

CHINA ZHESHANG BANK CO., LTD.  
Corporate Social Responsibility Report  
2020

March 2021

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## Notice about report preparation

The Board and all the Directors on the Company guarantee that there are no false representations, misleading statements or major omissions regarding the contents of this report, and they shall be jointly and severally liable for the truthfulness, accuracy and completeness of the contents.

### Scope of application

Reporting organizations: CZBank Head Office and all the branches. For the sake of convenience, "China Zheshang Bank Co., Ltd." in the report is hereinafter referred to as "CZBank", "our Bank" or "we".

Reporting period: Jan. 1, 2020 - Dec. 31, 2020 (Part of the contents go beyond the above reporting period)

Reporting cycle: each fiscal year. Last year's report was released in March 2020.

The financial data in this report is derived from the CZBank 2020 Annual Report, while other data is collected based on CZBank's internal documents and relevant statistics. Part of the contents and data can be traced back to previous years.

### Reference standard

This report is prepared in accordance with relevant requirements set forth in the Opinions on Strengthening the Social Responsibility of Banking Financial Institutions issued by the China Banking and Insurance Regulatory Commission (CBIRC), China Banking Association's Guidelines for Corporate Social Responsibility of China's Banking Financial Institutions, Shanghai Stock Exchange's Notice on Strengthening Listed Companies' Assumption of Social Responsibility and the Guidelines on Listed Companies' Environmental Information Disclosure, Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guidelines, and also complies with ISO 26000:2010, Guidance on Social Responsibility released by the International Standardization Organization(ISO), GRI (Global Reporting Initiative) Standards and etc.

### Report Guarantee

To ensure its authenticity and reliability, this Report was submitted to Ernst & Young Hua Ming LLP as per the International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) for a third-party assurance with an independent assurance report and statement provided. See Page 92 to 94.

### Reporting language

This report is prepared in simplified Chinese, traditional Chinese and English respectively, and in the event of any discrepancies, the simplified Chinese version shall prevail.

### Report publication

The report is published in electronic form and can be downloaded from:

<http://www.czbank.com/>; <http://www.hkex.com.hk/>。

**Report availability**

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## Overview

Hardships highlight the value of efforts. 2020 was a year of challenges in the shadow of COVID-19. Even though, following the light of the New Development Principles, we continued to pursue a path towards responsible high-quality development. We incorporated economic, environmental and social responsibilities into the platform-based service strategy, fixing on the goal of achieving sustainable development while defeating the pandemic and promoting the poverty alleviation in China.

**Pursuing high-quality and high-efficiency development through the platform-based service strategy in line with the New Development Principles.** In 2020, we achieved steady growth by size and value, improved operational structure and governance system, and promoted risk management. As of the end of 2020, assets totaled RMB 2.048225 trillion, an increase of 13.74% from the beginning of the year, exceeding the RMB 2 trillion target specified in the CZBank Three Five-Year Plan. As part of our fintech reform, we created a comprehensive service platform that integrates technology, finance, customers and industry, which further increased our influence and reputation. Platform-based services have become the core competency and also a striking label of CZBank. On the list of 2020 Top 1000 World Banks published by The Banker, CZBank ranked 97th by Tier 1 capital and total assets.

**Rising to the challenges and participating in the fights against COVID-19 and poverty.** COVID-19 prevention and control, resumption of work and production, and targeted poverty alleviation were our priorities in 2020, which recorded concerted efforts across our Bank. For one, we innovated platform-based service strategy to promote industry-coordinated resumption of work and production. Across the year, CZBank provided RMB 265.162 billion of loans for COVID-19 prevention and control, reduced RMB 3.5 billion of interests and fees, launched the Six Measures for micro- and small enterprise (MSE) finance and donated RMB 26.181 million to hard-hit areas. For another, we assisted poor households (including students) in remote mountainous areas through direct targeted poverty alleviation, and indirectly promoting industrial development, education and consumption. As at the end of 2020, agricultural loan balance totaled RMB 171.148 billion, and outstanding industrial loans related to poverty alleviation amounted to RMB 1.618 billion. In this way, we explored a dual cycle path towards poverty alleviation and sustainable development.

**Serving MSEs and the real economy according to national strategies.** Over the year, under national strategies such as the Belt and Road Initiative, Integrated Development of the Yangtze River Delta, and Guangdong-Hong Kong-Macao Greater Bay Area (GBA), we provided high-quality financial services to Zhejiang and the rest of China. We supported the construction of Big Bay, Big Garden, Big Channel and Big City, and the Digital Economy Project I in Zhejiang, and provided services to supply and block chains related to MSEs. CZBank also insisted on serving private small and medium-sized enterprises, combining "supply chain + block chain" and continuously expanding the scope of services. As at the end of 2020, outstanding loans to private enterprises totaled RMB 663.196 billion, to national-standard MSEs amounted to RMB 253.975 billion. In addition, we continued to optimize platform-based services, intelligent manufacturing, talent banking and other characteristic service models, and developed differentiated competitive advantages in liquidity,

industrial supply chain, and wealth management services. As of the end of 2020, our platform-based services had supported 62,500 customers, and margin balance was RMB 678.46 billion.

**Assuming social responsibility and developing a win-win relationship with stakeholders.** In 2020, to create environment benefits, we linked diverted resources to green industries relying on differentiated credit policies and platform-based services, promoting China's green transformation. As at the end of 2020, the total loan balance of our Bank reached RMB 78.526 billion, representing an increase of 45.75% from the beginning of this year. To create value for customers, we launched the Serving Customers and Grassroots Program to optimize online services and customer experience by providing more professional and diversified customer-oriented services. To promote employee development, we created a fair and efficient talent management mechanism and a career development platform. In 2020, the training time per capita averaged 57.08 hours. To create social benefits, we launched several public welfare programs such as the One Bank Branch for One Primary School, CZBank Rainbow Program, and Salute to City Guardians, and online programs like "Three Rural Issues" Service on E-family Banking, and "Fancy Carp" Program on CZBank mobile App. Donations across the year amounted to RMB 33.6277 million, accounting for 0.23% of annual income.

2021 marks the start of a new journey towards a great modern socialist China, and the beginning of the CZBank Fourth Five-Year Plan. It is also a crucial and challenging year for the transformation of CZBank. In 2021, aiming at the "Two Goals" (becoming the most important financial platform and most competitive joint-stock commercial bank in Zhejiang), we will further promote the platform-based service strategy, and create a development landscape based on the New Development Principles, making greater contributions to China's economic sustainability and social stability.

## About Us

### I. Corporate Profile

China Zheshang Bank Co., Ltd. is one of the 12 nationwide joint-stock commercial banks in China. Headquartered in Hangzhou, Zhejiang Province, CZBank officially opened for business on August 18, 2004. On March 30, 2016, CZBank was listed on the Hong Kong Stock Exchange (code: 2016.HK), and Shanghai Stock Exchange (code: 601916) on November 26, 2019, becoming the 13th A+H listed bank in China.

Always adhering to General Secretary Xi Jinping's instructions since opening, the Zhengjiang-based CZBank also serves the whole country and has been developing steadily and now become an excellent commercial bank with solid foundation, good benefits, boasting rapid growth and sound risk control.

During the reporting period, CZBank works hard to cater to new development trend of Internet Information & Technologies and the new demands of customer value creation. At the new stage of development, CZBank has implemented a new development strategy to serve the goal of "becoming the most competitive national joint-stock commercial bank and the most important financial platform in Zhejiang Province". It commits to comprehensive platform-based services and adheres to five operation rules of "serving the real economy, innovation and transformation, compliance, risk management, and improvement of quality and efficiency". Through building the twin engines driven by blockchain and Internet of Things technology, the bank aspires to promote high-quality development, and provide customers with premium integrated financial services that is open, efficient, flexible and sharable.

As at the end of 2020, CZBank had set up 272 branches in 20 provinces (including municipalities directly under the central government) and the Hong Kong Special Administrative Region, operating effectively across the Yangtze River Delta, the Bohai Rim, the Pearl River Delta and certain areas in the Midwestern China. On April 21, 2017, the first wholly owned subsidiary Zhejiang Zheyin Financial Leasing Co., Ltd. was launched, which marks the first step towards integrated operation. On April 10, 2018, the Hong Kong Branch was launched officially, which marks the first step towards international presence.

## **II. Social responsibility management**

In order to promote the institutionalized and standardized management of social responsibility, CZBank issued the Administrative Measures on Social Responsibility Management in 2018, making clear the organizational structure for social responsibility management, division of responsibilities and specific responsibilities. We are also working to promote the communication and ability improvement when it comes to performing the social responsibility work through conducting special trainings on a regular basis.

As the supreme decision-making body for Corporate Social Responsibility (CSR) management, the Board of Director decides the bank's CSR management structure and management strategies. In 2020, the Board of Directors and a special committee reviewed and approved multiple major CSR resolutions such as the 2019 CZBank Report on the Development of Green Finance, the 2019 CZBank Consumer Protection Work Report, and the 2020 CZBank Inclusive Finance Work Plan. The office of the Board of Directors regularly monitors the implementation of these resolutions, updates implementation progress in time, and informs the Board of Directors with a special report.

The CSR task team, led by the head office and supported by relevant HQ departments and branch banks, carries out the following key CSR practices, including but not limited to assessing and identifying CSR risks and opportunities; assessing CSR tasks vs. standard requirements and excellent practices of its peers; formulating CSR goals and incorporating and executing them in various business lines and key projects; combining CSR performance indicators with operation and management of business lines; and compiling CSR annual report.

CZBank attaches great importance to the communication with stakeholders, constantly enriches the means of communication, listens carefully to the opinions and feedback from relevant parties, and takes effective measures to sincerely respond to the concerns and appeals of stakeholders in a timely manner. CZBank well performs its corporate social responsibility to be an excellent corporate citizen.



### III. Annual responsibility performance

Category	Indicator	Unit	2018	2019	2020
<b>Economic performance<sup>1</sup></b>	Total assets	RMB (100 million)	16,466.95	18,007.86	20,482.25
	Operating revenue	RMB (100 million)	390.22	464.47	477.71
	After-tax profit	RMB (100 million)	115.60	131.42	125.59
	Total tax	RMB (100 million)	84.60	77.30	96.46
	Return on average assets (ROAA)	/	0.73%	0.76%	0.65%
	Provisioning coverage ratio	/	270.37%	220.80%	191.01%
	Capital adequacy ratio	/	13.38%	14.24%	12.93%
<b>Environmental performance<sup>2</sup></b>	Green loan balance	RMB (100 million)	225.58	538.78	785.26
	Loan balance of the Industries with high pollution, and Industries with high energy consumption and over capacity	RMB (100 million)	281.27	332.75	390.12
	Number of e-banking transactions	10 thousand	15,729.09	22,514.62	21,527.01
	Rate of e-banking transaction	/	98.35%	99.03%	99.49%

1. Except for the total tax payment, other indicators of economic performance have been compiled in accordance with the Chinese Accounting Standards, which are consolidated data of CZBank and its subsidiaries

2. The statistics of the total office water consumption, total office power consumption and total fuel consumption of service vehicles cover the Head Office

	Total office water consumption	ton	89,442	120,619	147,436
	Total office power consumption	MWh	13,066.81	23,722.391	27,239.71
	Total fuel consumption of service vehicles	liter	23,500	18,987.10	17,013.08
<b>Social performance<sup>3</sup></b>	Customer satisfaction rate of the 95527	/	99.88%	99.73%	99.77%
	Number of training programs participated by employees	Number	2,377	2,423	2,098
	Number of employees participating in the training	Number	297,351	329,164	366,392
	Training time per employee	hour	-	53.86	57.08
	Total number of employees	Number	13,620	14,156	14,646
	Percentage of female	/	47.40%	47.10%	47.57%
	Labor contract signing rate	/	100%	100%	100%
	Social insurance coverage rate	/	100%	100%	100%
	Donations	RMB (10 thousand)	1,328.60	1,085.50	3,362.77

3. Social insurance coverage rate statistics cover the Head Office; Training time per employee statistics cover the Head Office (except for Hong Kong Branch)

#### IV. Honors and Awards

Award presenters	Awards
The Banker	Ranking the 97th among the "Top 1000 World Banks"(in terms of tier-one capital and total assets)
Zhejiang Provincial People's Government	First Prize for the Excellent Institution Supporting the Economic and Social Development of Zhejiang
	the Excellent Institution Supporting the Development of Private Businesses and MSEs
	the Excellent Institution in Reform and Innovation
The State Council Leading Group Office of Poverty	Top 50 Cases of Targeted Poverty Alleviation by Chinese Enterprises
China National Intellectual Property Administration	"CHINA ZHESHANG BANK CO., LTD" (CZB) was recognized as a well-known trademark
Zhejiang Provincial Department of Science and Technology	First Prize of Zhejiang Provincial Science and Technology Progress Award(Domestic high performance and high security block chain technology achievement)
China Banking Association	Best Targeted Poverty Alleviation Contribution Award
	Best Organization Award of the Professional Qualification Examination for Banking Professionals
	Honorable Mention in "Comprehensive Capability Assessment", "Special Assessment of Customer Service Capability" and "Special Assessment of Emergency Management Capability" (China Zheshang Bank Customer Service Center)
China Financial Certificate Authority	The Best Mobile Banking Interaction Experience
	The Award of Most Popular Mobile Bank among Users
	The Best Smart Bank Award
China Foreign Exchange Trade	Best Data Information Service Support
China Banking Magazine	Best Technical Innovation Award in the 2020 China Banking Industry Financial Technology Application Achievement Competition (Block chain Platform with Financial Characteristics)
China Banking and Insurance News	Outstanding Case Award for "Social Responsibility" (Rainbow Project-Student Aid Program)
China Finance Press	Annual Social Responsibility Case Award
China Network	Targeted Poverty Alleviation Pioneer
The 21st Century Business Herald	Golden Great Wall Award - Excellent Service Bank of the Year for Smart Manufacturing
	2020 Financial Poverty Alleviation Award for Financial Institutions

Securities Times	2020 Tianji Award for Net Value Wealth Management Product
International Financial News	2020 Pioneer Bank in Inclusive Finance
	2020 Socially Responsible Enterprise
Global Finance (journal)	2020 Global Finance "Stars of China" Fintech Innovation Award
51Job	Top Employer 2020
	2020 Model Enterprise for Human Resources Digital Management
JPMorgan Chase & Co.	Annual Elite Award for Liquidation

## Topic I : Fighting and controlling COVID-19 in solidarity

2020 was a special year. Across the world, COVID-19 has caused a great number of infections, even deaths, posing a huge challenge to global public health security. In such a severe context, CZBank clearly realized its social and financial responsibilities, and immediately developed a series of response measures according to the decisions and plans of the CPC Central Committee, State Council, CPC Zhejiang Provincial Committee, People's Government of Zhejiang Province and financial regulators, building a solid financial defense line in the long-term fight against the COVID-19 pandemic.

