Province, is keen to earn a good life. When he learned that he could get technical services from large enterprises, he was very interested. But he got into troubles when learned that he needed to build a pigsty first and invest more than RMB 100,000 at one time according to the company's requirements. CZBank opened up a new way to support the core enterprises of aquaculture technology with a quota of RMB 80 million. Through supply chain finance, it issued “Easy Loan — Breeding Loan” to farmers online in batches. On the one hand, farmers only need one click on their mobile phones and get a bank card at the outlet to get loans. They can build a pigsty according to the “company + family farm” model. On the other hand, they can also get technical guidance on pig production, disease prevention and control. By the end of 2018, more than 100 farmers had been served in Sichuan, Chongqing, Jiangxi and other places through “Easy Loan — Breeding Loan”, with a total investment of more than RMB 37 million.



On-line mass issuance of “Easy Loan — Breeding Loan” helps the development of “company + family farm” industry model



Case

When Inclusive Finance meets clean energy, there is “poetry and distance” in the hometown

In autumn and winter, when some farmers still choose to burn straw, they may not have thought that these plant wastes can be used as biomass fuel for power generation and converted into renewable and clean energy with important environmental benefits. Peng Shuang is a young entrepreneur of the post-80s generation. He has always had the feeling of “home blue”. He decided to set up a new energy company to start his career from a finger-long biomass particle. In Peng Shuang's view, in addition to professional production technology, the company also needs to continue to invest capital in order to “grow into a big tree”. The service of CZBank enables him to focus on being a “nursery” without any collateral. Peng Shuang obtained a small and micro venture loan from CZBank's “Qingfeng Plan”.



Inclusive finance hugging clean energy

“Don't underestimate these particles. There are many difficulties in the initial production, because the environment and raw materials are different. It is difficult to learn from others, and you can only explore step by step. Fortunately, CZBank trusts us and gives us timely financial support.”

— Peng Shuang,  
Head of Chongqing Pengzhou  
New Energy Company

”

Case

Let the flower of industrial poverty alleviation blossom on the “Field of Hope”

Dechang Weiyi Agricultural Science and Technology Co., Ltd. is located in Dechang County, Liangshan Yi Autonomous Prefecture, Sichuan Province. Although in a deep poverty-stricken area, thanks to the abundant sunshine ecology in the Anning Valley, it has established an integrated industrial management mode of planting, preserving, processing and marketing strawberry, mulberry, mango and other fruits and agricultural products, and developed into a leading local agricultural enterprise. In September 2017, the company planned to expand the 600mu strawberry base and increased production and supply, resulting in a capital gap in operation. CZBank Chengdu Branch invested RMB 14 million in micro-loans for the enterprise in accordance with the industry precise poverty alleviation model of “bank + leading enterprises + cooperatives + poor households”. By the end of 2018, the company had absorbed 10 poor households of archival licensing card to get rid of poverty, and 187 local households had entered professional co-operatives under enterprises to work.

“The service efficiency of CZBank is very high. With more capital investment, we can expand the production base of agricultural products, promote the development of upstream professional cooperatives, provide employment for more poor villagers, and help them get out of poverty and become rich.”

— Hu Zongde,  
Dechang Weiyi Agricultural  
Science and Technology Co., Ltd.

”

Case

Helping poverty-stricken counties construct tea processing workshops

On the opening of CZBank Zhengzhou Branch, RMB 1 million was donated to Guangshan County to help build a tea processing and poverty alleviation workshop, which absorbed 20 people's employment with an annual income of RMB 30,000 per year. At the same time, it indirectly promoted 140 poor households to grow and pick tea leaves. The average annual share of tea among households was RMB 4,000, which drove 50 poor households to engage in tea-related industries. The average annual income of households increased by nearly RMB 20,000, resulting in better social and economic benefits.



Interior of a tea processing workshop

Poverty Alleviation by Financial Aid

In response to the call of the Party Central Committee to win the battle against poverty, CZBank practiced the spirit of the new stage of poverty alleviation and development of the provincial committee and government of Zhejiang, actively constructed a long-term mechanism of “bailout + development of the production ability” to alleviate poverty, and provided systematic solutions from the aspects of education, poverty alleviation and industrial poverty alleviation, so as to make the financial living water truly benefit the poor groups

By the end of 2018, the balance of financial precision poverty alleviation loans amounted to RMB 456 million, benefiting 2,945 people.

Poverty alleviation through education

Relying on the network of 24 branches and more than 200 affiliates in 16 provinces (cities and districts), a standardized model of “poverty alleviation through education” was formed by providing long-term and fixed-location support to a school in a poor area and providing comprehensive support in infrastructure, learning, life and quality education. We established long-term support relationships with 19 schools in Sichuan, Anhui and Shaanxi, including Liangshan Maidi Primary School in Sichuan, Dayuan Primary School in Wuhu, Anhui, Huajiacun Primary School in Tongcheng, Hubei.

Industrial poverty alleviation

We set up a leader group on poverty alleviation to focus on industrial poverty alleviation and implement poverty alleviation plans according to local conditions. We actively supported the development of agricultural leading enterprises in poverty-stricken areas, customized products according to the “one policy for one household” of the upstream and downstream industry chain with local characteristics, and helped the poor increase their income. By the end of 2018, the balance of industrial precise poverty alleviation loans was RMB 377 million, an increase of RMB 362 million as compared to the beginning of the year.

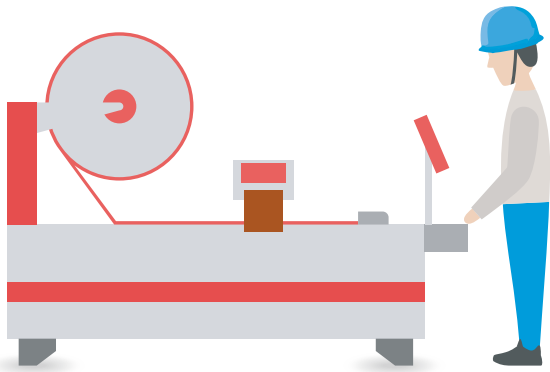


CZBank leased about 20mu “enclave” in Beixiang Township, Zhaojue, Liangshan County, Sichuan Province to construct a Morchella greenhouse planting base (interior view). At present, there is obvious primordia differentiation into mushroom form, which is expected to achieve output in 2019.

## Driving Industrial Transformation

CZBank took intelligent manufacturing and green manufacturing as important measures to speed up the transition between new and old dynamics. It creatively implanted “financing, financial products, financial services” into the enterprise pipeline and supply chain, effectively relieved the financing demand of manufacturing enterprises, and helped the manufacturing industry to become a powerful country.

By the end of 2018, around RMB 200 billion of financing support had been provided to more than 1,200 intelligent manufacturing enterprises in China, of which about 80% are private enterprises.



Financing for intelligent manufacturing enterprises reached RMB

**200** billion



Covering intelligent manufacturing enterprises

**>1,200**



Proportion of private enterprises about

**80** %



### Case

#### Supporting new kinetic energy development, reducing backward production capacity

The year 2018 was the beginning and key year for the implementation of new and old kinetic energy conversion in Shandong Province. CZBank Jinan Branch attached great importance to supporting the work of new and old kinetic energy conversion, driving the development of new generation information technology, intelligent manufacturing of high-end equipment and other industries, and gradually reducing the proportion of credit granted by industries with excess capacity such as steel and coal. In 2018, a total of 57 new customers from 10 dimensions were granted credit, with a total amount of RMB 6.6 billion, and the amount of backward production capacity was reduced by RMB 98 million.

Shandong Huapeng Glass Co., Ltd. is a private enterprise which produces glassware and glass bottles and cans. The glass industry belongs to the overcapacity industry, and the enterprise has backward production capacity. In 2018, the Bank took the initiative to terminate the enterprise's RMB 40 million credit line, to strictly control energy conservation and emission reduction and eliminate backward production capacity credit.

Total granted credit RMB

**6.6** billion



Reduced amount of backward production capacity RMB

**98** million



### Case

#### Supporting the transitional development of manufacturing industry

In Xinchang, a pilot city of Intelligent Manufacturing in Zhejiang Province, more than 600 small and medium-sized private enterprises in bearing manufacturing hope to implement intelligent transformation and take the road of high-efficiency development due to the pressure of manpower cost and environmental protection constraints, but they are facing the problem of “lack of direction, technology, funds and services”. Through cooperation with Xinchang County Government and Information Engineering Company, CZBank explored a new mode of intelligent manufacturing service of “technology + Finance + policy”, and carried out “100-enterprise upgrading” project around the commonness of bearing industry. The Bank provided performance witness service and credit financing support for transforming enterprises, and jointly invested with Xinchang County Government, established risk compensation fund and government financing discount mode to share risks, so as to solve the problem of difficult financing and expensive financing for enterprises. By the end of 2018, Tripartite Alliance had completed intelligent transformation for 110 bearing manufacturing enterprises in Xinchang. More than 10,000 pieces of equipment were connected to the bearing industry cloud platform. The number of employees of the transformed enterprises decreased by 50%, and the output increased by 20% on average.