Stakeholder	Expectations and appeals	Our Measures	Results
<b>The government and regulatory institutions</b>	Implementing decisions of the central government on COVID-19 prevention and control Ensuring stability on six fronts and maintaining security in six areas Coordinating efforts to fight against the disease and promote social and economic development	<ul style="list-style-type: none"> <li>The Party Committee of the head office took the COVID-19 prevention and control as an overriding political task, and mobilized the whole bank to do its best to prevent and control the COVID-19 at the first time</li> <li>The leading group for COVID-19 prevention and control was established, 26 policy documents were issued, and several special meetings were held to coordinate and deploy the work and strengthen organizational leadership</li> <li>Comprehensively implementing the platform-based service strategy, effectively did a good job in COVID-19 prevention and control and supported stable enterprises, stable economic and development work</li> <li>The discipline inspection team in the bank strengthened supervision and inspection, and all levels of institutions conscientiously performed their duties to press down the responsibility of COVID-19 prevention and control</li> </ul>	In 2020, we completed COVID-19 prevention and control tasks, and met all major regulatory requirements. As of the end of 2020, outstanding loans and deposits amounted to RMB 1.1984 trillion and RMB 1.3194 trillion, respectively, both increasing by 16.6% from the beginning of the year, a high growth rate among joint-stock commercial banks in China

<b>Clients</b>	<p>Optimizing financial services</p> <p>Supporting the resumption of work, production and sales</p> <p>Solving financing problems</p>	<ul style="list-style-type: none"> <li>• Bank leaders led teams to visit and research enterprises at the front line, took the initiative to study and formulate financial solutions, and increased support efforts at the same time</li> <li>• Integrating "block chain + supply chain", innovating research and development of "distribution pass", "warehouse receipt pass" and other supply chain financial services model to support the industrial chain to resume work, production and sales</li> <li>• Proactive fee and interest rate reductions for customer groups heavily affected by the epidemic to reduce financing costs</li> <li>• Taking the lead in launching Six Measures for small and micro enterprises finance, and financially supporting the work of COVID-19 prevention and control accordingly</li> <li>• Expanding online service application scenarios and promoting non-contact financial services; Strictly implementing COVID-19 prevention and control measures at outlets</li> </ul>	<p>As at the end of 2020, loans related to COVID-19 prevention and control totaled RMB 265.162 billion (including RMB 48.972 billion related to drug sales and manufacturing; and RMB 48.413 billion related to the supply of living substances); and reductions of interest and fees amounted to RMB 3.5 billion</p>
<b>Investors</b>	<p>Ensuring continued and steady operation</p> <p>Improving profitability</p> <p>Increasing shareholder returns</p> <p>Increasing company value</p>	<ul style="list-style-type: none"> <li>• Releasing 248 items of periodic reports, interim announcements, corporate governance documents, etc. to ensure that investors are informed of major corporate matters in a timely manner and to protect legal rights and interests</li> <li>• Holding shareholders' meetings, investor conferences, etc. The first A+H annual results conference in the form of live web-casts from home and abroad</li> <li>• Maintaining daily communication with investors through multiple channels, such as telephone, email and "SSE Info" platform.</li> </ul>	<p>On the list of 2020 Top 1000 World Banks published by The Banker, CZBank ranked 97th by Tier 1 capital and total assets. As at the end of 2020, net income attributable to shareholders was RMB 12.309 billion</p>

<b>Employees</b>	Creating a healthy and safe working environment	<ul style="list-style-type: none"> <li>Strengthened the prevention and control of COVID-19 in office premises, business outlets and public areas through regular disinfection, non-crossover rotation of AB shifts in outlets and time-sharing of meals, etc. to build a "protection network"</li> <li>Prepared "COVID-19 protection manual" to raise employees' awareness of protection</li> <li>Regular distributing anti-epidemic materials such as masks and disinfectants</li> <li>Organizing mental health training and salon activities such as "Be your own psychiatrist under the COVID-19" to provide psychological guidance to employees</li> <li>Consoled employees on the front line of COVID-19 fighting and those who have medical staff and front-line medical workers at home</li> <li>Digging 105 grass-roots cases and publishing a "Special Edition on Fighting the COVID-19" to boost staff morale</li> </ul>	Only one employee of Wuhan Branch was diagnosed with COVID-19 (recovered and discharged)
<b>Media</b>	Telling moving stories related to the fight against COVID-19	<ul style="list-style-type: none"> <li>Focusing on the advantages of the platform-based service strategy in fighting the COVID-19, resuming production in collaboration with the industrial chain and "six guarantees +six stabilizations", we dug up more than 100 enterprise cases and provided valuable news materials</li> <li>Organized a series of reports in phases and with a focus, such as the financial assistance behind Leishenshan Hospital, A financial defense line to fight the COVID-19, multiple measures to promote the resumption of work and production, etc., and issue the "voice" of China Zheshang Bank through multiple channels</li> <li>Carefully organized routine press conference of the banking industry, bank leaders will detail the "grounded" service private enterprise initiatives</li> </ul>	A total of 31 pieces of news materials related to COVID-19 prevention and control and resumption of production were sent, which were used and published by the front page of Zhejiang Daily, People's Daily, Xinhua News Agency and "Financial Street No. 15" and other important media, effectively maintaining the good reputation of the banking industry

<b>Suppliers</b>	Expanding cooperation channels Fair and equal procurement Honest and trustworthy performance	<ul style="list-style-type: none"> <li>Formulating the Plan for Remote Centralized Procurements During COVID-19 Prevention and Control</li> <li>Ensuring the safety of procurement sites</li> </ul>	We advanced cooperation with suppliers. In 2020, we selected 295 suppliers to provide products and services to the head office, and the bids (transactions) amounted to RMB 1.019 billion by value
<b>Communities</b>	Assisting groups affected by the epidemic Providing anti-epidemic supplies Organizing public welfare activities	<ul style="list-style-type: none"> <li>Donating items and money to hard-hit areas such as Hubei and WenTai</li> <li>Purchasing agricultural products unsalable due to the epidemic</li> <li>Promoting the resumption of tea processing, grain and oil processing, infrastructure construction and other twinning projects</li> <li>Encouraging employees to participate in voluntary services against the epidemic</li> </ul>	As at the end of 2020, we donated RMB 18,941,100, and donated negative pressure ambulances, protective clothing, masks and other materials amounting to RMB 7,239,900

**Case: One-day loan approval to address the urgent need for materials for test kits**

Shanghai Runda Medical Technology Co., Ltd. is a key supplier of COVID-19 test kits and related testing equipment. When they applied for a loan to purchase materials, we set up a project team to develop a quick approval plan. Through three-level collaboration linking the head office, branch and sub-branch, the first tranche of RMB 10 million was approved and granted within one day, addressing the urgent need for materials for test kits.

**Case: CZBank underwrote the first corporate bond issued to ensure the supply of agricultural and sideline products in COVID-19 prevention and control**

On February 14, 2020, Nanjing Agricultural and Sideline Products Logistics Distribution Center Co., Ltd. (hereinafter referred to as "Nanjing Agricultural and Sideline Products") non-publicly issued the first tranche of corporate bond (COVID-19 prevention and control bonds) in 2020 via CZBank Nanjing Branch and other institutions for RMB 300 million. This was the first corporate bond issued to ensure the supply of agricultural and sideline products during the COVID-19 outbreak in China, and also the first corporate bond issued for COVID-19 prevention and control in Jiangsu Province.

To accelerate the issue, CZBank Nanjing Branch prepared and submitted documents within two days. It also subscribed RMB 90 million of bond and lowered interest rate, which further reduced the financing cost of Nanjing Agricultural and Sideline Products. The issue



increased the liquid of Nanjing Agricultural and Sideline Products, enabling it to provide a more diversified and affordable “Vegetable Basket” for people during the COVID-19 outbreak.

#### **Case: Platform-based service strategy helped industry leader unclog supply chain**

Zhejiang YASHA Decoration Co., Ltd. (hereinafter referred to as “YASHA”) is an industry leader in architectural ornament. During the COVID-19 outbreak, YASHA participated in the construction of Wuhan Leishenshan Hospital, the isolation wards of Hubei Xianning Central Hospital, and the Shaoxing isolation resettlement area, which led to tight liquidity. After learning of this, CZBank Shaoxing Branch helped YASHA issue the first tranche of an ultra-short bond (COVID-19 prevention and control) for RMB 100 million, with a term of 270 days.

As a key player in its supply chain, YASHA, together with its subsidiaries, promoted the resumption of a large number of small and medium-sized building materials suppliers and construction companies in its upstream and downstream sectors. Most of these companies had difficulties with industrial linkage and liquidity during the COVID-19 breakout. Therefore, after addressing its liquidity shortfall through the issue, YASHA aided these companies through the receivables chain platform of CZBank. Specifically, YASHA paid a supplier by issuing a blockchain receivable, and the supplier, after receiving receivable, may immediately transfer it to CZBank for liquidity. This blockchain-based receivable platform enables quick payments to upstream and downstream companies, reducing their liquidity pressure and financing costs. As at the end of 2020, YASHA has issued RMB 922 million of blockchain receivables to 366 upstream suppliers.

*“Our cooperation with CZBank has not only addressed our liquidity needs, but more importantly, realized technology-based repayment to MSEs, financially unclogging the supply chain. This enabled us to really play the role of promoting the resumption of work and production as an industry leader.”*

—— Tan Chengping, Deputy General Manager of YASHA

#### **Case: CZBank one-sentence SME relief stories**

<b>Providing loan renewal service</b>	<b>Offering one-year refinancing</b>
[One-sentence story] CZBank Taizhou Branch delayed the repayment deadline of a due loan for a company without downgrading its credit rating, because the head of the company, Mr. Zhang, worked on the rural frontline against COVID-19 during the outbreak.	[One-sentence story] CZBank Nanjing Branch offered remote refinancing service to customers who couldn't return to Nanjing due to the COVID-19 outbreak, enabling them to refinance remotely within half an hour.
<b>Increasing the line of credit</b>	<b>Increasing loan supply</b>
[One sentence story] CZBank Lanzhou Branch added an extra loan for disinfectant production to the outstanding loan of Gansu Runkang Pharmaceuticals, indirectly contributing to local COVID-19 prevention and control.	[One sentence story] CZBank offered a RMB 5 million “Talent Support Loan” to Pushkang Biotechnology Co., Ltd., helping it overcome difficulties.

Simplifying lending procedure	Promoting online banking
<p>[One sentence story] To address the urgent cash needs of an information technology company, CZBank Wenzhou Branch simplified the lending procedure according to relevant regulations, and assigned workers to handle the loan.</p>	<p>[One-sentence story] CZBank Wuhan Branch offered 24/7 online financing services integrating mobile application, online evaluation, video interview, and online approval to accurately “airdrop” loans to MSEs hit by the lockdown caused by COVID-19.</p>



Photo: CZBank Weifang Branch investigated a local tractor manufacturer to identify the financing needs of the company during the COVID-19 outbreak



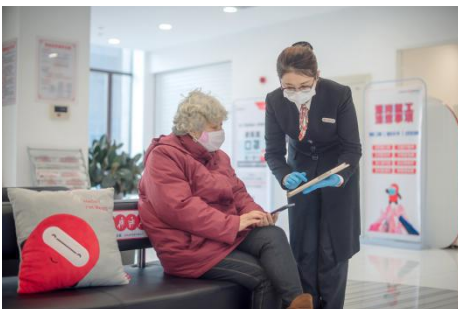
Photo: An account manager of CZBank visited a company to customize a financing plan, promoting the resumption of the company



Photo: CZBank Chengdu Branch provided online “ultra-short loan” service to New Hope Group, addressing its liquidity shortfall during the COVID-19 outbreak. Xingyuan Environmental Technology Co., Ltd, a listed company of New Hope Group, was appointed to participate in the construction of Wuhan Huoshenshan Hospital's wastewater treatment project after the outbreak of the COVID-19



Photo: CZBank Jiaxing Haining Sub-branch added a RMB 1 million loan to Weitai Biotechnology Co., Ltd., and reduced interest rate by 20BP, helping the company restart two N95 mask production lines



A worker of CZBank was patiently explaining our services to a customer



Photo: CZBank outlets adopted strict measures to prevent COVID-19, such as measuring body temperature, providing disposable disinfectant, and wearing disposable gloves



Photo: CZBank launched the “School Health Security” program to ensure that sufficient health security supplies were provided to schools after their reopening



Photo: CZBank organized “A Better Home” painting competition, inviting children to paint a better future, discarding the shadow of COVID-19 behind

## Topic II: Achieving Poverty Alleviation through Concerted Efforts

2020 was the deadline to eradicate poverty in China. In this year, as required by the CPC Central Committee and State Council, we took rural revitalization and poverty alleviation as our top political tasks, and explored a dual cycle path towards poverty alleviation and sustainable development driven by industrial development, consumption, education and talent training.

Our Measures		Results
<b>Promoting industry-based poverty alleviation</b>	<ul style="list-style-type: none"> <li>Promoting the service model of “Bank + Industrial Leaders + Cooperatives + Farmers” to expand services to the upstream and downstream sectors of core enterprises in poor areas, so as to lift poor groups like farmers, out of poverty</li> <li>Increasing accessibility of financial services to impoverished areas by promoting revolving lending models such as Suiyi Loan and Repayment Link, increasing the proportion of electronic loan applications, and simplifying lending procedure</li> <li>Advancing targeted poverty alleviation programs, such as East-West Coordinated Poverty Alleviation Program, and 1,000 Enterprises on 1,000 Villages Aid Program</li> </ul>	As at the end of 2020, outstanding loans for industry-based poverty alleviation and for agricultural development totaled RMB 1.618 billion and RMB 171.148 billion respectively, and RMB 31.9416 million of targeted poverty alleviation funds had been used to promote industrial development and infrastructure construction in targeted villages, benefiting 26,800 people
<b>Leveraging digital technology to promote consumption-driven poverty alleviation</b>	<ul style="list-style-type: none"> <li>Creating the free E-Family Bank Mall “Three Rural Issues” platform for selling agricultural products, promoting poverty alleviation</li> <li>Organizing live streams to sell agricultural products</li> <li>Directly buying poverty alleviation products from agricultural producers, and prioritizing them on the procurement lists of staff canteens, and in the packages of employee welfare</li> </ul>	As at the end of 2020, CZBank had sold over 400 types of agricultural and sideline products on the E-Family Bank Mall “Three Rural Issues” platform for RMB 3.7184 million, organized three poverty alleviation live streams with sales

		amounting to about RMB 1 million, and bought RMB 6.9614 million of agricultural products from impoverished areas
<b>Establishing a long-term education-driven poverty alleviation mechanism</b>	<ul style="list-style-type: none"> <li>We comprehensively promoted "one school per line", around subsidizing students in need, improving teaching conditions, upgrading education quality, changing students' mental outlook long-term, all-round help to rural elementary school, and build a long-term mechanism for education poverty alleviation</li> <li>The head office plays a leading role in helping rural elementary schools, and plans creative activities such as "resuming classes to fight against COVID-19s" and "new school season"</li> <li>Providing assistance to more needy groups and individuals under the CZBank Rainbow Program</li> <li>Using money saved from the opening ceremonies of new outlets on assisting poor students in line with the principle of "Saving for the Poor"</li> </ul>	As at the end of 2020, CZBank had donated RMB 21.185 million through the You Open an Account, We Donate Program, and RMB 24.7 million to 23,500 students under the CZBank Rainbow Program. Under the One Bank Branch for One Primary School Program, we donated more than RMB 6 million to 18 schools for the construction and renovation of classroom buildings and dormitories, benefiting 6,241 students
<b>Participating in the governance of impoverished areas</b>	<ul style="list-style-type: none"> <li>Assigning competent managers to remote impoverished areas as primary-level officials</li> <li>Encouraging capable young employees to develop skills in areas such as the "three autonomous regions and three autonomous prefectures"</li> <li>Incorporating performance in poverty alleviation into employee training and promotion</li> <li>Integrating poverty alleviation into corporate culture by encouraging young employees to volunteer at schools, organizing relevant activities such as CPC day and communist youth league branch day celebrations</li> </ul>	Some of our staff assigned to impoverished areas, such as Wang Changshan, Zhou Yuehong, and Wu Gang, played an important role in the poverty alleviation of targeted villages like Cairima Village and Jiacha Village, and were highly praised by local governments and people

**Case: Innovative "Distributor Loan" model promoted culture-driven poverty alleviation**

Guizhou Publishing Group has taken a series of measures to promote culture-driven poverty alleviation in Guizhou, including opening Xinhua Bookstores in 20 key poverty alleviation towns, providing training for farmers, and publishing books related to farmer



education. In 2020, affected by the COVID-19 pandemic, Guizhou Publishing Group encountered a liquidity shortage due to delayed payment collection, which consequently affected payments to upstream SMEs.

Given this, CZBank Guiyang Branch created a business network with Guizhou Xinhua Bookstore as the core, and built the blockchain-based “Distributor Loan” platform. The five downstream distributors of Guiyang Xinhua Bookstore, Southeast Guizhou Xinhua Bookstore, Anshun Xinhua Bookstore, Liupanshui Xinhua Bookstore and Tongren Xinhua Bookstore applied for loans and blockchain receivable confirmation online. The money would first reach Guizhou Xinhua Bookstore and then keep flowing upstream. In this way, CZBank injected RMB 100 million of liquidity to kept the supply chain running, indirectly promoting the culture-driven poverty alleviation in Guizhou.

*“The Distributor Loan provided by CZBank Guiyang Branch boosted our confidence in promoting culture-driven poverty alleviation. The model was efficient and didn’t increase the liability ratio of our distributors.”*

*---A sales project manager of Guizhou Xinhua Bookstore Co., Ltd.*

#### **Case: Xiajin Village turned uncultivated land into cultivated land under the “Lending + Leasing” model**

Under the 1,000 Enterprises on 1,000 Villages Aid Program, the head office and branches of CZBank and its subsidiary CZBank Leasing Co., Ltd. respectively assisted five relatively poor villages in Youlong County, Zhejiang Province. To promote the poverty alleviation in Xiajin Village, CZBank provided a RMB 12 million loan to a local leader in grain processing, on condition that the company, which has extensive experience in cultivation, turns 1,500 mu (approx. 100.5 ha.) of uncultivated land in Xiajin Village into cultivated land. In this way, the village gained increased food processing capacity, and land output can be directly purchased by the company. So far, the 1,500 mu of land has created an income of over RMB 200,000 to the village.



Photo: Xiajin Village Land Improvement Project

#### **Case: Live streams brought agricultural products to markets outside mountainous areas**

Through investigations, CZBank found that some targeted villages are rich in natural resources, but since most villagers are old people who stuck to conventional marketing

channels and were reluctant to grow cash crops, these natural resources cannot be transformed into lucrative economies of scale. To help villagers sell agricultural products to a bigger market, increasing their income, CZBank linked their needs with professional logistics providers like YTO Express and e-commerce platforms like Lanxi Town of Stories E-commerce Park, and provided training on purchasing, quality control, packaging and preservation, so that villagers can sell agricultural products on a large scale through e-commerce platforms, while avoiding transportation risk. CZBank also organized live streams to sell local products to markets outside the mountainous areas. As at the end of 2020, CZBank had organized three live streams such as “Yilong Special” and “Autumn Harvest”, through which 13,000 packages of featured agricultural products like Yilong preserved eggs, Liangshan walnuts and Xigu lily bulbs were sold for around RMB 1 million.

*“CZBank has a strong sense of responsibility. It helped poor villages get rid of poverty, and more importantly, it helped them become rich by selling agricultural products to markets outside the mountainous areas through e-commerce platforms. That is great.”*

——A live stream viewer



Photo: Volunteers of CZBank Lanzhou Branch sold agricultural products through live streaming in fields

#### **Case: CZBank renovated dormitory to create a better housing environment for students**

Chetian Township Central Primary School in Youyang, Chongqing is one of the first targeted schools of CZBank under the One Bank Branch for One Primary School Program. About 150 senior students lived on campus, but the dormitory had not been renovated for more than ten years. In the summer of 2020, CZBank Chongqing Branch renovated the dormitory. They repainted walls and floors, replaced doors, beds, furniture, lighting and other equipment, and purchased uniform bedding supplies, to create a safer and more comfortable living environment for the students.

*“When I first saw this yellow building, I could barely recognize it. The new dormitory is so nice. The walls are white and we have brand new quilts...”*

——A student living in Chetian Township Central Primary School in Youyang, Chongqing



Photo: Dormitory of the school assisted by CZBank Chongqing Branch before and after renovation



Photo: CZBank Lanzhou Branch offered a RMB 50 million loan to a local dairy company, indirectly helping 76 poverty-stricken households overcome poverty



Photo: Rooftop photovoltaic panels were installed in Xijia Village to promote its weak collective economy. The project is expected to create RMB 160,000 every year for the village



Photo: CZBank Liangshan Branch assisted a local leader in agricultural trading, indirectly helping 14 registered poor households



Photo: Wang Changshan from CZBank worked at three poor villages for 5 consecutive years to help them get rid of poverty





Photo: At Lingzidi Village in Shangluo, Shaanxi, Wu Gang, poverty alleviation personnel from CZBank always visited the villagers to solve their problems



Photo: CZBank organized a live stream to aid farmers and students in Sishui, Shandong under the CZBank Rainbow Program. Young parents were encouraged to return and find jobs or start their own businesses locally, so that they can accompany their children



Photo: CZBank Ningbo Branch equipped classrooms in Dalan Town Central Primary School in Yuyao, Zhejiang with eye protection lamps



Photo: CZBank Guangzhou Branch donated sports equipment to Gangmen Town Central Primary School in Suixi, Guangdong, helping it develop its strength in basketball teaching



Photo: CZBank Hefei Branch renovated the playground of Chashui Central Primary School in Qianshan, Anhui. Now the students can play football on a green playground without the company of dirt



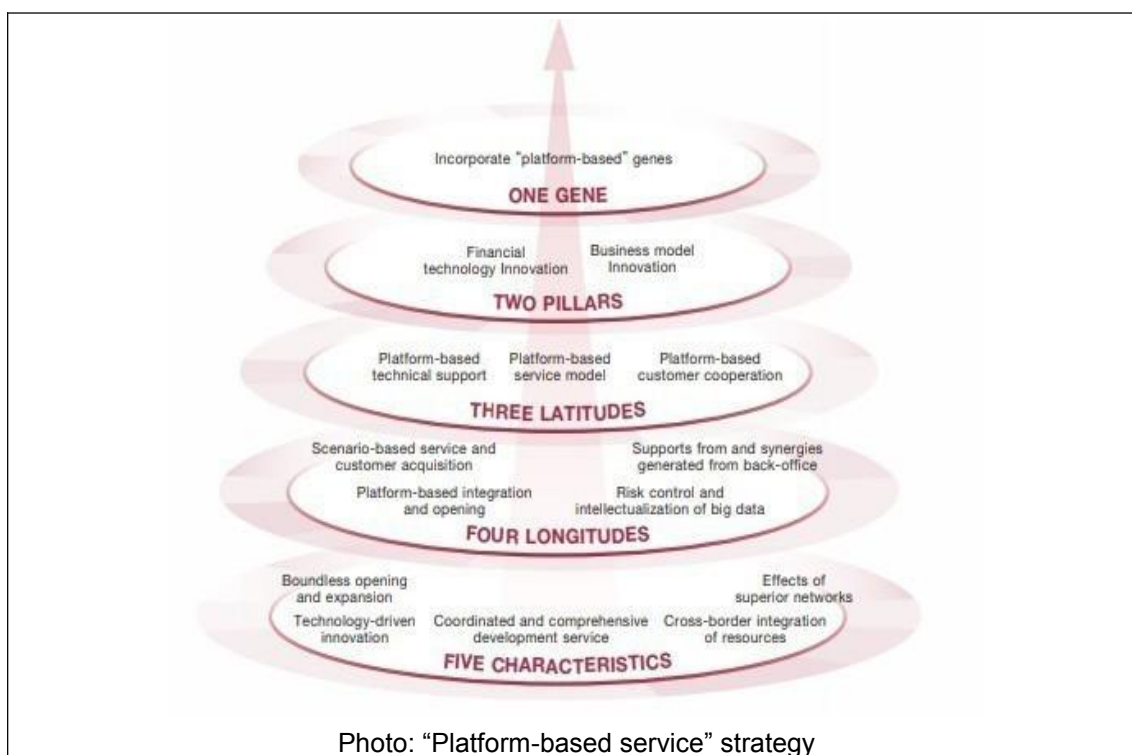
Photo: June 1st Children's Day, China Zheshang Bank sent customized school supplies sets to the twinned schools in a uniform manner, which were greatly loved by the children

## A strategy-guided new journey of development

### Preface: CZBank platform-based service strategy

Facing complicated external environment, CZBank launched its innovation-driven transformation according to the decisions and plans of the CPC Central Committee, State Council, CPC Zhejiang Provincial Committee, and People's Government of Zhejiang Province, the New Development Principles, the five operational principles, the Two Goals, and the requirements of “promoting innovation, adjusting structure, maintaining steady development, strengthening management, reducing risks and improving quality”.

The platform-based service strategy, which aims at the Two Goals, incorporates a powerful platform-based service system and innovative financial technologies. It provides a way to promote innovation, expand customer base and business, optimize processes and risk control, improve performance and management, and highlight features and advantages. Under the strategy, we started platform-based banking transformation, in a bid to promote China's high-quality development.



## I. Strict risk control to maintain sound operation

### Sustainable development concepts and practices

The sustainable development of an enterprise and any achievements it has achieved should be attributed to its scientific governance. During the reporting period, CZBank focuses on party building and emphasizes the strict governance of party members and the bank, striving to improve the corporate governance system. The bank has further optimized the management structure of general meeting of shareholders, board of directors, board of supervisors and executives and implemented comprehensive risk management measures from top to bottom to enhance its risk management system and skills. Meanwhile, it has attached great importance to internal control management and strengthened internal control & compliance infrastructure to achieve sound operations in the long run.

### Contributing to the UN SDGs



#### (i) Improving corporate governance

CZBank has been working to improve the structure of corporate governance, and turns itself an excellent public company. Over the course of 2020, we continued to improve the corporate governance system, promote the implementation of Party work, facilitate communication with investors, and optimize the structure of the Board and special committees.

##### 1. Improving corporate governance system

In strict accordance with the Company Law of the People's Republic of China, the Commercial Bank Law of the People's Republic of China, the Basic Standard for Enterprise Internal Control, the Basic Standard for Commercial Bank Internal Control, other laws and regulations and relevant regulatory requirements, our bank has established the corporate governance structure comprising shareholders meetings, board of directors, board of supervisors and senior management, featuring clear responsibilities, orderly and coordinated management, and democratic and efficient decision-making process.

##### 2. Deepening the integration of party building and corporate governance

In accordance with the requirements of higher-level party organizations and regulators, CZBank has formulated and issued the Pre-Research Matters Checklist of CZBank Party Committee to further clarify the role of the party committee at the CZBank HQ as the core of corporate governance. The effort is to integrate the party leadership into all aspects of corporate governance and ensure that the party committee in the head office truly performs the functions of directing and managing the overall situation, and supervising the implementation process. CZBank upholds and improves the leadership management system of "dual functions", actively exploring and improving a modern corporate system with Chinese

characteristics.

### **3. Investor relations management**

CZBank continues to do well investor relations management. CZBank keeps refining its information disclosure mechanism, which publishes announcements through websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the bank's official website. The goal is to disclose targeted information in an active manner and further enhance the transparency of information. As at the end of 2020, 121 A-share announcements and 127 H-share announcements have been made. CZBank accepts and handles investor relations matters through ways such as performance press conferences, strategy briefings, investor meetings, investor relations telephones and e-mails. We communicate with investors in a timely manner to help them understand the bank better and win their recognition.

#### **(ii) All-round risk control management**

On the basis of the risk preference of prudence and steadiness, CZBank takes a series of measures for comprehensive risk management, including improving business entry management, strengthening customer base, optimizing business structure, promoting post-loan management, effectively preventing and defusing risks, facilitating the application and whole-process management of financial technologies, and continuing to boost the construction of a big data-backed risk management system, so as to build a second development curve and safeguard our high-quality transformation and development.

#### **1. Improving the risk management system**

CZBank continues to optimize its risk management system and builds a multi-level, interconnected operation mechanism with effective check-and-balance, which includes the following departments: board of directors, board of supervisors, executives, business operation and management department, and internal audit department. The board of directors assumes the ultimate responsibility for comprehensive risk management; the board of supervisors assumes the responsibility for supervising comprehensive risk management; executives assume the responsibility for implementing comprehensive risk management; the risk management department in the head office is the coordinator which cooperates with relevant authorities to implement various risk management tasks.

In order to strengthen line management, our Bank implements the special risk monitoring officer dispatching system. With the system, risk monitoring officers are dispatched to those departments and branches facing high business complexity and relatively high risks. The officers will be responsible for assisting the department heads and branch directors in arranging risk management work, and will conduct business evaluation and prepare risk reports independently.

#### **2. Improving risk control ability**

CZBank continues to enhance its ability to detect, monitor and control all series of risks. To prevent and control various kinds of risks such as credit risk, market risk, liquidity risk, operational risk, country risk, bank interest rate risk, reputation risk, strategic risk, IT risk and

compliance risk, our Bank has formulated the corresponding basic risk management system and measures to constantly improve risk control capability, providing a strong guarantee for the sustainable development of our business.

Table: Various measures taken by CZBank to improve risk control ability

With a risk preference for "prudence and steadiness"	Improving the risk limit management mechanism and strengthening the monitoring and reporting of risk limit indicators	Continuing to optimize the risk management structure and functions, and improving various risk management systems	Establishing Comprehensive Risk Management reporting system
Establishing a credit business review and approval process with clear rights and responsibilities to improve professionalism	Promoting the building of risk-related systems, diversifying the means and tools of risk management, and cementing the foundation of risk management	Establishing a stress test system and applying test results to the bank's risk management and business management decisions	Enhancing risk prevention and strengthening risk monitoring and check in key areas

### (iii) Deepening internal control and compliance management

CZBank has always acted within the limits of red lines to avert compliance risks and continued to strengthen compliance risk management. Continuing to strengthen internal control & compliance and lean management to ensure stable and safe operation through manners such as improving the long-term mechanism of internal control, upholding the development of a clean party and a clean government, and enhancing anti-money laundering management.

#### 1. Building the internal control system

CZBank has always put a premium on internal control, continuously optimizing the internal control system, strengthening internal control measures, innovating internal control methods, and enhancing the effectiveness of internal control, thus to keep zero incidence of serious lawsuit case or major operational risk.

Table: CZBank's Measures Taken for Building the Internal Control System

<b>Establishing the correct internal control</b>	<ul style="list-style-type: none"> <li>Focusing on "implementing internal control mechanisms and averting operation risks", sticking to the "internal control-centered" and "compliance-based" concepts, and implementing the basic requirements of internal control and compliance management, including "strict governance, control, inspection, accountability, and</li> </ul>
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	<p>punishment”</p> <ul style="list-style-type: none"> <li>Continuing to deepen internal control measures, improving internal control efficiency, effectively preventing operational risks and risk cases, and building core competitiveness</li> </ul>
<b>Exploring to build long-acting internal control mechanisms</b>	<ul style="list-style-type: none"> <li>Insisting on implementing three long-acting internal control mechanisms including the internal control cycle improvement mechanism, the problem discovery and solving mechanism, and the accountability, evaluation and reward &amp; punishment mechanism</li> <li>Consolidating and improving the internal control cycle of "idea-system-training-implementation-inspection-rectification-reward-punishment-evaluation"</li> </ul>
<b>Continuing to improve the system building</b>	<ul style="list-style-type: none"> <li>Establishing a system management structure featuring hierarchical design, standard classification and hierarchical approval, and thus forming an internal system of "Three Vertical and Four Horizontal"</li> <li>Establishing a complete management process from system approval, drafting, consultation, review, launch to post-evaluation, to ensure closed-loop management of corporate rules and regulations</li> </ul>
<b>Enhancing risk control for major industries</b>	<ul style="list-style-type: none"> <li>Updating the key points of operational risk control for major business and processes in real time, identifying and evaluating risks, making clear the control requirements, and strengthening internal control compliance and the prevention and control of operational risks and cases</li> </ul>
<b>Strengthening supervision and inspection on important businesses</b>	<ul style="list-style-type: none"> <li>Continuously improving the day-to-day supervision system across the whole bank</li> <li>Strengthening supervision and inspection of branches at all levels, various products and services</li> <li>Carrying out targeted actions such as "re-examining" to rectify the chaos in the banking market, enhancing the compliance awareness of CZBank banks at all levels, and improving the risk management and control system</li> </ul>
<b>Empowering management with technologies</b>	<ul style="list-style-type: none"> <li>Making full use of new technologies to empower operation management, applying big data, artificial intelligence and other technological innovations to continuously improve the bank's internal control management in the aspects of information, technology, and intelligence, continuing to improve the quality and efficiency of internal control to effectively prevent various risks</li> </ul>

## 2. Strengthening the building of a clean party and a clean government

We strictly abide by the anti-bribery and anti-corruption requirements set forth in laws, regulations and systems such as the United Nations Convention against Corruption and the Criminal Law of the People's Republic of China. Our Bank endeavored to promote the comprehensive and strict governance internally and continuously push forward the work to build a fine Party culture and a corruption-free Party and “corruption-free bank”.

Table: CZBank's Measures Taken for Building a Fine Party Culture and a Corruption-free Party

<b>Standardizing internal management</b>	<ul style="list-style-type: none"> <li>Formulating and issuing the internal management requirements such as Gifts and Cash Registration and Management Measures for CZBank Employees (2020 Edition), Measures of CZBank Internal Disciplinary Inspection Department for Handling Reports and Accusations (2020 Edition)</li> </ul>
<b>Strengthening daily supervision</b>	<ul style="list-style-type: none"> <li>Strengthening daily supervision and special inspections. For example, when an agreement is clarified to be signed, the customer will receive A Card to Supervise CZBank Employees' Honesty and Integrity in Performing Their Duties intensifying efforts to enforce disciplines, and constantly combating against "corruption". In 2020, CZBank has carried out a total of 988 supervision and inspections in an either overt or covert manner.</li> </ul>
<b>Strengthening role supervision</b>	<ul style="list-style-type: none"> <li>Supervising the duty performance of cadres at all levels of CZBank, especially the responsible person of the team and key positions via annual assessment, audit, patrolling, and inspections.</li> </ul>
<b>Political patrolling</b>	<ul style="list-style-type: none"> <li>Formulating and issuing the Patrolling Measures for the CZBank Party Committee, selecting the right personnel to join the patroller team, and patrolling throughout the CZBank</li> <li>In 2020, 4 branch banks were inspected politically</li> </ul>
<b>Creating an honest and integrate culture</b>	<ul style="list-style-type: none"> <li>Organizing and carrying out intensified education programs such as anti-corruption financial culture month, special training for newly appointed branch bank presidents, anti-corruption training, anti-corruption party courses, and party branch learning.</li> <li>Holding diversified anti-corruption education programs and conducting the case-based discipline education by reporting typical cases in the banking industry. Pushing anti-corruption SMS to all CZBank employees on a weekly basis. The SMS was pushed to over 700,000 people in 2020.</li> </ul>

### 3. Improving anti-money laundering management

In strict accordance with the requirements set forth in relevant laws and regulations such as the Anti-money Laundering Law of the People's Republic of China, the Regulations on the Anti money Laundering of Financial Institutions, the Measures for the Administration of Anti-money Laundering and Anti-terrorist Financing by Banking Financial Institutions, we are committed to continuously putting in place and improving anti-money laundering working mechanism, so as to effectively identify, assess, monitor, control and report money laundering risks, actually promoting the compliance and efficacy of anti-money laundering management.