Equipment connected to the bearing industry cloud platform

**10,000** sets



Average output increase

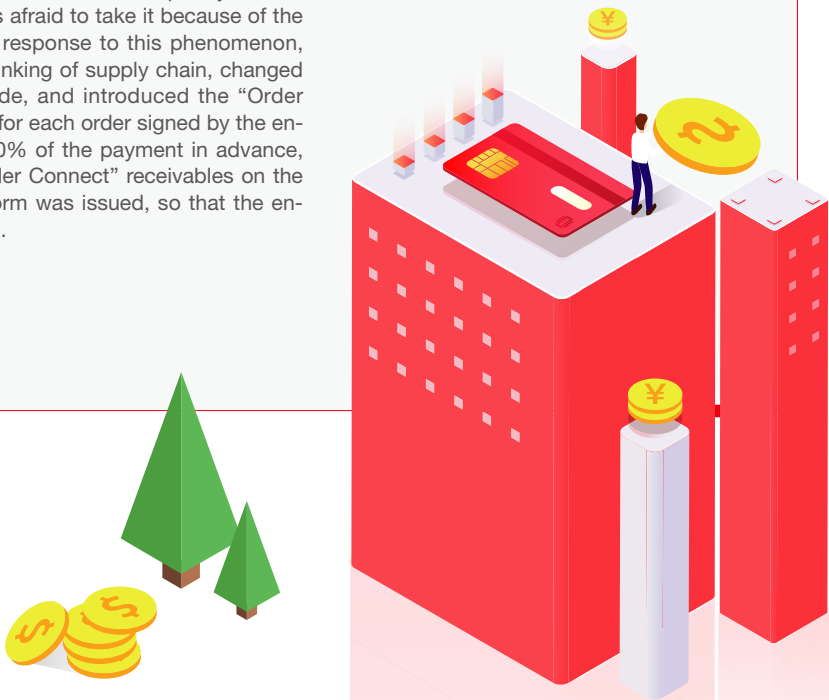
**20** %



### Case

#### Promoting the upgrading of traditional industries

Jinshi Robot Changzhou Co., Ltd. is the first professional company to develop and produce truss industrial robots in China. It has a high technology level, strong customer demand and thus develops fast. But the biggest problem it encountered in the past year was that it clearly had an order but was afraid to take it because of the pressure of advance payment. In response to this phenomenon, CZBank innovated the financial thinking of supply chain, changed the traditional credit delivery mode, and introduced the “Order Connect” business model, that is, for each order signed by the enterprise, the downstream made 30% of the payment in advance, and the remaining amount of “Order Connect” receivables on the “accounts receivable chain” platform was issued, so that the enterprise can get full order financing.





# 02 | Practicing Green Finance Building Ecological Civilization

CZBank earnestly abided by the *Environmental Protection Act of the People's Republic of China* and other relevant laws, strictly implemented the *Guiding Opinions on Building a Green Financial System* issued by the Central Government, transformed the “green sentiment” into a sustainable business model, actively guided social resources to the green industry, strived to achieve business development and environmental protection at the same time, and insisted on promoting the full implementation of green operation, thereby to drive more stakeholders to pay attention to and practice green development and create a green future.



## Improving Green Policy

CZBank continued to improve the green financial system, explored the management mode and innovative measures of “green credit”, supported energy conservation, emission reduction and eliminated backward production capacity, and implemented credit decision-making into environmental and social management. We regarded environmental compliance as one of the basic conditions for customer access, and further promoted the development of green finance.

### Measures and policies to improve green development policies of CZBank

 Building a green financial system	<ul style="list-style-type: none"><li>Published CZBank Green Finance Construction Outline</li><li>Incorporated green standards in credit investigation and review</li><li>Added green financial evaluation to the management dimension of comprehensive performance evaluation system</li></ul>
 Strengthening risk management	<ul style="list-style-type: none"><li>Investigated dutifully based on customers, their industries, regional characteristics, environmental and social risks</li><li>Conducted real-time inquiry on customers' environmental protection violations and penalties and rectification, examined and even rejected their application strictly according to the situation</li><li>Explored effective measures to actively intervene in new energy and other green financial conceptual industries</li></ul>
 Providing a clear credit list	<ul style="list-style-type: none"><li>Divided customers by industry into four categories, namely Priority Support, Preferential Cooperation, Prudent Intervention, and Strict control</li><li>Formulated exit plans for enterprises that fail to conform to the national industrial policies</li><li>Focused on supporting projects listed in the catalogue of national key energy-saving technologies promotion, national key energy conservation and emission reduction projects and energy saving and emission reduction enterprises with strong independent innovation ability</li></ul>

#### Case

#### Financial aid to Originwater, returning the motherland lucid waters and lush mountains

As the benchmark of China's environmental protection industry, water industry and leading enterprises listed on GEM, Origin-water insists on using self-developed membrane technology to solve the three major problems of “dirty water, little water and unsafe drinking water” in China, and achieves a number of breakthroughs in water pollution treatment technology, and reaches the world-class level. Beginning in 2014, CZBank Beijing Branch responded to the call of the national environmental protection policy by granting RMB 200 million credit to Origin-water, to solve its urgent need.

Credit

RMB 200 million



Expanding Green Services

CZBank innovated in the green financial model, enriched the financial service channels of green enterprises, actively helped green enterprises to reduce financing costs and energy consumption costs. At the same time, with the help of financial science and technology, we vigorously promoted “paperless” businesses, and jointly created green value for customers.

By the end of 2018, the balance of green loans reached RMB 22.558 billion, an increase of RMB 8.569 billion over the end of 2017; the balance of loans for “two-high-and-one excessive” industries was RMB 28.127 billion, witnessing fall in proportion against the total balance for three consecutive years.

The balance of green loans RMB

22.558 billion

A list of loan balances for “two-high-and-one excessive” industries (unit: billion Yuan)

Some industries	2016	2017	2018
Ferrous metal smelting and rolling industry	2.870	3.797	1.975
Non-metallic Mineral Products Industry	1.809	3.137	2.875
Manufacturing of Chemical Materials and Chemicals	4.016	5.324	5.448
Textile industry	6.041	6.994	7.809
Coal mining and washing industry	2.466	1.794	3.013
Chemical Fiber Manufacturing Industry	1.455	0.815	1.346
Loan Balances for two-high-and-one excessive” industries	24.081	28.763	28.127
Percentage against the total loan balance	5.24%	4.27%	3.26%

Innovation of electronic services

We promoted the application of new intelligent machines such as smart teller machines and cash side cabinets, with the coverage rate of 98%, introduced financial technologies such as face recognition and electronic seal to the back end, and made continuous improvement of the intelligent customer service system, online intelligent online robots, intelligent semantic analysis, intelligent voice navigation, new credit card activation, billing query and other functions. In 2018, we realized 157 million electronic banking transactions valuing RMB 11.37 trillion and accounting for 98.35% of total transaction.

Number of electronic banking transactions

157 million

Value of electronic banking transactions RMB

11.37 trillion

Supporting the development of energy-saving and environmental protection industries

we supported the development of new energy automobile industry, especially the power battery, vehicle manufacturing and other sub-sectors, and increased credit in wind power, hydro-power and other industries; reduced the overall debt of enterprises and lowered the overall financing cost through such service modes as pooled financing platform, Yiqiyin platform, accounts receivable chain platform; researched green financial business model based on block chain technology. At the same time, we developed and promoted products such as “Intelligent Manufacturing Loan”, explore ways to reduce the financing threshold to the lowest level through financing guarantee such as credit or intellectual property pledge, alleviated the financial pressure, and applied innovative business models such as “Investment Adviser Loan” to meet the needs of green enterprises in an all-round way.





Case

Supporting the green industry research—Dr. Li's waste-water treatment technology

Ten years ago, as a scientist, Li Baoan made his mark on Science with research results of membrane distillation technology. Ten years later, he returned to China with the frontier theory and founded HYDROKING. High salinity waste-water treatment, known as the world's problem, is one of the main application directions of company's products. In 2018, because of the continuous investment of R&D funds in the early stage, the problem of the funding became a difficult problem for Dr. Li. After field investigation, CZBank Tianjin Branch issued RMB 2.2 million “Innovative and Entrepreneurial Loan” to the company, and solved its urgent need.

“We hope that the water is clean, the drinking water is safe, the utilization of water resources is reasonable, and there is basically no hidden danger of water pollution. Over the past few years, we have been vigorously developing in these areas, and CZBank has given us great support.”

— Li Baoan, Head of Tianjin HYDROKING Science and Technology Co., Ltd.