Table: CZBank's Measures Taken for Construction of Anti-money Laundering System and

<b>Optimizing and upgrading the anti-money laundering system</b>	<ul style="list-style-type: none"> <li>• In 2020, CZBank completed 8 anti-money laundering system optimizations and upgrades and improved 115 functions</li> <li>• Optimizing monitoring models to detect gambling and fraud, strengthening early warning and monitoring of suspicious transactions which may involve gambling and fraud. CZBank has established 31 monitoring models to detect suspicious transactions such as telecom fraud, illegal fund-raising, and terrorism financing</li> </ul>
<b>Deepening the application of various risk lists</b>	<ul style="list-style-type: none"> <li>• Improving the search strategy and matching mechanism to cover the entire process of account opening, domestic and foreign transactions, and customer backtracking list screening, and providing effective early warning and interception against customers on risk list. In 2020, more than 2 million account openings and transactions were intercepted</li> <li>• Including the risk list into the big data risk control platform and credit risk management system to share risk data and improve risk prevention and control capabilities</li> </ul>
<b>Technology empowers and improves work quality and efficiency</b>	<ul style="list-style-type: none"> <li>• Implementing smart identification of customers, enhancing the control of customer information collection system, and promoting the transformation of beneficial owner's identification process</li> <li>• Launching the electronic approval process for anti-money laundering and account management and control, simplifying account management and control operations, and improving the subsequent management and control efficiency of suspicious transaction monitoring</li> </ul>
<b>Paying attention to internal education</b>	<ul style="list-style-type: none"> <li>• Organizing CZBank employees to participate in anti-money laundering online quiz, and inviting lecturers from public security organs to conduct seminars on Preventing Telecom Fraud</li> </ul>

#### 4. Protecting intellectual property rights

CZBank abides by laws, regulations and systems related to the protection of intellectual property rights such as the Trademark Law of the People's Republic of China, and carries out trademark registration and rights protection to fulfill the goals of brand building and business product promotion. As at the end of 2020, our Bank had successfully registered 475 trademarks, including 393 trademarks registered in China and 82 trademarks registered out of mainland China (including Hong Kong, Taiwan, Macao, the USA, the UK, France etc). In 2020,



CZBank applied for the registration of 11 trademarks such as "Fen Xiao Tong" and "Yin Zu Tong", renewed 57 trademarks to be expired and applied for 37 fintech patents.

Meanwhile, as a trailblazer in the application of blockchain technology in banks, CZBank currently owns the largest number of registered blockchain information services in China compared to its peers. It claims 5 items exclusively in the Chinese Blockchain Information Service Filing Numbers published by Cyberspace Administration of China. The CZBank "blockchain key management system and method" has been granted an invention patent, which is regarded as a forward-looking technology in the banking business.

**Case: "China Zheshang Bank" was recognized as a well-known trademark by the China National Intellectual Property Administration**

At the beginning of 2018, the Bank started the work of recognizing the well-known trademark of "China Zheshang Bank", and after two years of efforts, the Bank received a reply letter from the China National Intellectual Property Administration on March 2, 2020, which confirmed that the trademark of "China Zheshang Bank" has reached the well-known degree. According to Article 13 of the Trademark Law of the People's Republic of China, this well-known trademark recognition will be beneficial to the Bank in promoting the protection of trademark intellectual property rights.



Photo: Logo of China Zheshang Bank

## **II. Remembering the mission to effectively serve the real economy**

### **Sustainable development concepts and practices**

Finance creates the blood system of the real economy. It is the duty and purpose of the financial sector to serve the real economy. In strict accordance with the Commercial Bank Law of the People's Republic of China and other relevant laws & regulations and systems, CZBank sees serving the real economy as its mission towards development, takes full advantage of platform-based services, and continuously innovates financial products and services to support major national strategies, industrial transformation and upgrading, and the development of inclusive finance, so as to boost high-quality development of the real economy.

### **Contributing to the UN SDGs**



#### **(i) Performing national strategies into corporate development**

In accordance with the decisions and plans of the CPC Central Committee and State Council, we took extensive measures to implement national strategies like the Belt and Road Initiative, Integrated Development of the Yangtze River Delta, and GBA, in a bid to serve the real economy, and promote steady social and economic development.

##### **1. Bolstering coordinated regional development**

According to the strategy for integrated development of the Yangtze River Delta, we gave priority of investments in the region to urban rail transit, airports, ports, energy, water, electricity, gas, information transmission, modern logistics and other areas related to infrastructure and people's wellbeing, relying on our extensive outlets, platform-based advantages, and fintech innovation. As at the end of 2020, we had set up 10 tier-one branches and 142 outlets across the Yangtze River Delta region, and outstanding loans to the region totaled RMB 690.964 billion, an increase of 19.05% from the beginning of the year which accounted for 65.57% of our total loan growth.

As the only joint-stock commercial bank headquartered in Zhejiang, we greatly supported the province, primarily the Big Bay, Big Garden, Big Channel and Big City program, and the Digital Economy Project I, promoting local economic and social development. As at the end of 2020, outstanding loans to Zhejiang amounted to RMB 700 billion, up 17.5% from the beginning of the year, of which outstanding loans to major projects totaled RMB 135.771 billion.

##### **2. Promoting high-quality opening up**

We implemented the Belt and Road Initiative and Going Out policy. Based on

conventional offerings of international settlement and trade financing, we developed featured services like pooled financing, platform-based services and exchange rate hedging, avoided the currency exchange rates risks and built a well-functioned supply industry chain, helping “going out” enterprises reduce financing costs and improve competitiveness in the process of international trading and outbound investment.

Table: Measures to promote opening up and results

<b>Featured products and services</b>		<b>Achievements in 2020</b>
<b>Increasing the liquidity of the foreign trade sector through pooled financing</b>	<ul style="list-style-type: none"> <li>Combining the internet with pooled financing to help liquidize assets for foreign trade companies, so as to provide them with liquidity management and customized financing services integrating domestic and foreign trade, and domestic and foreign currencies</li> <li>Launching cross-border asset pools to help multinational enterprises transfer the financing amount of domestic and foreign asset pools across borders and revitalize domestic and foreign liquid assets in a coordinated manner</li> </ul>	<ul style="list-style-type: none"> <li>As at the end of 2020, we had liquidized various assets (e.g., receivables) for enterprises, providing them with liquidity in renminbi and foreign currencies, and on and off-balance sheet</li> </ul>
<b>Supply chain finance, promoting the synergistic development of domestic and foreign trade supply chains</b>	<ul style="list-style-type: none"> <li>Combining the scenario-based needs of the foreign trade industry, the Bank provides comprehensive supply chain financial services in domestic and foreign currencies and domestic and foreign trade in an integrated manner, based on the export pool chain pass and import pool pass, and extending to the upstream and downstream supply chains around foreign trade enterprises</li> </ul>	<ul style="list-style-type: none"> <li>As at the end of 2020, the Bank has carried out supply chain financial services through a platform model and issued financing of over USD 4 billion in total</li> </ul>
<b>Funding foreign trade companies based on big data</b>	<ul style="list-style-type: none"> <li>Achieving differentiated lending and loan management through big data analysis, customer risk profiling, etc</li> </ul>	<ul style="list-style-type: none"> <li>As at the end of 2020, the Bank has launched big data credit models such as "export remittance loan", "export tax refund loan"</li> </ul>

		and "export bank tax loan", and actively participated in "Government + Insurance + Bank" foreign trade industry financing support project
<b>Following the policy guidance and support the new industry of foreign trade</b>	<ul style="list-style-type: none"> <li>Building a comprehensive service model that integrates settlement, transaction and financing around new foreign trade modes such as foreign comprehensive platform, cross-border e-commerce and market procurement</li> </ul>	<ul style="list-style-type: none"> <li>As at the end of 2020, the Bank has actively connected with the main bodies of new foreign trade modes, provided one-point access and comprehensive services, and supported new foreign trade modes to grow and strengthen</li> </ul>
<b>Helping enterprises manage exchange rate risks through foreign exchange trading</b>	<ul style="list-style-type: none"> <li>Using CZBank Foreign Exchange Profit for foreign exchange trading on behalf of clients, and CZBank Trading Treasure, a one-stop platform, to help enterprises manage the exchange rate fluctuation risk and achieve risk-off appreciation</li> </ul>	<ul style="list-style-type: none"> <li>As at the end of 2020, the Bank has provided exchange rate hedging services for nearly 10,000 export-oriented enterprises to help them effectively cope with market fluctuations and manage exchange rate risks</li> </ul>
<b>Promoting the internationalization of enterprises through cross-border finance</b>	<ul style="list-style-type: none"> <li>Relying on the "dual platform" of the Hong Kong Branch and the self-trade sub-accounting unit, the Bank works closely with domestic and foreign counterparts, coordinates domestic and foreign market resources, and provides capital financing or cross-border credit enhancement services for "going out" enterprises</li> </ul>	<ul style="list-style-type: none"> <li>As at the end of 2020, the Bank has been working closely with domestic and foreign counterparts to provide cross-border guarantees, international syndication and medium- and long-term project financing for "going out" enterprises in billions of dollars</li> </ul>

**Case: The “export tax rebate loan + export pool” package addressed the financing needs of ESSE Textile**

Enterprise A is an enterprise in Shaoxing that produces and sells knitted women's clothing and exports its products to more than 20 countries. They required loans for expanding business, and reducing financial cost through increasing the liquidity of upstream suppliers. According to their needs, CZBank Shaoxing Branch proposed the package of “export tax rebate loan + export pool”. First, export receivables of ESSE Textile flow into the pool to determine the size of its export tax rebate loan. Second, ESSE Textile issues confirmed blockchain receivables to upstream suppliers to pay for raw materials. Third, after receiving the blockchain receivables, upstream suppliers may continue to pay upwards, or apply to CZBank for loans. The platform-based services package was designed according to customer scenarios. It enabled enterprises to address financing needs at a lower cost, and also funded upstream suppliers.

**3. Boosting rural revitalization**

We continued to address Three Rural Issues and promote rural revitalization. Through measures such as improving the assessment system and optimizing agriculture-related financial services, we introduced more investments into projects related to Three Rural Issues, and explored an effective model of financial services for rural revitalization.

During the reporting period, we brought greater innovation into platform-based scenarios. We addressed the financing needs of leading agricultural companies (e.g., grain production and pig breeding companies), featured agricultural bases, and industrial parks, indirectly increasing the income of farmers in the upstream and downstream reaches. As at the end of 2020, we had launched 66 offerings related to Three Rural, and agricultural loan balance-amounted to RMB 171.148 billion, an increase of RMB 23.27 billion from the beginning of the year.

**Case: “Distributor Loan” helped pig breeding companies increase sales**

Jiangxi Zhengbang Breeding Co., Ltd. (hereinafter referred to as “Zhengbang Breeding”) breeds and sells pigs under the “Company + Farmers” model. Previously, they sold piglets and feed to farmers and farms from whom they purchase pigs for slaughter. Since most farmers were undercapitalized, their sales always stayed at a low level. Our “Distributor Loan” solved the problem. It profiles the credit of downstream farmers and approves their loan applications online, before small loans are offered to them in tranches. The loans can only be used to purchase piglets and feed from Zhengbang Breeding who then purchases pigs for slaughter from farmers, ensuring that the loans can be repaid. As at the end of 2020, we have offered over RMB 325 million of loans to the over 130 downstream farmers of Zhengbang Breeding.

**Case: Mini-scenario online service model helped farmers solve financing needs**

Wenzhou Yongjia Xiangui Agricultural Cooperative (hereinafter referred to as “Xiangui Agricultural”) cooperates with farmers under the “Company + Farmers” model. From planting/farming to marketing, most farmers had the needs for short-term and medium-term loans, but due to the lack of effective collaterals, they were unable to have their needs

satisfied. To address this problem, CZBank proposed the mini-scenario online service model according to the characteristics of farming, and the productivity and marketability of farmers. The model was well received among the farmers.

*“CZBank taught cooperative members how to apply for and get loans online. It’s just about a few click. And loans were offered quickly. It’s so convenient that many cooperative members even cannot believe it!”*

——Head of Xiangui Agricultural Cooperative in Yongjia County, Wenzhou City



Photo: Farms of cooperative members

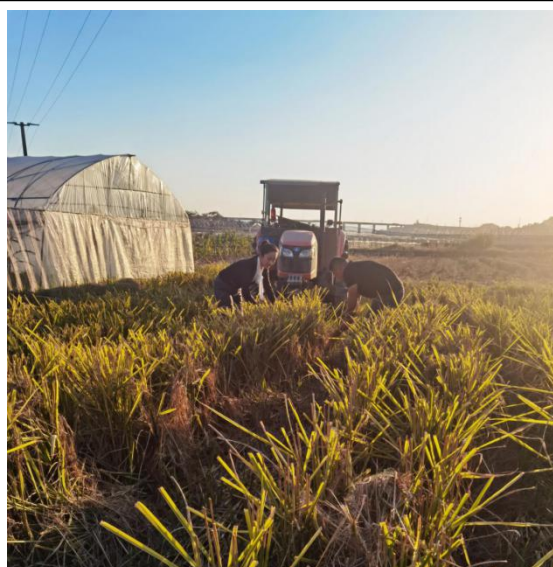


Photo: CZBank investigated a farmer in Taizhou

## (ii) Engaging in inclusive finance

Developing inclusive finance is indispensable for improving people's livelihood and serving small and medium-sized businesses. CZBank has fully and actively implemented relevant national inclusive finance policies, the requirements of Zhejiang Provincial Party Committee and Zhejiang Provincial People's Government on promoting healthy development of SMEs. It is committed to continuously promoting inclusive finance, constantly improving service availability and their satisfaction.

### 1. Serving MSEs



Relying on the platform-based service model, we further incorporated digital and intelligent technologies into services, so as to provide more professional, targeted and efficient financial services to MSEs, promoting their steady growth.

As of the end of 2020, outstanding loans to national-standard MSEs totaled RMB 253.975 billion, accounting for 21.36% of total outstanding loans; 183 outlets targeting MSEs had been established; and services had been provided to over 360,000 MSEs. These measures indirectly created 5 million jobs, and promoted the growth of some MSEs into large and medium-sized enterprises.

Table: Measures to Serve MSEs

<b>Improving the Five Specialized Mechanisms</b>	<ul style="list-style-type: none"> <li>• Creating a three-level penetrating inclusive financial management matrix</li> <li>• Allocating resources for MSEs, Three Rural Issues, and poverty alleviation</li> <li>• Incorporating MSE lending into the performance assessment of branches, and enhancing relevant assessment and incentives</li> <li>• Improving the due diligence exemption system for employees of MSEs to promote the development of microfinance</li> </ul>
<b>Building a microfinance product supermarket</b>	<ul style="list-style-type: none"> <li>• Investigating MSEs to develop innovative measures related to loan limits and terms, ways to acquire and repay loans, and service efficiency. Over 40 credit products have been launched so far.</li> <li>• Further incorporating digital and intelligent technologies into microfinance. As at the end of 2020, RMB 100 billion of loans had been granted online to MSEs.</li> <li>• Providing one-stop services to MSEs, and gradually promoting online real estate mortgage registration, so as to upgrade customer experience</li> </ul>
<b>Further improving risk management capacities</b>	<ul style="list-style-type: none"> <li>• Building a big data risk management and early warning platform based on big data, AI and internet technologies</li> <li>• Working closely with government agencies and enterprises to integrate credit, judicial and tax reports</li> <li>• Establishing a real-time mass early warning mechanism based on a large number of transaction risk control models</li> </ul>

## 2. Supporting the private sector

As a commercial bank built based on private capital and mainly serving private enterprises, CZBank always focuses on providing better financial services to the private sector.

As at the end of 2020, outstanding loans to private enterprises amounted to RMB 663.196 billion, a year-on-year increase of 18.07%, higher than the growth rate of other types of loans. Loans to the private sector accounted for 65.80% of all corporate loans, a proportion higher than those of most of our peers.

Table: Measures to help the private businesses out

Addressing the liquidity needs of private enterprises	Customizing financing plans for private enterprises	Working with external financial institutions to support private enterprises
Adjusting the borrower, guarantee method, loan term, applicable interest rate, repayment method, investment income distribution plan, exit method, and credit enhancement method of companies with strong willingness to repay but also a short-term liquidity shortage	Mitigating risks through M&As which optimize and integrate resources, and introducing customers as attractive M&A targets to strategic investors	Working with external financial institutions like trust, private equity and securities firms to support private enterprises by providing them with comprehensive financial service solutions

**Case: CZBank promoted the issue of China's first "LPR-based floating rate + credit risk mitigation tool" medium-term note**

On April 8, 2020, Transfer Group, a private enterprise in Zhejiang, issued the first tranche of its medium-term note in 2020 for RMB 200 million, with a term of three years, and a RMB 50 million CRMW. Independently underwritten by CZBank, it was the first medium-term bond adopting LPR-based floating rate, and also the first LPR-based floating rate bond ensured by a credit risk mitigation tool in China. The final coupon rate was LPR1Y+1.15%, the lowest among bonds issued by Transfer with the same term. We partly ensured the issue with a CRMW to further reduce the coupon rate, lower the financing cost, and increase the acceptability of the note to attract investors with different risk preferences.

### (iii) Serving emerging industries

New economies, which are crucial to China's new development landscape, empower the transformation of conventional industries. Seizing this opportunity for leapfrog development, we actively engaged with emerging industries under our platform-based service strategy.

#### 1. Supporting new infrastructure

The ongoing COVID-19 highlights the importance of new infrastructure for counter-cyclical adjustment and supply-side structural reform. Given this, we increased support to new infrastructure areas such as 5G, AI, industrial Internet, and the Internet of Things, and



enhanced product innovation and the digitalization of service channels, so as to provide a package of solutions to new infrastructure customers.

**Case: “Distributor Loan” model enabled new infrastructure enterprise keep its supply chain run**

Company A is a world-leading supplier of 5G base station equipment. Affected by COVID-19, many of its downstream secondary distributors and end customers have shut down due to the lack of liquidity. Company J is the general agent of Company A in China. Since payments from downstream end customers can hardly be collected, it also faced a liquidity shortage which hampered its payment to Company A. To help them out, CZBank Shenzhen Branch innovatively proposed the “Distributor Loan” model which can address supply chain liquidity. In this model, loans were quickly offered to the secondary distributors of Company A at a low cost, increasing the liquidity of Company J. Thanks to effective financing support, the distributor network of Company A was stabilized.

*“CZBank not only helped us collect payments, but also provided great financing support to downstream distributors. Their assistance was timely and critical.”*

——Person in charge in Company J

## 2. Increasing support to intelligent manufacturing

The world is ushering in a new era of innovation. AI-driven intelligent economies have become a new engine of economic development. In this context, we increased support to intelligent manufacturing, and customized integrated financial solutions to the intelligent manufacturing industry. As at the end of 2020, we had offered services to 1,879 intelligent manufacturing companies (95% of which were private enterprises), and loans to intelligent manufacturing amounted to RMB 456.5 billion.

**Case: CZBank worked with the Economy and Information Technology Department of Zhejiang to support intelligent manufacturing**

Supporting the high-quality development of the manufacturing industry was a strategy proposed by the CPC Zhejiang Provincial Committee and People's Government of Zhejiang Province. To implement the strategy, CZBank and the Economy and Information Technology Department of Zhejiang (EITDZ) signed a strategic cooperation agreement on the Zhejiang Intelligent Manufacturing Financing Program in June 2020. According to the agreement, RMB 100 billion of loans will be injected into key intelligent manufacturing projects in the following three years, to promote the intelligent upgrading of Zhejiang's manufacturing industry, and maintain liquidity along supply chains. This is also an important step to creating ten representative supply chains and cutting-edge manufacturing clusters.

At the signing ceremony, key manufacturing enterprises in Zhejiang, such as KUKA Group Co., Ltd., Wolong Holding Group Co., Ltd., and Zhejiang Chr Intelligent Equipment Co., Ltd., signed comprehensive strategic cooperation agreements with CZBank and CZBank Leasing, which marked the launch of the Zhejiang Intelligent Manufacturing Financing Program. As at the end of 2020, CZBank had offered RMB 33 billion of loans to the program, which meant one third of the target of “RMB 100 billion loans in three years” had been achieved within just half a

year.

**Case: “Lending + Leasing” model helped paper manufacturer renovate production lines**

JL is a paper manufacturer in Guangdong. With an urgent need to renovate its production lines though, it was unable to afford the expensive equipment. Given this, CZBank proposed the “Lending + Leasing” model which enabled JL to pay in installments at a low comprehensive cost. Under the model, CZBank Leasing first purchases equipment from the designated equipment manufacturer, and then directly leases the equipment to JL which pays CZBank Leasing by issuing blockchain receivable rent on CZBank’s blockchain-based receivables chain platform. CZBank Leasing then transfers the rent to CZBank, and JL cashes the rent as agreed.

Under this model, JL purchased RMB 50 million of intelligent equipment to upgrade production lines. Furthermore, since the direct leasing was tax deductible, and the lump sum payment led to a big discount, the comprehensive financial costs of JL were greatly reduced.



Photo: CZBank assisted Wolong in production line intelligent upgrading

### 3. Empowering the healthcare ecosystem

We participated in healthcare supply chains based on blockchain technology. Relying on our cutting-edge blockchain-based healthcare service platform, we provided streamlined yet efficient and flexible comprehensive financial service solutions for the pharmaceutical industry, and opened E-family Online Clinics to provide one-stop healthcare services to our customers.

**Case: Empowering the healthcare ecosystem with comprehensive financial services**

On May 18, 2020, CZBank, Sir Run Run Shaw Hospital affiliated with Zhejiang University School of Medicine, and Alibaba Health Information Technology Limited jointly launched the “Internet + Healthcare + Financial Services” new healthcare ecosystem.

The three parties, relying on their core competencies, cooperated extensively in healthcare products, banking and financial services, customer resources, platform systems and blockchain. The ecosystem integrates healthcare services through online appointment, online diagnosis and treatment, health management, and private doctors, as well as featured financial services such as personal asset pools, wealth management, welfare procurement,

and bonus rewards. The resources of all the three parties were integrated to provide more users with satisfactory healthcare and financial services.

### III. Technology-empowered high-quality development

#### Sustainable development concepts and practices

As the primary driving force behind development, innovation is crucial for creating new development landscape and developing new competencies. We continued to improve the “Finance + Technology + Industry + Customers” model under which we provided customers with blockchain-based platforms, fintech-based innovative services, and platform-based services, so as to help them reduce costs, promote sales, control risks, build supply industry chains and create financial ecosystems, blockchain, double-engine of technology and Internet of Things. Relying on technologies, we created innovative business models to serve the real economy, improve our management, service and risk control abilities as well as customer satisfaction, and promote the high-quality development of the financial sector.

#### Contributing to the UN SDGs



#### (i) Developing technology Capability

Fintech innovation is essential for financial transformation. It facilitates risk identification and response, and increases efficiency, greatly promoting sustainable development. Using the geographical advantage of the Head Office being in Hangzhou, CZBank explores to build the IT infrastructure, system architecture, technology platform, application system and management mechanism that meet the actual situation and can drive business growth of our Bank, building a new engine for the development of a platform-based bank.

##### 1. Promoting fintech-driven growth

Fintech has always been a focus of us. In the reporting period, we continued to improve disruptive and malleable innovations, established an IT management committee to guide fintech development across the bank, and set up a blockchain technology application research institute to enhance fundamental research on blockchain-based platforms, and design innovative blockchain-based application scenarios and business models. In addition, we promoted the agile development management mechanism to optimize demand planning and design, and improve R&D quality and efficiency, and recruited more than 1,700 technical personnel (including outsourced personnel) to build a capable fintech team.

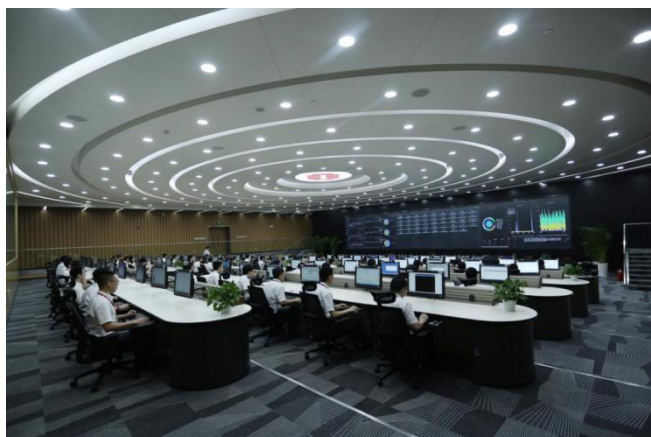


Photo: ECC of China Zhesang Bank Data Center

## 2. Optimizing basic platforms

Based on continuous technological research, we comprehensively promoted distributed system transformation, independently created a series of basic technology platforms, such as the blockchain platform, distributed application platform, and distributed data platform, constantly building a safe, controllable, open and expandable information system and infrastructure. In 2020, we successfully integrated domestically made operating systems, servers and cloud platforms into our blockchain-based platforms.

Table: Measures to Optimize Basic Platforms

Blockchain platform	Distributed application platform	Distributed big data platform
Enhancing the research and application of blockchain technology; optimizing the underlying consensus mechanism of blockchain-based platforms; and developing the underlying cross-chain technology	Further improving and promoting the distributed application platform built based on microservices; and promoting the transformation of IT infrastructure built based on cloud-native distributed microservice technology	Improving the independent and controllable distributed big data platform; promoting the data-driven model; enhancing data governance across the bank; improving data utilization and modeling capabilities; and promoting data service platforms

### Case: CZBank blockchain-based platforms passed all functional tests by the China Electronics Standardization Institute of the Ministry of Industry and Information Technology

After the launch of its first independently created blockchain-based receivables chain platform in 2017, CZBank further explored the application of blockchain, and developed the CZBank blockchain-based basic platform and CZBank blockchain-based BaaS platform. After the launch of its first independently created blockchain-based receivables chain platform in 2017, CZBank further explored the application of blockchain, and developed the CZBank

blockchain-based basic platform and CZBank blockchain-based BaaS platform. In October 2020, CZBank completed the integration of domestically made operating systems, servers and cloud platforms into its blockchain-based platforms, becoming the first financial institution who has passed all functional tests by the China Electronics Standardization Institute.



Photo (above): Blockchain system functional test certificate

Photo (below): Certificates for the compatibility of CZBank blockchain-based platforms with Galaxy Kylin and Huawei Kunpeng Cloud

### 3. Enhancing technological cooperation

We enhanced cooperation with universities, scientific research institutions and technology companies, set up a joint research center with Zhejiang University to further deepen the fundamental research and technology achievements transferring ability, thus promoting the prosperity and ecological development of the fintech industry, and facilitate the innovative application of forward-looking fintech technologies.

#### **Case: CZBank published the first blockchain-based supply chain finance white paper in the banking industry**

On December 23, 2020, CZBank, Zhejiang University, Hyperchain, and Zhejiang Lab jointly jointly released the Blockchain-Based Supply Chain Finance White Paper (2020), the



first such document in the banking industry. It introduces the innovative application of blockchain in supply chain finance and give examples, and further sets relevant technological and application standards, for the purpose of providing a reference for the research of blockchain and its application in supply chain finance.



Photo: Cover of the Blockchain-Based Supply Chain Finance White Paper (2020)

## (ii) Enriching application scenarios

We promoted financial innovation according to the urgent needs of the real economy and targeted enterprises. Through deepening the integration of blockchain, Internet of Things, big data and cloud computing, and innovating fintech applications and business models, we successively launched a series of platform-based innovative products (e.g., pooled financing, Yiqiyin, and receivables chain) and scenario applications (e.g., Distributor Loan and “Lending + Leasing” model) to provide users with open, efficient, flexible, shared and optimized comprehensive financial services.

### 1. Innovative application of platform services

Under the platform-based service model, we developed a variety of blockchain-based application models, such as the “Blockchain + Supply Chain” model which enables efficient collection of payments and financing, “Blockchain + Industry” model which customizes industry solutions according to specific production or operational scenarios, and “Blockchain + Securitization” model which opens a direct financing channel to reduce the financing costs of SMEs.

#### Case: Equipment leasing scenario under the “Blockchain + Lending + Leasing” model

CZBank worked with its subsidiary CZBank Leasing to integrate blockchain into the “Lending + Leasing” model based on the receivables chain platform, providing a solution to equipment inventory. Under this innovative model, the downstream customers of the equipment manufacturer may directly lease equipment from CZBank Leasing, and pay rent by issuing blockchain receivables through CZBank receivables chain platform. At the same time, customers may rent equipment via the blockchain-based receivables chain platform, avoiding

financing pressure from lump-sum payments, and the manufacturer may liquidize its inventory.

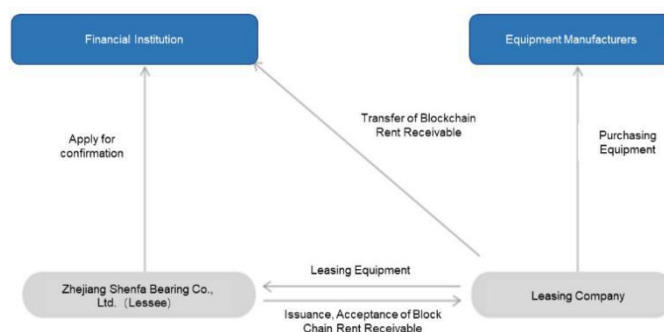


Photo Integration of blockchain into the equipment leasing scenario

### Case: CZBank customized “Gree Distributor Loan” to alleviate the financing pressure of distributors during resumption

Following the principle of helping enterprises increase sales, CZBank customized the “Distributor Loan + Manifest Connect + Payment Connect” financial service solution for Gree’s regional agent Shengshi Xinxing and its downstream distributors. During the COVID-19 outbreak, CZBank Shenzhen Branch addressed the financing needs of Shengshi Xinxing and its downstream distributors through Distributor Loan, helping capable yet undercapitalized distributors like Mingdafeng Trading finance more at a lower rate.

Under the “Distributor Loan” model, Mingdafeng Trading financed RMB 75 million, much more than the amount provided through its previous financial channel, and its financing cost decreased by more than 300BP. This enables Mingdafeng Trading to stock up more hot sellers at lower prices in slack seasons.

“CZBank helped us identify ‘potential stocks’ among distributors, which promoted the reform of our distributor system. It also helped us achieve the RMB 275 million sales target ahead of schedule.”

—— Person in charge in Gree’s regional agent Shengshi Xinxing



Photo “Distributor Loan + Manifest Connect + Payment Connect” Financial Service Solution

### Case: CZBank helped enterprises shorten reimbursement cycle by 30%

Quick Reimbursement is a SaaS-based cost control software independently developed by CZBank based on blockchain-ensured data confidentiality and sharing. The software, which



simplifies the reimbursement process from multiple dimensions, can reduce reimbursement work by 20% and shorten reimbursement cycle by 30%, helping enterprises lower costs while increasing efficiency. Quick Reimbursement is provided to the strategic customers of CZBank for free. So far, it has been used by hundreds of thousands of individual users from large business and SMEs in various sectors like manufacturing, service, commerce, finance, and building.

## **2. Promoting the new retail banking transformation**

We further integrated fintech innovation into retail banking. We launched the transferable Smart Large-value Certificate of Deposit with customized interest rate, “E-family Banking” asset pool platform, and “Smart Investment” fund portfolio investment service, striving to provide better retail banking services for customers.

### **Case: Platform-based services provided innovative customer experience**

Mortgage customers of CZBank may activate “Asset Pool” and “Online Card” on CZBank mobile banking App by one click. Based on multi-dimensional analysis of financial and non-financial data such as personal assets and credit scores, Online Card may calculate credit line within a few minutes, and customers may use their credit to consume like buying home improvement materials on the E-family Banking. The service simplifies application process and shortens approval time, providing better experience for customers.

### **(iii) Promoting intelligent banking**

Technological innovation has led to profound changes in banking. Riding on the momentum of the reform, CZBank embraced new technologies and new interactive modes to promote intelligent banking. In 2020, we set up an online service and customer experience working group. Based on extensive research and application of new technologies, the group developed customer-oriented innovative services, comprehensively improving online customer experience.

Table: Measures to Incorporate Fintech into Customer Services

<b>Optimizing service processes using technologies</b>	<ul style="list-style-type: none"> <li>Improving customer experience in terms of electronic channel information prompts, rationality of the credit granting process, historical data query, innovation in underwriting and verification methods, and establishment of convenient online service mechanisms</li> <li>Proactively and comprehensively designing functions and processes to develop optimal technical implementation plans</li> </ul>
<b>Promoting platform-based banking system</b>	<ul style="list-style-type: none"> <li>Promoting online automatic approval to increase approval efficiency</li> <li>Establishing an NLP engine that supports early warning information analysis, and voice and text analysis</li> <li>Setting up an OCR center that supports more types of vouchers, integrates quick reimbursement, invoice</li> </ul>

	identification and financial report identification, and features higher accuracy of intelligent recognition
<b>Applying new technologies and new interactive modes</b>	<ul style="list-style-type: none"> <li>Promoting the innovative application of new technologies such as big data, OCR, NLP and speech recognition, and exploring telephone banking capacities like intelligent speech to text conversion, intelligent form data backfill, form state memory, and input crowdsourcing</li> </ul>

**Case: Intelligent capacities of a mobile App**

- Big data analysis: Providing customers with targeted wealth management recommendations
- Speech recognition: Simplifying customer identification process for telephone banking
- AI: Promptly reminding customers of expiration, card activation, etc.
- Biometric identification: Allowing facial, gesture and fingerprint login



Photo: Mobile App Intelligent Capacities

## Responsibility-ensured healthy corporate development

### I. Green development for a beautiful homeland together

#### Sustainable development concepts and practices

Environmental protection creates value and increases productivity. In strict accordance with the Environmental Protection Law of the People's Republic of China and other relevant laws and regulations, as well as the Guidelines for Establishing the Green Financial System issued by the central government, we enhanced environmental and social risk management, aligned platform-based service strategy with green development strategy, and comprehensively promoted green finance, making contributions to the creation of an eco-friendly society.