Case

Helping green industry enterprises to develop

Zhejiang East Fluorine Plastics Technology Co., Ltd. is a high-end comprehensive service provider of fluorine materials. It is committed to waste heat recovery of flue gas from thermal power units. However, being unable to provide enough collateral assets to get bank financing, it couldn't expand production to meet the demand of orders. After learning about the relevant situation, CZBank provided RMB 50 million of credit for it through the innovative business model of “Investment Adviser Loan”, and introduced professional investment institutions to help it complete equity financing of RMB 6 million. At present, the enterprise has developed rapidly, and reached cooperation with large customers such as Shanghai Electric, which effectively relieves the worries of business turnover.

Credit totaled RMB

50 million

Equity financing completed reached RMB

6 million



Financing provided for the green industry reached about RMB

6.7 billion

in 2018, through the capital market, CZBank provided about RMB 6.7 billion in financing support to green industries such as new energy, ecological environment protection and waste disposal. Among them, CZBank Xi'an Branch effectively supported the construction of key environmental protection projects of Shaanxi Environmental Protection Group. The picture shows the sewage treatment plant constructed by the subsidiary company of the Group.

Case

Credit card achieved “green travel, no second visit”

In October 2018, CZBank Hangzhou Branch jointly with Zhejiang Highway Bureau launched the “CZBank Credit Card Binding ETC” project, adopting the whole process of intelligent approval, mobile installation equipment and providing door-to-door services. The project uses the mobile exhibition equipment (PAD) of CZBank to complete the virtual card issuance in 10 minutes, and the new mobile smart flat terminal of provincial highway to complete the contract signing, equipment issuance and installation in 10 minutes. It will be green and environmentally friendly, so that the customer has no need to pay a second visit.

## Building a Green Bank

CZBank continuously promotes the application of energy-saving technology in office space, vigorously advocated the concept of eco-friendly work, reduced waste of resources in the business process, improved the utilization rate of resources and energy, optimized green suppliers, persisted in carrying out environmental protection public welfare activities, and actively disseminated environmental protection concept to employees, customers and the public.

### Measures for building a green bank of CZBank

#### Building green buildings

- Adopted finished decoration materials, instead of site paint, glue and other relevant materials on the site
- Developed innovative application of new decoration materials such as micro-crystalline
- Installed new energy-saving equipment such as high-efficiency boilers, environmentally friendly and energy-saving LED lamps and lanterns
- The office workstation products are all made of non-formaldehyde and non-polluting steel screen workstation. In the cash area cabinet furniture is made of non-formaldehyde and non-polluting steel.

#### Developing intelligent office

- Strengthened mobile office construction
- Applied the virtualization and cloud technologies to promote internal scientific management
- Achieved online electronic approval for 166 businesses, including official document processing, matter management, training management and archives management
- In 2018, we ran 660,994 online electronic processes to save 5,589,400 pieces of paper

#### Organizing green training

- Set up a special column in CZBank smart cloud platform for studying *CZBank Green Finance Construction Outline* and *Administrative Measures for Green Financing Certificate of CZBank*
- By the end of 2018, the training covered 209 person times



#### Participating in environmental protection public welfare activities

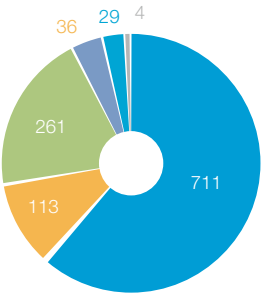
- Carried out public welfare activities like tree planting, river clearance and environmental protection propaganda
- Participated in “Earth Station” public welfare project and mobilized employees to donate idle articles

#### Advocating green operation

- The office area adopts the form of large open space, to increase indoor lighting and air circulation, reduce the consumption of partition materials, and effectively save lighting energy consumption.
- Sorted out and evaluated the migrated and idle computer equipment in production environment and continued to use them in different scenarios
- Encouraged green travel, reduced the number of official vehicles, adopted new energy vehicles, reduced fuel consumption of official vehicles and effectively controlled greenhouse gas emissions

#### Implementing green procurement

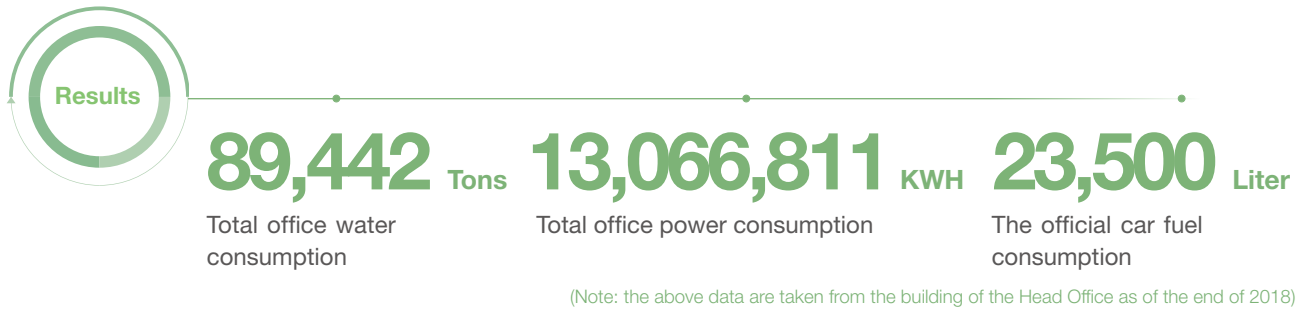
- Promoted the use of centralized procurement management platform system in an all-round way
- Set green access requirements and evaluation criteria in the procurement process, asked suppliers to have environmental management system certification and occupational health and safety management system certification
- Continued to improve the supplier management system to manage cooperative suppliers continually and effectively. By the end of 2018, the Head Office had 1154 potential suppliers. Among them, 383 suppliers provided products and services in the year, contributing actual winning bid (transaction) amount RMB 739.5321 million, and the performance rate of procurement contract is 100%.



- Suppliers in the Yangtze River Delta
- Suppliers in the Pearl River Delta
- Suppliers in the Bohai Rim region
- Suppliers in Central China region
- Suppliers in Western China region
- Suppliers in Northeast China region

Number of suppliers by region





Case

Promoting energy conservation and emission reduction in the new data center

In the process of building a new data center, CZBank started from energy saving to build a green computer room.



In the refrigeration system, the medium temperature chilled water was used to improve the refrigeration efficiency of chillers. In transition season, natural cooling function was partly used to effectively reduce energy consumption of equipment



Independent wet film humidification system is used for humidity need. Frequency conversion speed regulation control is adopted for cooling tower fans and cooling water pumps, which can effectively improve operation efficiency and save energy consumption.



In the layout design of modular computer room, the cabinets are arranged by closed cold and hot passages, and blind plates are installed at the positions where no equipment is placed, so as to improve the air distribution and reduce the cooling loss of air supply for air conditioning.

In addition, the data center uses intelligent LEDs featuring high efficiency and energy saving, with the control system adopting partition and grouping control. Also the modular high frequency UPS is used to effectively improve the efficiency of UPS.



Tree-planting activity of CZBank Nanjing Branch



"CZBank Forest" maintained by CZBank Chengdu Branch



Volunteers of CZBank Shaoxing Branch went to Jinghu Wetland to plant 200 trees

## 03 | Innovating Financial Services Sharing a Better Life

We adhered to the “customer first” service philosophy, actively built an integrated, streamlined, and intelligent bank by virtue of financial technology, ensured customer service channels, and strived to provide high-quality and efficient financial services to the society. At the same time, we attached importance to the demands of and shared development achievements with stakeholders such as employees and communities.



### Enhancing Customer Service

CZBank kept in mind the needs of customers to make comprehensive use of financial technologies such as big data and AI to provide convenient channels for financial services and optimize customer service experience. We also attached importance to protection of customers' rights and interests, to earn their trust with our actions.

### Providing Convenient Services

CZBank actively promoted the construction of digital banking. On the premise of guaranteeing capital security, we provided diversified service channels and convenient and efficient financial experience for customers with innovative technologies, optimized processes and upgraded services.

#### Measures to enhance service innovation of CZBank



##### Optimizing Electronic Service Channel

- Developed online booking service, combined both online and offline, so that customers could apply for deposit certificate online through online banking, which could be sent directly to their house by the bank
- Added such functions as “lifehood payment withholding” “mobile phone QR withdrawal” and “face-recognizing transfer”
- Simplified the operation steps of high-frequency functions (e.g. transfer and remittance, payroll on behalf of others) of enterprise online banking
- Strengthened the service ability of enterprise online banking, realized a set of enterprise U-shield, to furnish all functions required by branches of the enterprise



##### Innovating in business service mode

- We innovated in the business models of “online pre-processing” “nearby outlet processing” “one-time processing”. At the same time, we carried out processing “for one time, at one window and within the time limit” with the help of continuous follow-up, investigation and optimized cycle mechanism.