#### Contributing to the UN SDGs



#### (i) Developing green finance

During the reporting period, we issued the Guidelines for Enhancing Green Finance Governance which combines green development with our platform-based service strategy. While promoting green finance across the bank, we optimized asset structure and increased income, striking a balance between business growth and environmental protection.

#### 1. Enhancing environmental and social risk management

We classified our credit customers into three categories of A, B, and C according to regulatory requirements and the severity of environmental and social risks faced by them, and enhanced differentiated dynamic management according to their risk levels during credit granting.

Table: Measures for Environmental and Social Risk Management

<b>Information collection</b>	<ul style="list-style-type: none"> <li>We collected and analyzed environmental and social risk information of customers, and information released by authoritative environmental organizations and regulators</li> <li>Information collected includes information acquired through investigations into customers; administrative penalties, environmental supervision results, violation correction results, and pollution charges on key supervision targets published by provincial (city) level environmental, emergency response (e.g. safety supervision), and market supervision (food and drug supervision)</li> </ul>
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	departments; emission permits disclosed by national disclosure systems; and relevant external information captured by big data risk control platforms
<b>Due diligence</b>	<ul style="list-style-type: none"> <li>• We conducted comprehensive, in-depth and detailed due diligence into the environmental and social risks faced by customers and their projects through multiple channels, as an important part of credit investigation</li> <li>• Due diligence covers enterprises' labor and working conditions, pollution prevention and control, environmental and social risk assessment and management, etc</li> </ul>
<b>Review and approval</b>	<ul style="list-style-type: none"> <li>• We incorporated environmental and social risks into credit review and approval</li> <li>• The review covers the potential environmental and social risks faced by customers (or projects), and corresponding management measures and overall evaluation</li> <li>• Enterprises with poor performance in environmental and social risk management would be directly excluded</li> </ul>
<b>Follow-up management</b>	<ul style="list-style-type: none"> <li>• We improved the payment process to ensure that loans are used for their specified purposes, and granted in line with relevant regulations</li> <li>• We regularly assessed the impact of environmental and social risks faced by customers on their performance, and adjusted loan management strategies accordingly in a timely manner</li> <li>• We enhanced emergency management, and responded quickly as required when major environmental or social risks occurred to customers</li> </ul>

## 2. Optimizing the allocation of credit resources

We continued to standardize the green credit policy system, and adopted differentiated credit policies to divert financial resources to green, circular, and low-carbon projects, financially promoting the development of green industries.

### ■ Increasing credit support to green projects

We created “green channels” to give priority to the review and approval of green projects, and enhanced policy incentives to improve green loan management resources and performance measurement. In addition, we released the Administrative Measures for CZBank Green Financing Identification (2020 Edition) to revise the identification system and definition of green financing according to industrial development, and upgraded corresponding systems and modules to strengthen business management. As at the end of 2020, our green loan balance stood at RMB 78.526 billion, an increase of RMB 24.648 billion, or 45.75%, from the beginning of the year, and our loans to environmental protection-related industries amounted to RMB 122.646 billion.



Table: Measures to Promote Green Credit

<b>Building a green</b>	<ul style="list-style-type: none"> <li>• We issued the Guidelines for Enhancing Green Finance</li> </ul>
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<b>banking system</b>	<p>Governance to guide practices</p> <ul style="list-style-type: none"> <li>We innovated green finance models by incorporating new offerings such as Distributor Loan, Installment Connect and Manifest Connect into core enterprise supply chain finance, “Lending + Leasing” model, intelligent manufacturing and other business models</li> </ul>
<b>Supporting green industries</b>	<ul style="list-style-type: none"> <li>Our supports mainly went to manufacturing companies focusing on the production or R&amp;D of intelligent and green equipment</li> <li>We investigated the financing needs of green industries, and supported the green transformation of local conventional industries to promote the extensive reform of industrial clusters</li> <li>We innovated the supply chain finance models according to financial needs along the supply chains of leading green enterprises</li> <li>We increased support for green agriculture and forestry development and the construction of beautiful villages</li> </ul>
<b>Strictly controlling loans to industries with overcapacity</b>	<ul style="list-style-type: none"> <li>We strictly controlled loans granting to pollution intensive industries such as coal, flat glass manufacturing, iron and steel, non-ferrous metal smelting. New loans were granted after strict environmental impact assessments, and no loan was offered to capacity expansion projects violating environmental laws and regulations</li> <li>We developed a list of customers in pollution intensive industries for environmental risk management</li> </ul>

Table: Balances of Partial Loans to Industries with high pollution, high energy consumption and over overcapacity (Unit: RMB 100 million)

<b>Related Industries</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Textiles	83.46	87.53	78.09
Ferrous metal smelting and rolling	70.69	37.88	19.75
Chemical raw materials and chemicals	62.23	47.97	54.48
Coal mining and washing	24.37	50.45	30.13
Chemical fibers	17.90	18.32	13.46
Non-metallic mineral products	6.89	23.14	28.75

<b>Loan balance of the Industries with high pollution, and Industries with high energy consumption and overcapacity</b>	<b>390.12</b>	<b>332.75</b>	<b>281.27</b>
<b>Proportion of total loan balance</b>	<b>3.28%</b>	<b>3.26%</b>	<b>3.29%</b>
 <p>Photo: CZBank Jining Branch supported the Electric Bus Project of Jining Public Transport Group under the “Banking + Leasing” model, promoting energy efficient green travel</p>		 <p>Photo: Since 2017, CZBank Huzhou Branch has offered RMB 500 million of loans to the Anji Lingfeng Tourism Resort Five-River Governance Project in which Anji Tourism Development Co., Ltd. participated. At present, three rivers have been renovated, which has created considerable environmental benefits</p>	

## (ii) Building green office

In accordance with the Environmental Protection Law of the People's Republic of China, Energy Conservation Law of the People's Republic of China and other relevant laws and regulations, we incorporated green development into our day-to-day work, including reducing water, electricity and paper consumption at offices, and encouraging simple, moderate and low-carbon work and life styles.

Table: Green Office Measures

<b>Promoting paperless office</b>	<ul style="list-style-type: none"> <li>Improving the office management system, mobile office system, and mobile office virtual desktop system</li> <li>Promoting cross-organization, cross-regional, and cross-building use of electronic seals</li> <li>Promoting online approval to eliminate unnecessary use of paper. As at the end of 2020, 324 approval procedures such as official document processing, business management, and seal management had moved online, and 928,500 issues had been approved online, saving 34.28 tons of paper</li> </ul>
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	<ul style="list-style-type: none"> <li>Promoting digital document management, including online sorting, filing, storage and reading</li> </ul>
<b>Reducing the number of meetings</b>	<ul style="list-style-type: none"> <li>Strictly controlling the number, size, duration and efficiency of meeting</li> <li>Promoting video (telephone) meetings and reducing offline meetings</li> <li>Merging meetings if possible, to reduce the number of meetings</li> <li>Using electronic conference documents, and controlling the number of necessary paper items</li> </ul>
<b>Reducing office consumption</b>	<ul style="list-style-type: none"> <li>Asking employees to power off electronic items such as computers, air conditioners and lamps before leaving office for a long time (e.g., lunch breaks, attending meetings) to save electricity</li> <li>Reducing the consumption of office stationery such as pens, handbags, notebooks and folders</li> <li>Using easy-to-powder toner cartridges, rather than buying new toner cartridges</li> <li>Reducing subscriptions to newspapers and magazines, and electronizing internally published Insights and Annual Social Responsibility Report</li> <li>Reducing printing, adopting duplex and reduction printing, and using the blank areas of waste paper</li> </ul>

Table: Resource and Energy Consumption and Emissions of CZBank<sup>4</sup>

Resources and energy consumption	Diesel Consumption	Gasoline Consumption	Gas Consumption	Electricity Consumption	EnergyTotal consumption	Per unit
	1,825 L	17,013.08 L	129,081.95 m <sup>3</sup>	27,239.71KWh	31,004.96 MWh	0.28 MWh/square meters
	Total office water consumption: 147,436 t			Water consumption per unit area: 1.32 t/m <sup>2</sup>		
Emissions and density	Total greenhouse gas emissions (Scope 1 and 2) <sup>5</sup>			Direct emissions (Scope 1)	Indirect emissions (Scope 2)	

4. Only the resource consumption and emissions of the head office have been measured. Hazardous wastes were mainly waste toner cartridges. The gross weight of a cartilage was set as 0.8 kg. The hazardous waste generated during the reporting period was handed over to the supplier for recycling

5. Greenhouse gases include carbon dioxide, methane and nitrous oxide, mainly from the burning of purchased electricity and fossil fuels. Greenhouse gas emissions were converted into the equivalent amount of carbon dioxide, and measured according to the *2015 China Regional Grid Baseline Emission Factors* issued by the National Development and Reform Commission, and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* issued by the Intergovernmental Panel on Climate Change

	19,572.91 t CO <sub>2</sub> equivalent			324.27 t CO <sub>2</sub> equivalent	19,248.64 t CO <sub>2</sub> equivalent
	Household waste	Kitchen waste	Waste electronics products	Non-hazardous waste Total consumption <sup>6</sup>	Discharge of non-hazardous waste per unit area
	3,312.72 t	870 t	49.07 t	4,182.72 t	0.0374 t/m <sup>2</sup>
	Total hazardous waste: 0.0952 ton			Discharge of hazardous waste per unit area: 0.00000085 t/m <sup>2</sup>	

### (iii) Promoting green procurement

We cooperated with suppliers with a strong sense of social responsibility. Based on the principles of “openness, justice, fairness, and good faith”, we measured suppliers’ social responsibility based on investigations, qualification reviews, preparation of procurement documents, and comprehensive scores, so as to lower price-performance ratio, and promote green and responsible procurement.

For example, we incorporated business reputation, financial and accounting systems, tax and premium payment certificates, balance sheet and violation records into supplier qualification assessment. Candidates failing to meet qualification requirements would be excluded or downgraded on the comprehensive score list. In addition, suppliers of promotional items, appliances and equipment were required to use eco-friendly materials, equipment and processes. As at the end of 2020, 100% of the suppliers under centralized purchasing way of cooperation were audited and reviewed; we selected 295 product and service suppliers who collectively registered a total bid price (transaction price) of RMB 1.019 billion to serve the Head Office.

Table: CZBank Potential Suppliers by Region<sup>7</sup>

<b>Number of suppliers by region</b>	Suppliers in the Yangtze River Delta	1,248
	Suppliers in the Pearl River Delta	254
	Suppliers in the Bohai Economic Rim	460
	Suppliers in Central China	85
	Suppliers in Western China	100
	Suppliers in Northeast China	18
<b>Total</b>	Potential suppliers	2,165

6. The non-hazardous waste generated during the reporting period was treated in accordance with relevant requirements. Household waste and kitchen waste were eventually entrusted to the sanitation collection unit for unified treatment; waste electronics products were handed over to the supplier for recycling

7. The statistics cover the Head Office

## II. Customer-centered and sharing development opportunities

### Sustainable development concepts and practices

"Customer-centered" has always been the golden principle of financial services. Committed to the concept of "serving customers and creating customer value", CZBank works hard to deliver the spirit and requirements of the "Three Services" recognized by the Zhejiang Provincial Party Committee. The bank comprehensively advances the "dual tasks" of "serving customers and serving the public", and continues to improve the one-stop service, targeted service, linkage service, and smart service to enhance customer experience.

### Contributing to the UN SDGs



#### (i) Improving service quality and efficiency level

As a customer demand-oriented bank, CZBank continuously optimizes financial services to provide customers with more diversified, professional and warm banking services. Taking branch services as an example, CZBank continues to promote standardized services at branch banks, and take effective measures to help customers "spend less and achieve more". Customers can handle business in a single window that promises "one visit only" and "completion within fixed hours". The goal is to establish a long-term mechanism for service management. As at the end of 2020, 13 outlets of CZBank have been rated as the "Top 1000 Banks of Standardized Services" by the China Banking Association.

Table: Standardized Service System of CZBank Branches

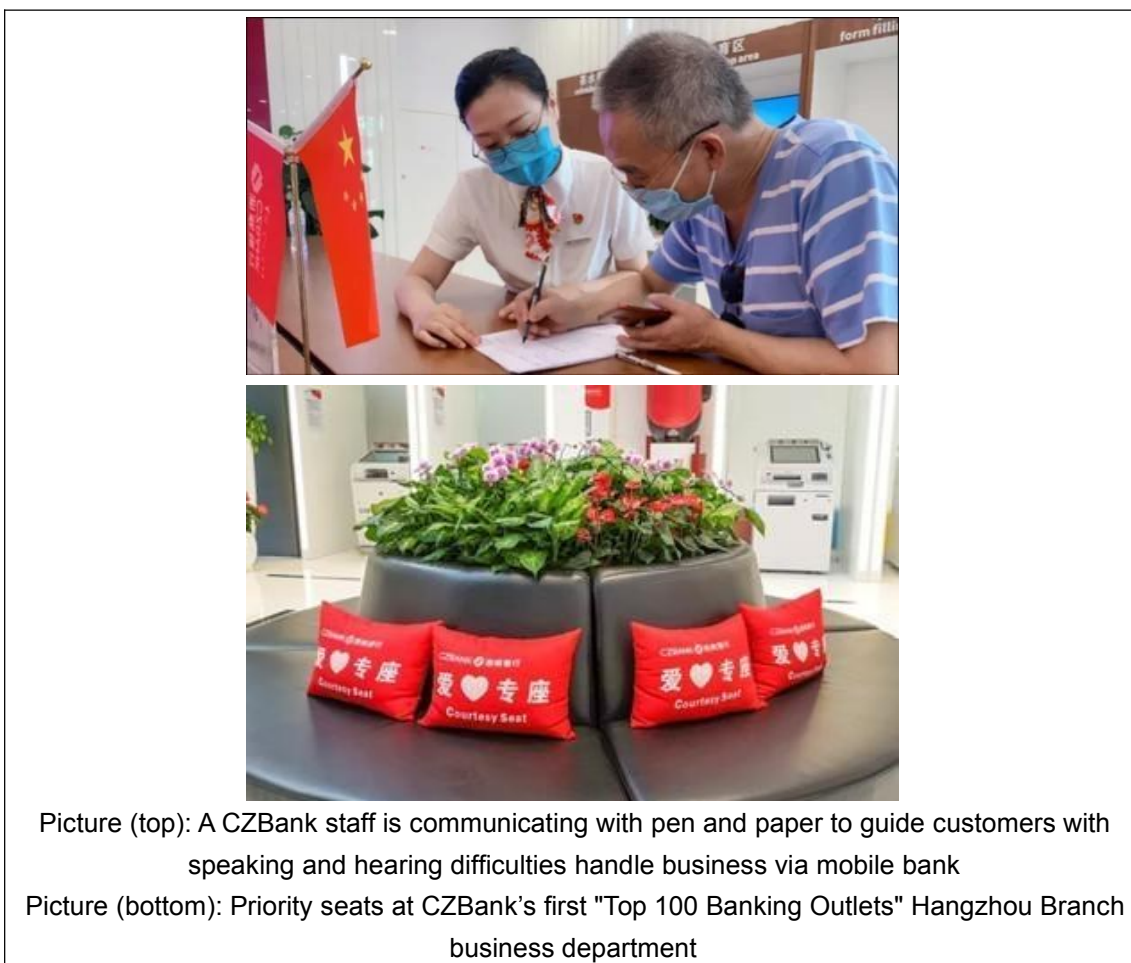
<b>Management System</b>	<ul style="list-style-type: none"> <li>Continuously carrying out the Implementation Rules for CZBank Customers with Special Needs</li> <li>For customers with special needs, such as those impaired in handwriting, password entry, hearing, speech, and vision, CZBank has provided targeted solutions to serve customers through a standardized guarantee mechanism</li> </ul>
<b>Technical means</b>	<ul style="list-style-type: none"> <li>Promoting smart teller machine business to greatly reduce the waiting time of customers. The coverage rate of smart machine reaches 100% in CZBank outlets</li> <li>Installing "out-of-counter settlement" equipment to realize visual interaction between customers and tellers in real time.</li> <li>Launching "appointment" Apps. Customers can make appointment with the bank and handle business at the time that suits them via WeChat applet and mobile bank</li> <li>For customers cannot come to the bank to handle business,</li> </ul>

	CZBank could provide on-site services or recommend customers to use online appointment services via the mobile integrated business platform, depending on the nature of business. The effort is to promote the transition from "One Visit at Most" to "No Visit at All."
<b>Linkage mechanism</b>	<ul style="list-style-type: none"> <li>Establishing real-time communication mechanisms such as business contact groups to provide professional advice in case of urgent problems at CZBank outlets</li> <li>Providing feedback channels such as satisfaction platform, performance report, and Q&amp;A system. Analyzing and solving problems in time, and adopting useful suggestions to make improvement</li> </ul>

Meanwhile, CZBank continues to provide considerate services for customers with special needs. Customers can enjoy more caring and warm services through various mobile devices.