#### Case

##### Realizing one-time processing of businesses

To facilitate customers to handle business, CZBank launched a “one-time processing” activity and optimized the system functions. On August 24, 2018, Mr. Xia applied for a change of card number through mobile phone bank, and opened “one-button to lock card”. On August, 29, Hangzhou Yuhang Branch notified the customer to go to the bank to collect his business card after receiving the prefabricated business card. After checking the identity of the customer, the Branch quickly completed the card exchange for the customer. After getting the new card, Mr. Xia applauded that the business was very convenient, really “no need of a second visit”.



staff instructing a customer to process business at smart teller machines



Providing Caring Services

CZBank never forget the financial needs of special groups and made continuous improvement in service details and modes. We opened up green channels for customers in need by expanding services, and provided customized, differentiated and caring financial services.

“Shoulder to shoulder” service mode

With application of intelligent machines and optimization of internal management, we studied the transformation in operation mode and customer service mode. In 2018, the non-high-counter cash operation mode was successfully tried out in Yan'an Road Branch in Hangzhou, Tangxia Branch in Wenzhou and Xinchang Branch in Shaoxing to improve the efficiency of business management. At the same time, the traditional “face-to-face” service of banks across the cash glass was transformed into “shoulder to shoulder” service in the hall, to provide more cordial and friendly service.

Building a civilized and standardized outlet

By defining the requirements, formulating assessment and incentive measures, and conducting counseling work, we tried to build civilized and standardized service outlets, and promoted the implementation of the requirements of high-quality civilized and standardized service and consumer rights protection. In 2018, five of our branches were inscribed on the List of the 1,000 Best Outlets.

Giving more care to special groups

We formulated Detailed Rules for the Implementation of Special Customer Scene Services of CZBank to provide humanistic services for special groups. By the end of 2018, 190 outlets had set up wheelchair ramps, 25 outlets had blind sidewalks in front of the outlets, 148 outlets equipped with call buttons or service telephone, 233 outlets provided courtesy seats, 208 outlets opened courtesy window, 107 outlets furnished wheelchairs, and 102 outlets offered special cards for the blind. In addition, many outlets were equipped with barrier-free service facilities such as walking sticks, hearing aids, presbyopic glasses and children's seats.

On the List of the 1,000 Best Outlets

5



Outlets having wheelchair ramps

190



Outlets having blind sidewalks in front of the outlets

25



Outlets equipped with call buttons or service telephone

148



Outlets providing courtesy seats

233



Outlets opening courtesy window

208



Outlets furnishing wheelchairs

107



Outlets offering special cards for the blind

102



Case

Innovative services, no delayed pay

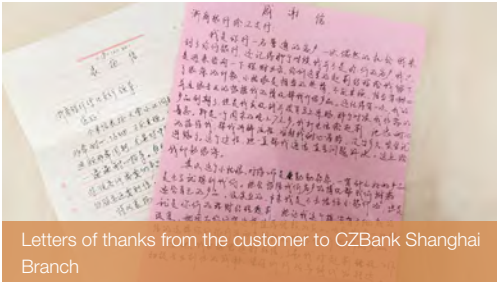
In accordance with the relevant requirements of the *Detailed Rules for the Assessment of the Work of Guaranteeing the Wage Payment of Migrant Workers* in 2018 (RENSHEBU [2018] No.55) and the special action of “No Delayed Pay in Ningbo”, CZBank Ningbo Branch cooperated with Ningbo Human Resources and Social Security Bureau to help solve the possible wage arrears in construction industry through the innovative function of “Multi-level account book payroll service” of enterprise online banking. By the end of 2018, this move had helped 2,513 migrant workers.

Helped migrant workers

2513



Employee of CZBank Chengdu Branch warmly serving the customer



Letters of thanks from the customer to CZBank Shanghai Branch



An employee of CZBank Nanjing Branch visiting and serving the elderly customer

Protecting Customer Rights and Interests

CZBank strictly abided by the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and *UN Guidelines for Consumer Protection* and other applicable laws and regulations concerning advertisements, labels and privacy of products and services, paid attention to the protection of customers' rights and interests, continuously improved the internal management mechanism, constantly improved the ability of security hazard prevention, and insisted on carrying out publicity and education of financial knowledge to public to help improve the public's financial safety awareness and risk prevention skills.

In 2018, we carried out more than 1,300 financial knowledge publicity activities and distributed more than 500,000 publicity materials, covering more than 700,000 people.

Financial knowledge publicity activities



1300+

Publicity materials distributed



500,000+

Population covered



700,000+

Measures for customer rights protection of CZBank

 <p>Constructing the complaint management system of “Three Horizons and Five Verticals”</p>	<p>Vertically managed complaints from on-site and electronic channels and horizontally established a three-tier structure of “leading management department”, “channel responsible department” and “professional department”.</p> <p>Established statistical classification of consumer complaints and implementation scheme of industry coding standards</p> <p>Summarized 21 risk points, introduced the “two-step” review and evaluation model and the “21 standard methods for review of the consumer rights protection”</p> <p>Established a complaint supervision mechanism, improved the timeliness of complaint handling, and safeguarded the legitimate rights and interests of customers</p> <p>Periodically worked out Customer Complaint Analysis Report, made statistical analysis of complaints, refined useful suggestions for improving products and services, and raised service level and risk prevention capability</p>
 <p>Guarantee the personal information security of customers</p>	<p>Formulated the CZBank Administrative Measures for Protection of Individual Financial Information and CZBank Score Deducting Standards for Internal Control Violations of Employees</p> <p>Established the internal data request system to ensure seriousness of customer information acquisition</p> <p>Set up the management system for use of personal financial information</p> <p>Distributed Risk Warnings for Strengthening Customer Information Confidentiality and strengthened risk warning education</p>
 <p>Organizing “Four Groups” publicity activities</p>	<p>Aiming at the elderly group, carried out the theme publicity campaign of “Promoting financial literacy and safeguarding old-age pension”</p> <p>Aiming at the migrant workers in cities, conducted the publicity campaign on the theme of “Free Drinks for Public Welfare for a Cool Summer, Spreading Knowledge for Keeping a Life”</p> <p>Aiming at the youth group, carried out the theme propaganda activities of “cultivating one generation of people to influence three generations” and “Lectures on Campus”</p> <p>Aiming at teachers and students in colleges and universities, carried out the propaganda activities on the theme of “Anti-fraud in the Ivory Tower to Become Good Financial Netizens</p>
 <p>Carrying out customer satisfaction survey</p>	<p>Developed a satisfaction evaluation platform composed of three sub-modules, namely service satisfaction, product satisfaction and evaluation satisfaction.</p> <p>Independently designed consumer satisfaction questionnaires</p> <p>In 2018, customer satisfaction of the hotline 95527 reached 99.88%.</p>

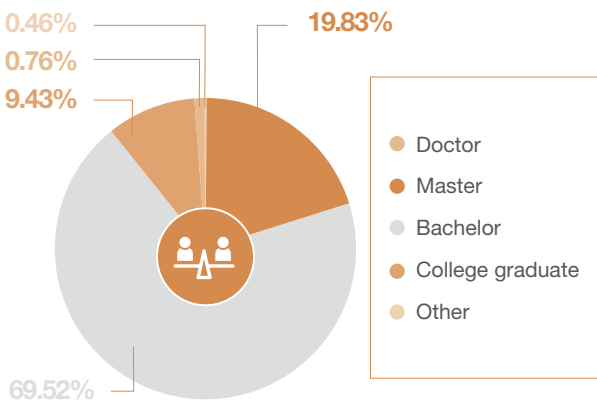


Supporting Growth of Employees

CZBank has always adhered to the people-oriented concept, attached great importance to cultivation of the talent team, continuously optimized the talent introduction mechanism and employee career development system, paid close attention to the health and life of employees, and helped with achievement of employees' dreams, to realize win-win between employees and the Bank.

Protecting Rights and Interests of Employees

CZBank earnestly abides by international conventions approved by the Chinese government including the *International Covenant on Economic, Social and Cultural Rights* and the *Discrimination (Employment and Occupation) Convention* and Chinese laws, regulations and systems including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China* and is committed to protecting the legitimate rights and interests of employees, promoting democratic management of employees, and providing communication channels for employees. We comply with China's statutory working hours and holidays, fulfill relevant obligations, and establish a whole set of systems on remuneration, insurance and welfare to offer comprehensive protection and care to our employees. By the end of 2018, the labor contract coverage reached 100%, the social security coverage 100%, the trade union construction rate 100%, and the physical examination coverage 100%.