Table: Facilities at CZBank outlets for Customers with Special Needs

<b>Number of CZBank outlets with wheelchair ramps</b>	<b>Number of CZBank outlets with blind roads</b>	<b>Number of CZBank outlets with call buttons or service</b>
204	11	210
<b>Number of CZBank outlets with priority seats</b>	<b>Number of CZBank outlets with wheelchairs</b>	<b>Number of CZBank outlets with blind cards</b>
245	151	157



## (ii) Improving on-line services

The in-depth application of fintech and the Internet has profound impact on the service modes of the banking industry. CZBank keeps up with the trend of the times and thoroughly implements the reform "One Visit at Most". It continues to innovate the application of technologies, changes the way of enterprise-bank connection and creates a full-process online service model. New customers require "one visit at most" and old customers require "no visit at all." The goal is to improve the convenience for customers to enjoy financial services.

Table: CZBank measures to improve online services and customer experience

<b>Operation Management</b>	<ul style="list-style-type: none"> <li>Improving customer experience in a mode of "online appointment + electronic proof" or "online appointment + delivery", offering online service products such as deposit certificate, electronic bill, entrusted collection, cash withdrawal appointment, account opening appointment, verification appointment, contract signing appointment, and voucher purchase appointment</li> </ul>
<b>Small loan business</b>	<ul style="list-style-type: none"> <li>Providing 7×24 online financing services such as Dianyidai, Xinyongtong, and Small and Micro Business Asset Pool to small and micro enterprises. Customers can implement loan</li> </ul>

	<p>application, contract signing, and cash withdrawal and repayment with a mobile phone, which is convenient and fast</p> <ul style="list-style-type: none"> <li>• Connected to real estate registration centers in many places, realizing the whole process from the initiation of real estate mortgage registration to the repair of certificates by real estate registration centers, providing customers with one-stop real estate mortgage financing services and improving business processing efficiency</li> </ul>
<b>Investment banking business</b>	<ul style="list-style-type: none"> <li>• Empowering financial services and providing enterprises with online supply chain direct financing services through "Lianrong" blockchain receivables-based securitization products</li> </ul>
<b>International business</b>	<ul style="list-style-type: none"> <li>• Various cross-border settlement, trade financing and foreign exchange transactions are basically handled online, covering online banking, mobile banking, mobile APP, self-service terminals and direct connection between banks and enterprises, providing a simple and ultimate customer experience of "handling cross-border business without leaving home".</li> </ul>
<b>Financial market business</b>	<ul style="list-style-type: none"> <li>• Promoting FICC2.0 "investment research, quantification and transaction sales", building a client platform for entrusted investment products, and enhancing the ability to provide comprehensive services to customers</li> </ul>
<b>Online financial business</b>	<ul style="list-style-type: none"> <li>• Building a complete online service system including online banking, mobile banking, telephone banking, WeChat banking, and self-service banking. Offering 7×24 online services. 99% businesses are handled online. Basically, new customers require "one visit at most" and old customers require "no visit at all."</li> <li>• Establishing a customer experience testing and optimization mechanism and systematically promoting customer experience testing optimization through systematic testing, multi-channel collection, big data analysis, peer benchmarking, and multi-party review</li> <li>• Personal mobile banking: launching interactive and intelligent applications; building simplified mobile banking with larger fonts, convenient operations, streamlined functions, and feature services to meet the needs of middle-aged and elderly customers as well as minimalist customers</li> <li>• Corporate Internet Banking: Enabling corporate customization via the "Menu Customization" function; simplifying high-frequency operations</li> <li>• Providing comprehensive and custom smart reminder services; optimizing the wealth management</li> </ul>



recommendation model to make it more intelligent

Table: CZBank E-channel Transactions

<b>Number of e-banking transactions</b>	215.2701 million	<b>Value of e-transactions</b>	RMB 17.06878 trillion
<b>Number of Internet transactions</b>	121.2544 million	<b>Value of Internet transactions</b>	RMB 15.408 trillion
<b>Number of tel-banking transactions</b>	71.7 thousand	<b>Value of tel-transactions</b>	-
<b>Number of mobile transactions</b>	90.2787 million	<b>Value of mobile transactions</b>	RMB 1.6511 trillion

**Case study: Customers require "no visit at all" via the online appointment function.**

A building landscape design Co., Ltd. is far away from Hangzhou Chengxi Sub-branch, which is inconvenient to come to the bank for unit deposit certificate business. The branch staff took the initiative to recommend the newly launched online appointment for issuing unit deposit certificate function and gave detailed guidance to the enterprise on the online banking appointment process, and the customer received the unit deposit certificate by mail within two working days after the appointment.

*"I didn't expect it to be so convenient and so fast. It spared me the trouble of going to the bank on a hot day. It's great!"*

——Staff of an architectural landscape design company in Hangzhou

While using fintech to provide customers with more convenient and diversified services, CZBank attaches great importance to the protection of customer information. Strengthening information security management and safeguarding customer information through various measures such as process specifications, cutting-edge technology, and personnel training.

Table: CZBank Technical System for Personal Information Protection

<b>Standardizing the life cycle management</b>	<ul style="list-style-type: none"> <li>Developing CZBank Information Security Management Measures, CZBank Personal Financial Information Protection Management Measures, CZBank Information System Production Data Request Management Measures to regulate the life cycle management such as collection, transmission, storage, use, and destruction of personal financial information</li> </ul>
<b>Strengthening all-round protection</b>	<ul style="list-style-type: none"> <li>Establishing a network security protection system featuring "tiered deployment, unified management, and in-depth defense", launching security products such as transaction monitoring and tracking, formulating emergency plans to prevent cyber-attacks, performing regular drills, and improving the defense capability for cyber attacks</li> </ul>

	<ul style="list-style-type: none"> <li>Reinforcing the security of mobile office portals, applying data security and protection measures throughout the bank, such as Data Loss Prevention (DLP), digital watermarks, and data containers, and implementing security control measures such as full-screen watermarking and mobile storage devices</li> </ul>
<b>Ensuring business continuity</b>	<ul style="list-style-type: none"> <li>Improving a disaster recovery system of “three centers both in town and out town”, maintaining the functioning of both the blockchain platform and telephone banking for disaster recovery in town, and conducting regular business continuity drills</li> </ul>
<b>Carrying out investigation on hidden dangers</b>	<ul style="list-style-type: none"> <li>Carrying out special inspections on data security such as investigation on important data and personal information leakage, production data backup media management, on-site inspections on outsourcing companies, and assessing payment systems, wireless security, e-banking, APPs, outsourcing management, and branch banks in a timely manner, detecting hidden risks of data leakage and implementing rectification in a timely manner</li> </ul>
<b>Personnel training</b>	<ul style="list-style-type: none"> <li>Organizing information security training for all employees, especially new employees, as well as outsourcing personnel from time to time every year</li> </ul>

### (iii) Protecting customers’ interests and rights

CZBank fully implements the requirements of Guiding Opinions of the General Office of the State Council on Strengthening the Protection of Consumer Rights and Interests and Guiding Opinions of China Banking and Insurance Regulatory Commission for Banking and Insurance Institutions on Strengthening the Development of Consumer Rights and Interests Protection Mechanisms. The bank incorporates the concept of consumer rights protection into corporate governance, corporate culture and development strategies and continues to improve and optimize various working mechanisms and processes so as to protect the legitimate rights and interests of consumers in an all-around way.

#### 1. Valuing Customer Feedback

By perfecting our complaints handling system, we have established and optimized a customer complaints management institution and system consistent with supervision requirements and the practice of CZBank. During the report period, we have issued the 2020 edition of CZBank’s Administrative Measures on Customer Complaints and CZBank’s Contingency Plans on Major Customer Complaints. In 2020, we have accepted and heard 4,590 cases of complaints in total with 100% handling rate (3,068 cases in head office and 1,522 cases in sub-branches).

Table: CZBank’s Operating Mechanism for Customer Complaints Handling

<b>Improving the complaints management system</b>	<ul style="list-style-type: none"> <li>Improving “Three Horizontal, Five Vertical” complaints management network</li> <li>On the basis the complaints from 5 different channels, including on-site, e-channel, letter, public opinion, and</li> </ul>
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	<p>transferring channel, we have classified these complaints into a more accurate way that is beneficial to statistics analysis according to the supervision requirement on “complaints classification and encoding”</p> <ul style="list-style-type: none"> <li>As the initiator of Zhejiang Financial Consumer Rights Protection Committee, we have joined in Zhejiang People’s Mediation Committee to actively participate in the construction of diversified solution mechanism for financial disputes and promote the duly handle of complex and difficult complaints</li> </ul>
<b>Accepting, hearing and submitting complaints online</b>	<ul style="list-style-type: none"> <li>Connecting to the complaints supervision and analysis system of People’s Bank of China, which is currently functioning well</li> <li>Realizing the omnichannel receipt and submission of complaints and improve the efficiency of complaints handling</li> <li>Valuing and supervising the monitoring and handling on transferred complaints. Ensure efficient solution, timely feedback and standard submission</li> </ul>
<b>Organizing the training for complaint managers</b>	<ul style="list-style-type: none"> <li>Implementing the live training on managerial methods and system for customer complaints across the whole sectors of CZBank and introducing the relevant mini courses on operation in the Intranet</li> <li>Compiling and distributing Operation Guidance in time to optimize the input-output ratio of the complaints management system</li> </ul>
<b>Summarize, analyze and promote periodically</b>	<ul style="list-style-type: none"> <li>Conducting complaints analysis over 10 times throughout one year, summarize features in certain stage, find out the in-depth causes for the change in the volume of cases, and promptly propose improvement suggestions on products and services to competent departments of business</li> <li>Making the use of the platform for customer complaints system to conduct real time supervision, deal with the complaints immediately, and seriously fulfill the obligation of ‘One Report for One Case’ and monthly statistical work. Sensitively find out the defects in the services provided by CZBank, and put forward feasibility improvement suggestions on announcements, SMS and Wechat official accounts</li> </ul>

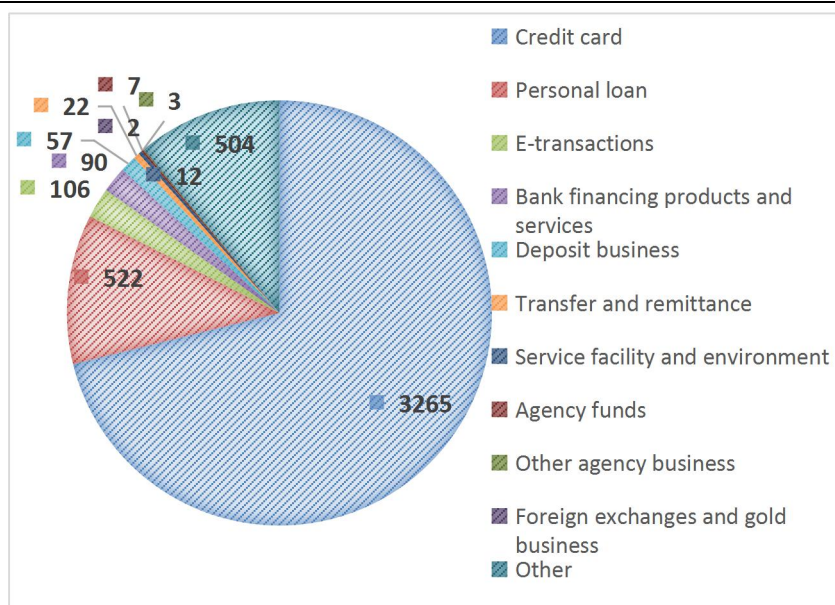


Photo: Customer complaints accepted and heard by CZBank(classified by business category)

## 2. Security Education on Finance

To effectively finish the financial publicity and education and improve the public know-how on finance, CZBank has made out vivid publicity materials that are easy to understand combined with hot, key and difficult financial knowledge and has popularized this knowledge through multiple channels like official website and new media. Meanwhile, CZBank organized and implemented various major financial publicity events like “3·15 Financial Consumer Rights Protection”, “Popularize Financial Knowledge, Safeguard Your ‘Pocket’”, “Prevent New Types of Illegal Crimes in Telecommunication Network” and “Long Journey in Financial Knowledge”. CZBank is multi-time first-place winner in national video-making competitions on publicity of protecting consumers' rights and interests held by supervisory authorities.

As at the end of 2020, CZBank has carried out 1,172 financial knowledge publicity events, invested RMB 15.9 million in public education services, released 2.282 million copies of publicity materials. The audience was up to over 3.12 million.

Produce publicity and education micro-videos: CZBank has worked out high quality videos that are interesting and storytelling, like publicity and education videos, “3·15 Analyze the Risks in Cases” and “Facial Make-up Show: Crack Down on Frauds” and animated video, “Tricks and Frauds Strike Back”



Photo: “Facial Make-up Show: Crack Down



Photo: “Protect Your Smile”, a short publicity

<p>on Frauds” a publicity video co-produced by China Zheshang Bank(Guangzhou Branch) and The People’s Bank of China(Guangzhou Branch)</p>	<p>video produced and acted by the employee from China Zheshang Bank(Ningbo Branch) to highlight the prevention on illegal financial institutions</p>
<p>Fully making use of media channels: Expanding the cover of publicity effective through traditional network media, new media and We-Media; Conceiving some financial knowledge mini lectures with rich contents that are easy to understand, such as “How Much Do You Know About Fraud Prevention”, “Little Superman: Let’s Remember the Fifth Set of RMB and Stay Away from Counterfeit Money” and “See Through the Unreliable Online Loans”</p>	
<div data-bbox="375 589 643 992" data-label="Image"> </div> <p>Photo: Learn Financial Knowledge with RedO, an interactive game about financial knowledge researched and developed by employees from CZBank</p>	<div data-bbox="951 589 1203 992" data-label="Image"> </div> <p>Photo: “Little Superman: Let’s Remember the Fifth Set of RMB and Stay Away from Counterfeit Money”, a quiz game aiming to help people learn about the anti-fake information of the latest set of RMB</p>
<p>Moderately carrying out outdoor publicity and education campaigns: Adhering to implement publicity and education events in rural areas, schools, business districts, communities, plazas and enterprises as well as outdoor publicity and education focusing on various fun activities</p>	
<div data-bbox="466 1344 1123 1780" data-label="Image"> </div> <p>Photo: Financial knowledge Teach-in held at the Asian Games construction site</p>	
<p>Strengthening the Publicity and Education in Service Hall: implementing financial knowledge publicity and education by making full use of the multimedia promotion channels like TV screens in branches and public education area and organizing series of interesting and lively mini salon activities in service halls</p>	





Photo: Public education area set in service hall



Photo: Lobby manager is telling relevant tips about the latest set of RMB to clients

**Case: The Staff from China Zheshang Bank (Yan'an Road Branch) Successfully Stops A Telecommunication Fraud Case**

On May 20, 2020, the staff from China Zheshang Bank (Yan'an Road Branch) successfully stopped a telecommunication fraud case and assisted the public security organ in quickly arresting the suspect by providing important clues for the police to detect the case. On that day, the suspect went to the branch to report the loss of the card. But, the staff of Yan'an Road Branch found that the transaction of his bank card was abnormal. When inquired about the transaction, the suspect talked vaguely, which caused the staff to be high vigilant. During the process, the staff dialled 110 to the police station as soon as they found that the card had been frozen by judicial department. And the police arrived at the spot quickly and arrested the suspect.



Photo: 3 employees from CZBank commended on the "Anti-Telecom Fraud" commendation ceremony held by Hangzhou Public Security Bureau



### III. Sharing a fortunate future with people-oriented policies

#### Sustainable development concepts and practices

Employees are the most precious wealth of a bank. Adhering to the corporate culture concept of “people-oriented care”, CZBank effectively protects the legitimate rights and interests of employees, sets up a fair and efficient talent management system, establishes a good career development and growth platform, pays attention to the health and life of employees, and grows together with employees.

#### Contributing to the UN SDGs



#### (i) Protecting employee rights and interests

Our bank strictly abides by various laws and regulations, and effectively protects the legitimate rights and interests of employees in terms of fair employment, compensation and welfare, and democratic participation, and builds harmonious labor relations.

##### 1. Recruiting and using work force in accordance with the law

Strictly complying with the relevant laws and regulations required by the Labor Contract Law of the People's Republic of China and the Labor Law of the People's Republic of China, our bank has formulated the Interim Measures on the Management of CZBank's Labor Contract, the Implementation Rules for the Management of Staff's Employment and Resignation in CZBank Head Office and other internal management systems, and constantly improves the management of labor relations. As at the end of 2020, the labor contract-signing rate was 100%. In addition, we strictly control the recruitment side and prohibit the employment of child labor and forced labor so that no relevant violations have occurred so far.