Education background of employees in 2018

Measures to protect employee rights of CZBank

 <p>Employment relationship</p>	<ul style="list-style-type: none"><li>Formulated Labor Contract Management Measures of CZBank, signed and terminated labor contracts with employees according to law</li><li>Opposed employment discrimination, prohibited child labor, resisted all forms of forced and compulsory labor, and treated employees of different nationalities, races, genders, religious beliefs and cultural backgrounds fairly</li></ul>
 <p>Democratic construction</p>	<ul style="list-style-type: none"><li>Initiated the special action of “ensuring organization construction, strengthening the grassroots, stimulating vitality” and created the trade union with “six criteria”</li><li>Set up a new Labor &amp; Law Supervision Committee of the Labor Union and carried out a special action on the investigation and resolution of contradictions and disputes related to labor relations</li><li>Organized and held the workers’ congress</li><li>Developed the “Golden Ideas” gathering plan to encourage employees’ innovation</li></ul>
 <p>Spiritual life</p>	<ul style="list-style-type: none"><li>Improved infrastructure construction of the Labor Union, built a reading corner to furnish different kinds of books for employees</li><li>Constructed the workers’ home provided with fitness equipment and pressure-reducing equipment</li></ul>
 <p>Occupational health</p>	<ul style="list-style-type: none"><li>Provided a safe and comfortable working environment</li><li>Regularly organized employees’ medical examinations every year, and held lectures and doctors’ health consultations on mental health from time to time to prevent occupational diseases</li><li>Established a “health care service” platform to create green channels for employees and their families to seek medical care and treat serious illness</li><li>Offered “Loving Mommy House” targeting breast-feeding female employees</li></ul>



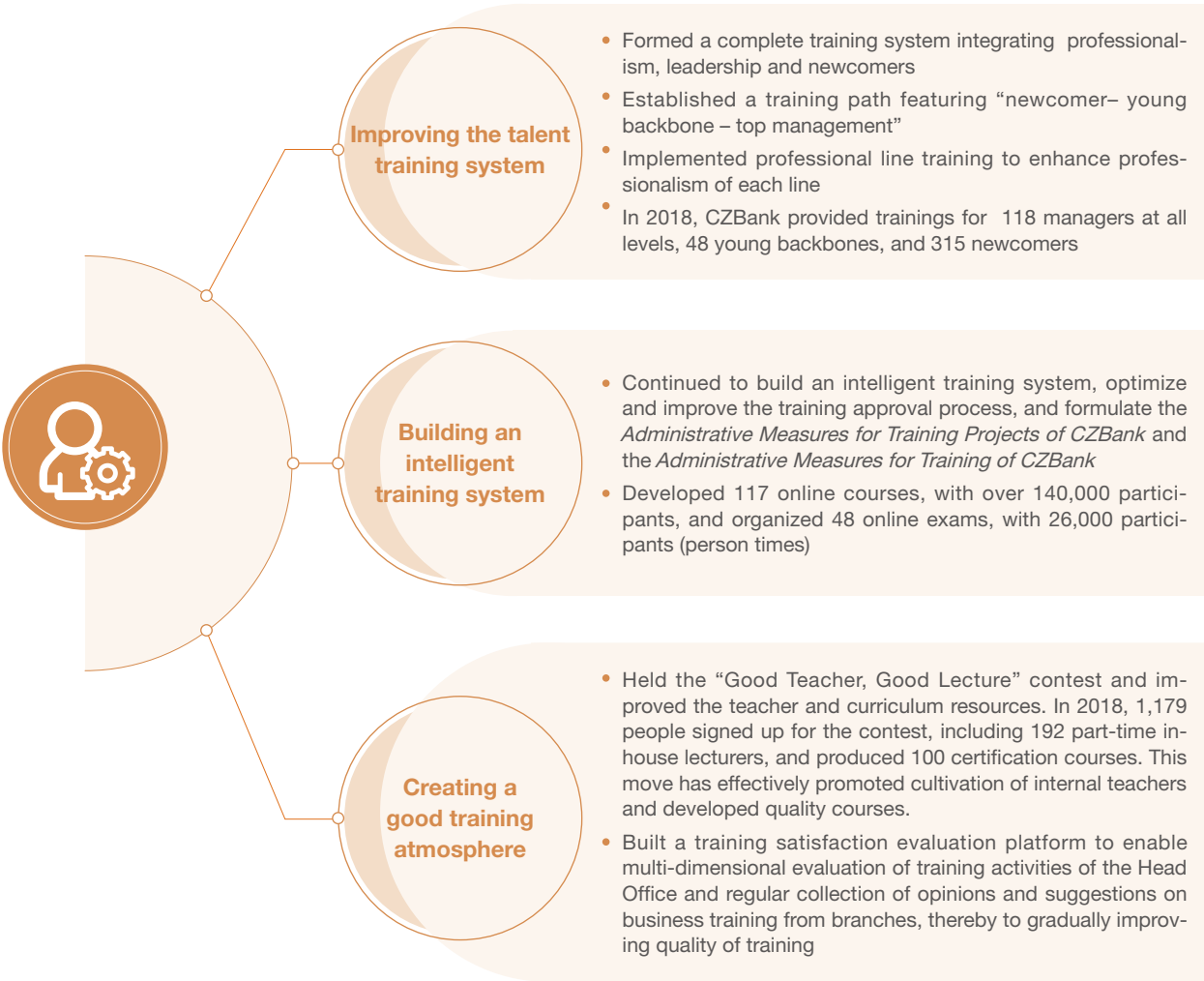
Facilitating Employee Development

CZBank continued to improve the employee training system, broadened their career development channels, optimized the remuneration and welfare system, advanced construction of corporate culture, and deepened the cultural genes of innovation, collaboration, integrity, standardization and openness, with the aim to create more chances for employee development and enhance their sense of belonging.

Employee Training

CZBank focused on improving professional skills and expertise of employees, managed training across the board, enriched training resources, conducted trainings of different levels, organized skill competitions, so as to provide systematic, diversified and scientific training services to employees.

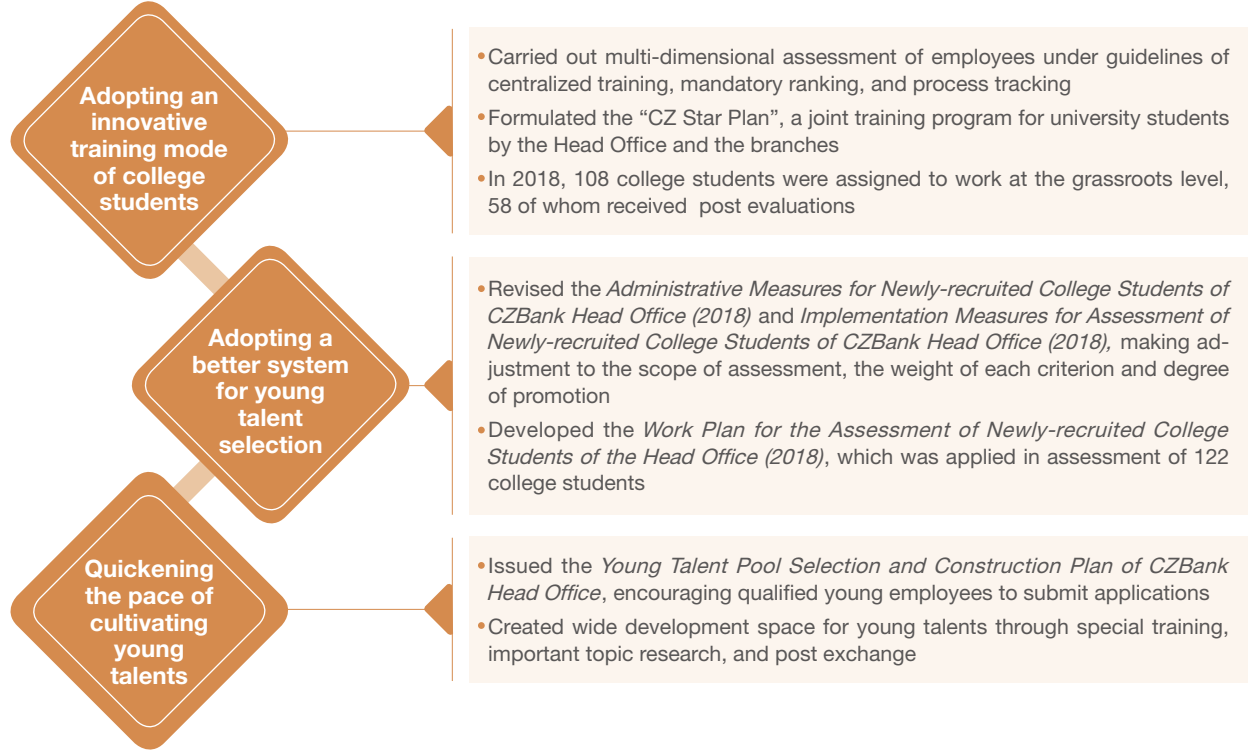
Employee training measures of CZBank



Employee Promotion

CZBank adopted forms of the talent pool, business interest groups, and professional post exchanges to drive employee growth, continuously improved the performance appraisal system, created a fair and equitable professional atmosphere for employees, and opened up a smooth career development path.

Measures for employee promotion of CZBank





Care for Employees

CZBank continued to improve the practice of employee care and did its best to provide assistance to employees and their families. We held colorful employee activities that advocate an optimistic and energetic healthy lifestyle and thus created an atmosphere of “healthy life, happy work”. In 2018, the Head Office organized 680 cultural and sports activities, attended by 12,000 person times.



“Express My World” keynote speech contest by Hangzhou Branch



Parent-child outdoor activities on Children’s Day by Suzhou Branch



Chorus Acapella is recording



Fun Games of Zhengzhou Branch



The fifth “Walking in Paradise” by the Head Office



Mixed doubles table tennis in the third “Table Tennis, Badminton and Tennis” competition of CZBank

Devoting to Philanthropy

CZBank has actively explored a regular and long-term mechanism, actively promoted public welfare projects like educational donation, disaster relief and poverty alleviation and care for vulnerable groups. We continued to carried out our special public welfare brands including “CZBank Rainbow Plan” and “Solute to City Guardians” to spread love and warmth to more people in need.

In 2018, our public welfare donation expenditure reached RMB 13.2826 million, and contributed more than 13,000 hours volunteer activities through about 2,300 activities.

Public welfare donation expenditure reached RMB

13.2826 million

Volunteer activities over 13,000 hours

Public welfare activities of CZBank



Continuing the public welfare brands

- CZBank Rainbow Plan: by the end of 2018, the Plan raised about RMB 22.51 million, capable of helping more than 20,000 students. In 2018, more than RMB 2 million was raised through online and offline channels, with RMB 1 million donated by CZBank
- Solute to City Guardians: in 2018, we held 512 free drink activities and set up “Free Drink Area” in more than 200 outlets, totally giving away more than 900,000 bottles of water.

Donation for students

- Volunteers from Chengdu Branch went to Nakong Primary School in Guizhou Province, bringing 32 splendid courses to children
- Nanjing Branch launched a charity program titled “Care for Students, Spring Warming Classroom”, giving 200 books, 40 second-hand computers and a large number of sports articles to Nanjing Qixia Central Primary School
- Volunteers from Lanzhou Branch carried out the activity of “Care for Students, Warmth in Winter”, donating school uniforms and winter clothing for students in Jiacha Primary School, Wangpu Town, Qin’an County, Tianshui
- Shenzhen Branch delivered materials to more than 150 students in Yaoling Primary School Shuyuan Village School and other schools
- Hangzhou Branch donated RMB 1 million through the working with the “Red Apple” student aid program launched by Tencent Public Welfare
- Shaoxing Branch donated “Sunshine Cabin”, equipped with computer, projector, books and other cultural and sports supplies, to Shaoxing Paojiang Primary School Mashan campus, and worked with craftsmen of non-material cultural heritages and college students to regularly open courses like paper-cut, palm fiber weaving and facial makeup





Care for special groups

- Shenyang Branch conducted eye-protection theme activities locally, inviting experts to conduct free eye examinations for the elderly
- Suzhou Branch launched the Double Ninth Festival activity themed “Learning Despite Being Old and Enjoying the Elderly Life”, gathering the elderly in the community to visit places like the painting and calligraphy room, the piano room and the 5D theater
- Chongqing Branch brought stationery, books and toys to celebrate the Children’s Day with the orphans and the disabled children in the Children’s Love Manor in Tieshanping, Jiangbei District, Chongqing



Earthquake relief work

- Jinan Branch donated 183 sets of bedding, 1200 sets of stationery and 500 sets of desks and chairs to Shouguang Tianma Junior High School hit by heavy rain, advocated employees to participate in “one-to-one” paired poverty alleviation campaign, and provided one-year free lunch for 100 students

Case

Quzhou Branch carried out the activity of “Learning from Lei Feng, Learning from the Kindest People, Delivering Positive Energy”

Before the advent of the 55th Lei Feng's Day, CZBank Quzhou Branch and Publicity of Quzhou CPC Department jointly initiated a large-scale public welfare activity of “Ten Thousand Flowers to Lei Feng-like People”. From March 4th to 8th, 2018, the flower delivery ambassadors of the Branch paid tribute to more than 100 volunteers recommended by different social channels, like the Mother Lu Loving Team and Quzhou Happy Family. This campaign was designed to attract more people to learn about, pay attention to and participate in voluntary public welfare.



In the 2018 Rainbow Plan special action, volunteers from Changsha Branch and kids from Hunan Cichong Primary School to make mooncakes



CZBank Men’s Basketball Team invited students from Hangzhou Kaihua Yucun First Primary School to participate in the basketball culture tour



CZBank has been aiding Jiequanting Town Central Primary School for ten consecutive years; children are smiling with confidence



Suzhou Branch caring for the elderly on Double Ninth Festival



During the free drink campaign, Chengdu Branch set up an outdoor examination statoin to measure blood pressure for outdoor workers working under high temperatures



Children at Nakong Primary School in Guizhou curiously studying the guitar of a volunteer teacher



Our Way Forward in 2019

The year 2019 is the year of deepening the implementation of the spirit of the 19th National Congress of the Communist Party of China, the 70th anniversary of the founding of the People’s Republic of China as well as the 15th anniversary of the establishment of the Bank. We are now standing at a new point and will turn over a new leaf. In face of future, we will stick to our original intention, focus on the “Two Most” objectives and full-asset operation strategy, and make great efforts to realize more sustainable and efficient development with even higher quality. This way, we will deliver more contributions to harmony of economy, environment and society.

**We will continue to serve the real economy.** We will further implement the work requirements of the CPC Central Committee, the State Council, and the regulatory authorities based on serving the real economy. We will continue to make progress in advancing the five priority tasks, highlight application and business pattern of innovative technology, enhance service capability of inclusive finance and work hard to apply technological innovation in transformation and development of the Bank and continuously raise the quality and efficiency of serving the real economy.

**We will practice green low-carbon development.** We will continue to improve the green financial development system. We will advance the green environmental protection industry development and guide the real economy to get on the track of becoming green through building a green management system, providing innovative green products and services and carrying out green evaluation and assessment. We will expand application of the green operation system and pay continuous attention to green public welfare, to contribute our part to ecological conservation.

**We will make contributions to creating a better life for the people.** We will continue to expand financial support in fields concerning people’s livelihood, deepen digital construction, and provide overall financial services to customers. We will further care for our employees and continue to build our talent team. We will further explore a regular and long-term mechanism for social public welfare, enrich the financial poverty alleviation mode, take pertinent measures in light of the local conditions, and make efforts to enable the people to have a better life.

Those who are able to adapt to the situation can surpass others; those who are willing to create the situation will definitely make a difference. In 2019, we will firmly move toward a new era. On the path, we will make further exploration to raise the financial supply quality, work firmly to consolidate the foundation for serving high-quality development of economy, and fuel new and dynamic energies to the construction of a modern economic system and the transformation and upgrade of economy in Zhejiang Province.



Indexes

Environmental, Social and Governance Reporting Guide (ESG) Index

Environmental	SN	Description	Remarks
Emissions	A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Practicing Green Finance, Building Ecological Civilization
	A1.1	The types of emissions and respective emissions data.	Key Indicators of Social Responsibility
	A1.2	Greenhouse gas emissions in total (in ton) and intensity (if applicable)	
	A1.3	Total hazardous waste produced (in ton) and intensity (if applicable)	The Bank hasn’t established a hazardous waste emission statistic system and plan to design it gradually
	A1.4	Direct and/or indirect energy (like electricity, gas or oil) consumption by type in total (in 1K KWH) and intensity	Key Indicators of Social Responsibility
	A1.5	Description of measures to mitigate emissions and results achieved.	Practicing Green Finance, Building Ecological Civilization
Use of Resources	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	
	A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Key Indicators of Social Responsibility
	A2.1	Direct and/or indirect energy (like electricity, gas or oil) consumption by type in total (in 1K KWH) and intensity	
	A2.2	Water consumption in total and intensity.	Practicing Green Finance, Building Ecological Civilization
	A2.3	Description of energy use efficiency initiatives and results achieved.	Not applicable for the Bank as a financial service enterprise
The Environment and Natural Resources	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	
	A2.5	Total packaging material used for finished products and with reference to per unit produced (if applicable)	
	A3	Policies on minimising the issuer’s significant impact on the environment and natural resources	Practicing Green Finance, Building Ecological Civilization
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
Social	SN	Description	Remarks
Employment	B1	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.	Protecting Rights and Interests of Employees
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Key Indicators of Social Responsibility
	B1.2	Employee turnover rate by gender, age group and geographical region.	Not disclosed
Health and Safety	B2	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.	Protecting Rights and Interests of Employees
Health and Safety	B2.1	Number and rate of work-related fatalities.	Not disclosed
	B2.2	Lost days due to work injury	
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Ensuring Employee Development



Development and Training	B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Facilitating Employee Development
	B3.1	The percentage of employees trained by gender and employee category (like top management and medium-level management).	
	B3.2	The average training hours completed per employee by gender and employee category.	Not disclosed
Labour Standards	B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Protecting Rights and Interests of Employees
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	
	B4.2	Description of steps taken to eliminate such practices when discovered.	Not applicable
Supply Chain Management	B5	Policies on managing environmental and social risks of the supply chain.	Building a Green Bank
	B5.1	Number of suppliers by geographical region.	
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Upholding Green Operation
Product Responsibility	B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Protecting Customer Rights and Interests
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable for the Bank as a financial service enterprise
	B6.2	Number of product and service related complaints received and how they are dealt with.	Protecting Customer Rights and Interests
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	The Bank maintain and protect intellectual properties according to Chinese regulations
	B6.4	Description of quality assurance process and recall procedures.	Not applicable for the Bank as a financial service enterprise
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Protecting Customer Rights and Interests
Anti-corruption	B7	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.	Intensifying Internal Control Management
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Not disclosed
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Risk and Legal Compliance
Community Investment	B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Philanthropy
	B8.1	Focus areas of contribution	
	B8.2	Resources contributed	

GRI Sustainability Reporting Standards


GRI standard	Disclosure	Remarks
102 - 1	Name of the organization	About Us
102 - 2	Activities, brands, products, and services	
102 - 3	Location of headquarters	
102 - 4	Location of operations	
102 - 5	Ownership and legal form	
102 - 6	Markets served	
102 - 7	Scale of the organization	
102 - 8	Information on employees and other workers	Innovating Financial Services Sharing a Better Life
102 - 9	Supply chain	Building a Green Bank
102 - 10	Significant changes to the organization and its supply chain	Risk and Legal Compliance
102 - 11	Precautionary Principle or approach	Remarks on Preparation of the Report
102 - 12	External initiatives	About Us
102 - 13	Membership of associations	Message from the Chairman
102 - 14	Statement from senior decision maker	Ideology of Responsibility
102 - 15	Key impacts, risks, and opportunities	
102 - 16	Values, principles, standards, and norms of behavior	Safeguarding the Risk Bottom Line
102 - 17	Mechanisms for advice and concerns about ethics	
102 - 18	Governance structure	Not disclosed
102 - 19	Delegating authority	
102 - 20	Executive-level responsibility for economic, environmental, and social topics	Refer to Annual Report
102 - 21	Consulting stakeholders on economic, environmental, and social topic	
102 - 22	Composition of the highest governance body and its committees	Corporate Governance
102 - 23	Chair of the highest governance body	
102 - 24	Nominating and selecting the highest governance body	Ideology of Responsibility
102 - 25	Conflicts of interest	Refer to Annual Report
102 - 26	Role of highest governance body in setting purpose, values, and strategy	Not disclosed
102 - 27	Collective knowledge of highest governance body	Safeguarding the Risk Bottom Line
102 - 28	Evaluating the highest governance body's performance	Not disclosed
102 - 29	Identifying and managing economic, environmental, and social impacts	Safeguarding the Risk Bottom Line
102 - 30	Effectiveness of risk management processes	Not disclosed
102 - 31	Review of economic, environmental, and social topics	Ideology of Responsibility
102 - 32	Highest governance body's role in sustainability reporting	Refer to Annual Report
102 - 33	Communicating critical concerns	
102 - 34	Nature and total number of critical concerns	
102 - 35	Remuneration policies	
102 - 36	Process for determining remuneration	Not disclosed
102 - 37	Stakeholders' involvement in remuneration	
102 - 38	Annual total compensation ratio	
102 - 39	Percentage increase in annual total compensation ratio	Not disclosed
102 - 40	List of stakeholder groups	
102 - 41	Collective bargaining agreements	
102 - 42	Identifying and selecting stakeholders	

102 - 43	Approach to stakeholder engagement	Not disclosed
102 - 44	Key topics and concerns raised	
102 - 45	Entities included in the consolidated financial statements	Refer to Annual Report
102 - 46	Defining report content and topic boundaries	Not disclosed
102 - 47	List of material topics	
102 - 48	Restatements of information	Remarks on Preparation of the Report
102 - 49	Changes in reporting	
102 - 50	Reporting period	
102 - 51	Date of most recent report	
102 - 52	Reporting cycle	
102 - 53	Contact point for questions regarding the report	
102 - 54	Claims of reporting in accordance with the GRI Standards	
102 - 55	GRI content index	GRI Sustainability Reporting Standards
102 - 56	External assurance	External assurance
103 - 1	Explanation of the material topic and its boundary	Not disclosed
103 - 2	The management approach and its components	
103 - 3	Evaluation of the management approach	
201 - 1	Direct economic value generated and distributed	Key Indicators of Social Responsibility
201 - 2	Financial implications and other risks and opportunities due to climate change	Practicing Green Finance, Building Eco-logical Civilization
201 - 3	Defined benefit plan obligations and other retirement plans	Care for Employees
201 - 4	Financial assistance received from government	Not disclosed
202 - 1	Ratios of standard entry level wage by gender compared to local minimum wage	
202 - 2	Proportion of senior management hired from the local community	
203 - 1	Infrastructure investments and services supported	Milestones of Social Responsibility Per- formance
203 - 2	Significant indirect economic impacts	Key Indicators of Social Responsibility
204 - 1	Proportion of spending on local suppliers	Building a Green Bank
205 - 1	Operations assessed for risks related to corruption	About Us
205 - 2	Communication and training about anti-corruption policies and procedures	Intensifying Internal Control Management
205 - 3	Confirmed incidents of corruption and actions taken	
206 - 1	Legal actions for anticompetitive behavior, antitrust, and monopoly practices	Not applicable
301 - 1	Materials used by weight or volume	Building a Green Bank
301 - 2	Recycled input materials used	Not applicable
301 - 3	Reclaimed products and their packaging materials	
302 - 1	Energy consumption within the organization	Key Indicators of Social Responsibility
302 - 2	Energy consumption outside of the organization	
302 - 3	Energy intensity	
302 - 4	Reduction of energy consumption	Building a Green Bank
302 - 5	Reductions in energy requirements of products and services	
303 - 1	Water withdrawal by source	Not applicable
303 - 2	Water sources significantly affected by withdrawal of water	
303 - 3	Water recycled and reused	Building a Green Bank
304 - 1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
304 - 2	Significant impacts of activities, products, and services on biodiversity	Expanding Green Services
304 - 3	Habitats protected or restored	Not applicable
304 - 4	IUCN Red List species and national conservation list species with habitats in areas af- fected by operations	
305 - 1	Direct (Scope 1) GHG emissions	Key Indicators of Social Responsibility
305 - 2	Energy indirect (Scope 2) GHG emissions	
305 - 3	Other indirect (Scope 3) GHG emissions	Not disclosed

305 - 4	GHG emissions intensity	Key Indicators of Social Responsibility
305 - 5	Reduction of GHG emissions	Not disclosed
305 - 6	Emissions of ozone-depleting substances (ODS)	
305 - 7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	
306 - 1	Water discharge by quality and destination	Not applicable
306 - 2	Waste by type and disposal method	Building a Green Bank
306 - 3	Significant spills	Not applicable
306 - 4	Transport of hazardous waste	
306 - 5	Water bodies affected by water discharges and/or runoff	
307 - 1	Non-compliance with environmental laws and regulations	
308 - 1	New suppliers that were screened using environmental criteria	Building a Green Bank
308 - 2	Negative environmental impacts in the supply chain and actions taken	
401 - 1	New employee hires and employee turnover	Not disclosed
401 - 2	Benefits provided to fulltime employees that are not provided to temporary or part-time employees	Protecting Rights and Interests of Em- ployees
401 - 3	Parental leave	Not disclosed
402 - 1	Minimum notice periods regarding operational changes	
403 - 1	Workers representation in formal joint management-worker health and safety commit- tees	
403 - 2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
403 - 3	Workers with high incidence or high risk of diseases related to their occupation	Not applicable
403 - 4	Health and safety topics covered in formal agreements with trade unions	Protecting Rights and Interests of Em- ployees
404 - 1	Average hours of training per year per employee	Not disclosed
404 - 2	Programs for upgrading employee skills and transition assistance programs	Employee Promotion
404 - 3	Percentage of employees receiving regular performance and career development reviews	
405 - 1	Diversity of governance bodies and employees	Protecting Rights and Interests of Em- ployees
405 - 2	Ratio of basic salary and remuneration of women to men	Not disclosed
406 - 1	Incidents of discrimination and corrective actions taken	Not applicable
407 - 1	Operations and suppliers in which the right to freedom of association and collective bar- gaining may be at risk	
408 - 1	Operations and suppliers at significant risk for incidents of child labor	
409 - 1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	
410 - 1	Security personnel trained in human rights policies or procedures	Not disclosed
411 - 1	Incidents of violations involving rights of indigenous peoples	Not applicable
412 - 1	Operations that have been subject to human rights reviews or impact assessments	Not disclosed
412 - 2	Employee training on human rights policies or procedures	
412 - 3	Significant investment agreements and contracts that include human rights clauses or under which human rights screenings have been conducted	
413 - 1	Operations with local community engagement, impact assessments, and development programs	
413 - 2	Operations with significant actual and potential negative impacts on local communities	Not applicable
414 - 1	New suppliers that were screened using social criteria	Building a Green Bank
414 - 2	Negative social impacts in the supply chain and actions taken	
415 - 1	Political contributions	Not applicable
416 - 1	Assessment of the health and safety impacts of product and service categories	
416 - 2	Incidents of non-compliance concerning the health and safety impacts of products and services	
417 - 1	Requirements for product and service information and labeling	
417 - 2	Incidents of non-compliance concerning product and service information and labeling	
417 - 3	Incidents of non-compliance concerning marketing communications	Protecting Customer Rights and Interests
418 - 1	Substantiated complaints concerning breaches of customer privacy and losses of cus- tomer data	
419 - 1	Non-compliance with laws and regulations in the social and economic area	Not applicable



Independent Assurance Report



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**Social Responsibility Report**  
**Independent Assurance Report**  
安永华明（2019）专字第60719320\_A01号  
浙商银行股份有限公司

**To the Board of Directors of China Zheshang Bank Company Limited:**

We have been engaged by the Board of Directors of China Zheshang Bank Company Limited ("CZBank") to express a limited assurance opinion on the selected key data in the Corporate Social Responsibility Report of CZBank for 2018 (the "Social Responsibility Report").

**I. The board of directors' responsibilities**

The Board of Directors of CZBank are responsible for the preparation and presentation of the selected key data in accordance with the standard for preparation of the report. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the selected key data; and making estimates that are reasonable in the circumstances.

**II. Our responsibilities**


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

We conducted our work on the selected key data in accordance with the *International Standard on Assurance Engagements 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance as to whether any matters have come to our attention that causes us to believe that the selected key data as at 31 December 2018 and for the year then ended in the Social Responsibility Report is not prepared in all material respects in accordance with the standard for preparation of the report.

**III. Scope of work, approach, and limitation**

The selected key data of CZBank in the Social Responsibility Report of CZBank for 2018 that is covered by this report is as follows:

- Branch outlets
- Total number of employees



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- Proportion of female employees
- Labor contract coverage
- Donation expenditure
- Number of training sessions for employees
- Loan balance on the account of green projects
- Total office water consumption (Head Office)
- Total office electricity consumption (Head Office)
- Ratio of e-business over total business
- National-standard small and micro loan balance
- Customer satisfaction

Our work was performed at the Head Office of CZBank, which includes:

- 1) Interviews with management and personnel in the departments involved in providing information for inclusion in the Social Responsibility Report in relation to the selected key data;
- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation;
- 5) Other procedures deemed necessary.

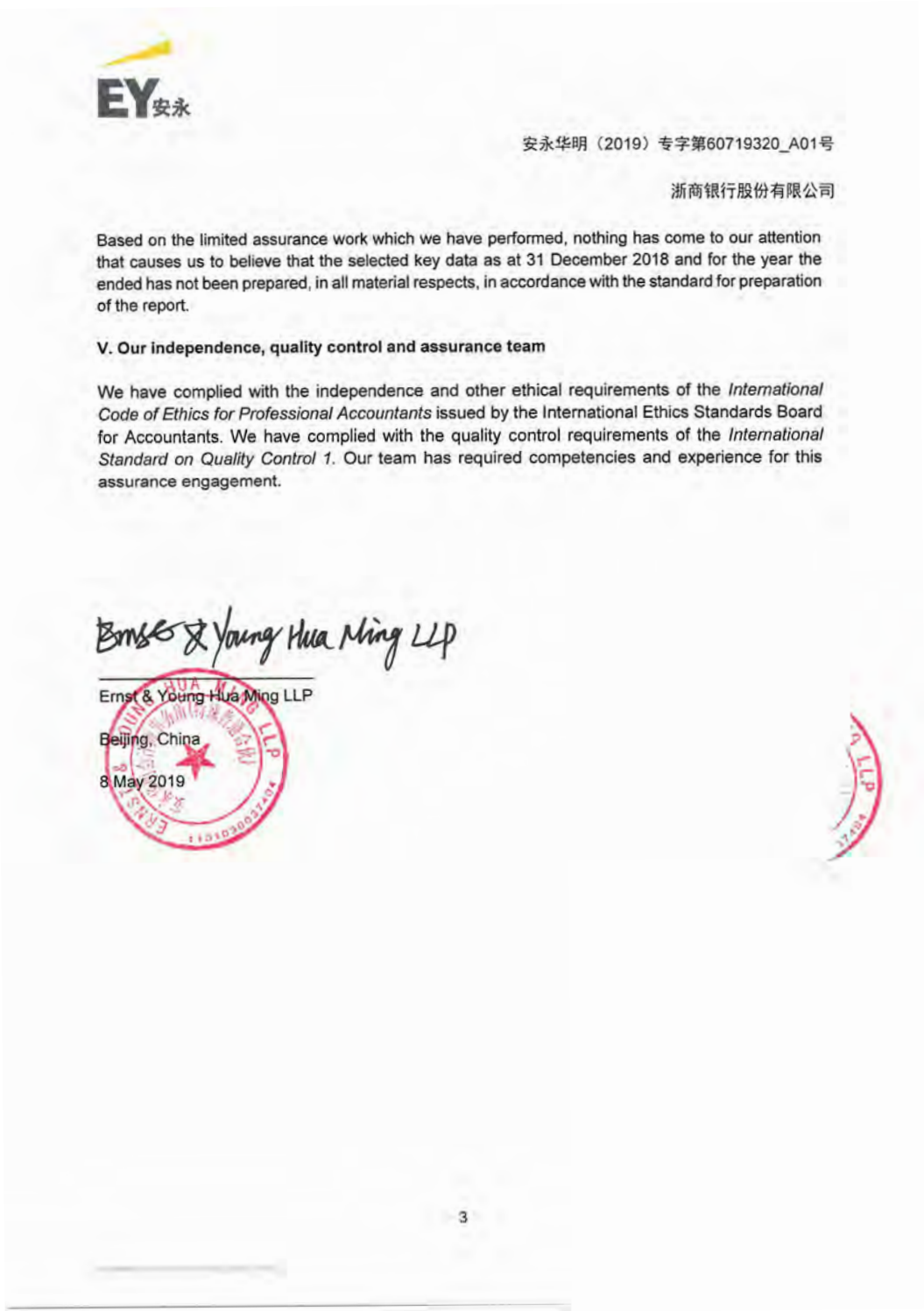
In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and the therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment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

Our work was limited to the selected key data as of 31 December 2018 and for the year then ended in the Social Responsibility Report. We have not performed any procedures over other data included in the Social Responsibility Report for 2018, nor have we performed any procedures on other data or data for 2017 and years before. In addition, our work performed was not for the purpose of expressing an opinion on the effectiveness of CZBank internal controls.

**IV. Conclusion**

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# Feedbacks from Readers

Dear reader,

Hope you have a good time!

We do appreciate your time on reading *2018 Corporate Social Responsibility Report of China Zhesang Bank Co., Ltd.* In the process of preparing the Report, there may be flaws and omissions. Please kindly send your valuable comments to us so that we can make improvements.

Thanks again!

CZBank

May , 2019

**Choice questions (please check with “√”)**

Has this Report comprehensively and accurately reflected the significant impact of Zhesang Bank on economy, so- ciety and environment?

Excellent ☐    Good ☐    General ☐    Poor ☐    Hardly ☐

What about responses and disclosures to concerns of stakeholders in this Report?

Excellent ☐    Good ☐    General ☐    Poor ☐    Hardly ☐

Whether this Report has clearly, accurately and completely disclosed information, indicators and data?

Excellent ☐    Good ☐    General ☐    Poor ☐    Hardly ☐

What about the readability of this Report, in terms of logic, content, language and design?

Excellent ☐    Good ☐    General ☐    Poor ☐    Hardly ☐

**Open questions**

What do you think is the most satisfying aspect of this Report?

\_\_\_\_\_

\_\_\_\_\_

Please provide your suggestions on our future ESG report.

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