##### 2. Sticking the principle of equal employment.

Following the principle of openness, equity, justice and selecting the better of the competing offers and the standard of employing talents from everywhere, we treat applicants of different ages, genders, nationalities, races, marital status, religious beliefs or cultural backgrounds equally and provide employees with development opportunities in a fair and impartial manner in the management aspects such as recruitment, training, selection, and promotion. As at the end of 2020, CZBank had a total of 14,646 employees, including 294 minority employees, 3 disabled employees and 76 foreign employees.

#### Employment information

	Number of people	Percentage	Turnover rate
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Male employees	7,679	52.43%	7.27%
Female employees	6,967	47.57%	5.90%
Total employees	14,646	-	6.62%

**By age**

	Number of people	Percentage	Turnover rate
Below 30	3,289	22.46%	6.89%
31-50	10,701	73.06%	5.93%
Above 50	656	4.48%	6.26%

**By region**

	Number of people	Percentage	Turnover rate
Number of employees in China	14,578	99.54%	6.21%
Number of employees outside of China	68	0.46%	5.00%



Photo: Campus recruitment video: Variety

### 3. Improving compensation and benefits

Oriented by development strategy and people, the remuneration policy of CZBank sets market-oriented principle and utilizes comprehensive benchmarking management. We actively explore a “position and level-based” compensation system putting emphasis on both internal fairness and external competitiveness, both employee growth and corporate development, and both incentives and constraints.

In strict conformity with relevant laws and regulations, we pay the wages and contribute the basic endowment insurance, medical insurance, housing provident fund, employment injury insurance and maternity insurance to employees on time and in full. Complying with China’s legal working hours and holiday regulations, we guarantee the legitimate rights and

interests of employees' rest and vacations and provide more comprehensive protection and care by optimizing supplementary medical insurance ( for employees and their families), commercial insurance, and corporate annuity system. As at the end of 2020, the social insurance coverage was 100%.

#### 4. Implementing democratic management

We implemented democratic management and increased communication with employees through various forms like the workers conference system, the disclosure of corporate affairs and the establishment of staff's home, which makes CZBank become the common "home" for employees and enhances their sense of belonging. At present, the establishment rate of labor union above the secondary bank is 96.7%; there have been no strikes, major disputes and complaints throughout the year.

In 2020, the Bank organized two staff congresses, considered, and adopted a number of systems such as management methods for managers and marketing staff and compensation management methods.

##### (ii) Focusing on employees' development

Talent growth is the key foundation for enterprise development. Our bank is committed to providing employees with a broad stage, smoothing and enriching their career development paths, and providing multi-level and diversified training resources. While helping employees realize their career pursuits and self-worth, we also obtain talents for the implementation of our platform-based service strategy, which support the common development of talents and our bank.

#### 1. Fueling the career development

For employees at different levels, we formulate training programs separately to stimulate the vitality of talents, tap their potential, broaden development paths, and help each employee pursue career dreams.

Table: CZBank young employee training measures

<b>"Star Plan for CZBank"</b>	Outstanding graduates with master's degree and above from well-known universities at home and abroad will be recruited in certain position in the following 5 branches: Beijing, Shanghai, Guangzhou, Nanjing and Hangzhou. Through the joint training of the head office and branches for about three years, we can cultivate and explore the excellent young cornerstone talents in the direction of management and operation, professional management, and marketing management in future
<b>"Head Office-Branch Job Exchange"</b>	For young outstanding leaders, we adopt the method of mobilization to discover, select and utilize talents in the nationwide and help youth make up for their lack in knowledge and ability, enrich professional competence and comprehensively increase quality through 2 to 3 years' practice in different levels and

**Case: Go to the grassroots, for a better understanding of commercial bank's operation**

Formerly serving as the deputy general manager in the channel management center of financial interbank headquarters in the head office, Lian Shan was mobilized to Guangzhou through two-way communication as the deputy general manager of business department in Jiangmen Branch (now serving as the vice director of Jiangmen Branch.)

"When serving as the position of deputy in a secondary branch, I feel the pressure from policies, operation, indicators and services and have a deeper understanding on the operation and ongoing of a commercial bank. On the other hand, I have enriched my working experience by managing certain lines, observing other leaders' conducts on related business and lines and touching with various operational hardships and social relations, which has become my important life experience."

**Case: Go to the Head Office, for a more comprehensive and accurate understanding of various management requirements**

Formerly serving as the general manager assistant of the human resources department of Lanzhou Branch, Gao Shan now is the general manager assistant of the employee management center after practice in the human resources department in the head office through two-way communication.

"The two-way working experience offers me an opportunity to learn and treat problems from different levels. Working in the functional department of the head office, I realize that any decision on matters may have a greater impact on the grassroots bank, so I treat every system or plan with caution. Through contact with various branches, I feel the differences in regional policies, and learn about the different problems and difficulties in the regional operation and management faced by the grassroots banks, which give me a more objective and accurate understanding of the management of the head office. "

## 2. Improving training system

Due to our focus on the advancement of employees' ability and quality, we have established CZBank Online University to coordinate and manage the training program across the whole sectors of the bank since 2016. During the report period, we have Introduced instructions on online training, intensively applied and promoted online training, orderly pushed forward the implementation of training programs and guaranteed the effect and efficiency of training.

As at the end of 2020, we had launched 2,098 training programs covering 366,392 employees. Each employee shared 57.08 hours averagely, and the training cost amounted to RMB 22.6168 million.

■ **Hierarchical training system——efficiently and precisely enabling talents growth**

To management employees

To youth employees

To new employees

Creating and building “online business school” Setting up 4 major special trainings for various employees: Expert E-lecture for senior management employees, High Performance Managing Agent for junior and intermediate employees, New Management Staff’s Training Camp for new administrators, and Talent Growth Camp for outstanding youth talents	Optimizing preparation training and expanding the cover of students in the online studying stage, adopting process selection and incentive system and highlighting the transformation and application of learning	Improving the online learning course system for new employees, extending the online training time, introducing live training, and organizing offline intensive training for new employees from campus recruitment in 3 batches, where president will teach the first lesson
The first batch of trainees were 292, 2,235, 1,099, and 1,522	187 trainees and 164 trainees completed online learning and intensive training respectively	All around 399 people participating the training

■ **Diversified guarantee measures——ensuring effect and efficiency**

<b>Training form:</b> <b>Intensively promoting live training</b>	<ul style="list-style-type: none"> <li>Finishing the programs like mobilization live streaming for the business marketing and promotion of Distribution Connect and Bank Leasing Connect, international business series podcast and interactive live streaming with the head office of investment bank</li> <li>Carrying out 126 live training programs with 42,130 participants</li> </ul>
<b>Training platform:</b> <b>Setting up one-stop learning platform</b>	<ul style="list-style-type: none"> <li>Setting up one-stop integration interface for learning resources and systematically sorting out the knowledge management platform to facilitate cross-line learning for employees. Completing the studying information push for online training programs including financial hotspots, fin-techs and other topics</li> <li>Initiating the column of ‘platform-based service’ strategy link” to convey the “platform-based service” strategy to the entire employees directly. Launching first batch of courses like “Understanding ‘platform-based service’ strategy by one picture”, which were studied by 14,000 employees</li> </ul>
<b>Training resources:</b> <b>Establishing training basic resources</b>	<ul style="list-style-type: none"> <li>Checking and updating 260 certification courses in stock, developing 96 new offline courses, adjusting 26 online courses for new employees from campus recruitment and social recruitment, and certifying and promoting 265 lecturers</li> </ul>
<b>Training management:</b> <b>Enhancing diversified</b>	<ul style="list-style-type: none"> <li>Complete various trainings for lately established institutions</li> <li>Encouraging and supporting mature branches to innovate</li> </ul>

<b>guidance for employees across the bank</b>	training programs and share advanced experience
<b>Outcomes:</b> <b>Continuously optimizing satisfaction survey platform</b>	<ul style="list-style-type: none"> <li>Collecting opinions and suggestions related to business training on a regular basis</li> <li>Making timely feedbacks on professional training evaluation results and trainees' opinions</li> </ul>

#### **Case: Gurus in CZBank: Case Podcast Competition**

On October 28, 2020, the Summit of Gurus in CZBank: Case Podcast Competition was held successfully in the CZBank Smart Cloud app. Taking the online form, the competition organized and carried out online courses study and live training on cases selection, video explanation and use of video tools through the combination of competition and training. 3,686 people participated the training with 179 entries to compete for the best podcast award, which accumulated reproductive and propagable experience for the construction of "platform-based service" strategy and laid a solid foundation for the case base.



Photo: The Summit of Gurus in CZBank: Case Podcast Competition

### **(iii) Enhancing care for employees**

Persistent with the core concept of "caring for employees and building a happy home", CZBank constantly enhances care for employees on their physical and mental health by carrying out a variety of cultural and entertainment activities and special employee care events like "Inviting You" series, helping employees in difficulties and organizing mental health training for employees. We are promoting the construction of employee home across the whole departments. As a result, we can build an organizational system full of activities by improving employees' satisfaction and the sense of acquisition and belonging.

In 2020, CZBank won the honorary title of "2020 Demonstration Site for National Trade Unions Employee Library".

#### **1. Enriching employees' after-work lives**

We advocate work-life balance, encourage employees to cultivate hobbies, and set up various interest groups such as swimming, mountaineering, and ball games to build a



communication platform for employees to show their talents and themselves, and enhance communication, creating a harmonious corporate culture atmosphere.

**Case: The first 1024 Science and Technology Carnival and Programmer Festival was held**

In October 2020, CZBank and Yiqiyin jointly organized the “First 1024 Science and Technology Carnival and Programmer Festival”. On-site activities covered content modules such as random programming tasks, fun directional competitions, live lottery and professional knowledge training. It fully reflects the distinct technological life of the Z-generation employees in our bank.



Photo on left: Completing random programming tasks in group

Photo on right: Professional knowledge training and sharing



Photo: Employees of CZBank crossing the Qiantang River for the 10th consecutive year



Photo: Dragon boat race organized by the labor union of Nanjing Branch to celebrate Dragon Boat Festival



Photo: The 2020 Employee Fun Games held in Shenzhen Branch



Photo: Tea-picking outing activity held by Yangzhou Branch



Photo: Employees from Chengdu Branch in Chengdu Marathon



Photo: Spring Festival Painting and Calligraphy Exhibition held by Hangzhou Branch



Photo: Award-winning works of the Third Archaeological Ruins of Liangzhu City Photography Competition held by CZBank

Photo in left: Lotus Pond in Historic Site taken by Ye Wei; Photo in Right: Sika Deers taken by Meng Jiajun

## 2. Caring for employees' physical and mental health

CZbank strictly abides relevant national occupational health laws and regulations, provides employees with a healthy and safe workplace, and organizes employee medical examination every year. In 2020, the coverage rate of employee medical examination is 97%, and no employee casualties have taken place throughout the year; A total of 276 working days were lost through work injury.

At the same time, our bank pays attention to the mental health of employees. During the epidemic, in addition to regularly distributing epidemic prevention necessities such as masks and disinfectants, we also invited external psychologists to carry out psychological care and guidance. We are enhancing our people-oriented care for employees through special psychological trainings like "Being Your Own Psychologist Under Covid-19" and "Relieving Stress and Stimulating Internal Energy", which were implemented in offline and online double channels.

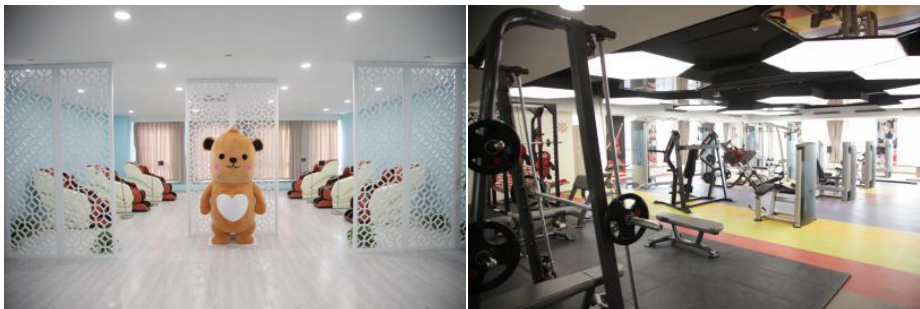


Photo in left: The recharge room in Jinan Branch, which is equipped with technical recharge chamber and massage armchair to help employees relieve

Photo in right: The fully equipped gym in Jinan Branch to encourage employees to exercise after work

### 3. Caring for female employees

Our bank continues to improve the protection of female employees' rights and interests, organizes and carries out consolation on Women's Day, marriage and childbirth and other activities to care for female employees. By fully taking their need during pregnancy and nursing period into consideration, we build up "Mommy Exclusive Hut" and provide radiation-proof suits for pregnant female employees to create a healthy and warm working environment for female employees and provide more humane care.



Photo: Suzhou Branch Women's Day activity



#### IV. Establishing others then achieving success, building a harmonious society together

##### Sustainable development concepts and practices

CZBank insists on the philosophy of “from the society and to the society, focuses on community development and public charity, improves the public service system, encourages entities across the bank to offer volunteer services for the purpose of sharing our development outcomes with the wider society.

##### Contributing to the UN SDGs



##### (i) Promoting Distinctive Public-spirited Event

“Pay Respects to City Guardians” is a nation-wide public service activity initiated by CZBank. Every summer from 2016, branches at various levels would provide cool free water to policemen, firemen, traffic officers and sanitation workers who held their positions despite the summer heat, to express our sincere respect.

The 2020 Drink Donation Public-spirited Event was themed as “Bring Coolness, Praising Front-line Workers”, aiming to pay respect to medical workers and soldiers combating against floods and introduce assisting farmers and poverty into event to enrich the event. 228 service halls owned by CZBank have set up the “Drinking Station”. Over 8,800 people joined in this event and donated over 410,000 bottles of water with the special mark of CZBank.



Photo: Employees from Shenyang Branch giving water to community health workers



Photo: Employees from Suzhou Branch bringing cold water to medical workers



Photo: Employees from Guiyang Branch giving water to building worker in construction site



Photo: Employees from Jinan Branch giving water to fireman



Photo: Employees from Xi'an Branch giving "Coolness Gift Bag", a customized poverty alleviation product, to deliveryman



Photo: Employees from Nanjing Branch talking with the armed police who is combating with flood in Baguazhou Neighbourhood

## (ii) Engaging in public-spirited community-oriented activities

Our bank actively participates in public-spirited undertakings, persists in carrying out various charitable public-spirited activities such as donating to school, disaster relief and poverty alleviation, caring for disadvantaged groups, and leverages the advantages of platform-based services to build a public-spirited platform to deliver positive energy and attract more social forces such as employees and customers to participate in public-spirited undertakings, which fully demonstrates the responsibility of CZBank. As at the end of 2020, the charity donation expenditure of this year amounted to RMB 33,627,700, accounting for 0.23% of total profits.

### Case: Releasing mini game "Koi Fish", inviting the public to join in public-spirited undertakings

CZBank has launched the new feature, "Koi Fish", on the mobile app. By completing tasks and mini games such as collecting fish food, feeding koi fish, and collecting bubbles, user can donate Love Bubbles to charity projects when collecting 5 hearts. At present, we have initiated 2 public welfare projects, including the the aided construction of the teaching building of Huahong Primary School in Changshun County, Guizhou and the reconstruction of the library of the Central Primary School in Gangmen Town, Guangdong Province.



Photo: Page of “Koi Fish” on CZBank mobile app

### Case: Employee from Changsha Branch saves a drowning girl

One night, Wang Xiaohong, an employee of Changsha Branch, happened to find a girl entering into the river when walking along the Xiang River. He rushed into the river and pulled the girl back to the water. Faced with the near-freezing water and wind, he patiently admonished the girl for an hour. Finally, he let her give up the idea of suicide and sent her back to school safely. After the event, Wang learned that this girl came from the mountainous area of western Hunan. Due to poverty, her father could not afford her university study. Therefore, she decided to commit suicide. He immediately decided to do his best to support the girl. He also bought her jackets, sweaters, sports shoes and daily necessities, and asked her to study hard and strive to get into the ideal university.



Photo: Employees from the authority of head office are joining in the voluntary blood donation in 2020. This year, 43 employees participated in the event and the blood volume exceeded 11,800 ml



Photo: Zhong Xiaoping, the employee from Cangnan Sub-branch, is serving as a volunteer during Covid-19





Photo: Player from CZBank men's basketball team is teaching children in a primary school in Yunnan



Photo: Children are gathering around the heating equipment donated by Xi'an Branch



Photo: Children in Qin'an County, Gansu Province are taking a class taught by volunteers from Lanzhou Branch



Photo: Volunteers from CZBank are cleaning the street for the beauty of the city



Photo: Volunteers from Nanjing Branch are teaching the students in Lian Yungang how to use camera



Photo: Volunteers from Chengdu Branch are talking with students and their parents

## Relevant Indicators

### I. HKEX ESG Indicators

Aspect, General Disclosure and KPI	Description	Section
<b>A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Building green office
KPI A1.1	The types of emissions and respective emissions data.	Building green office
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Building green office
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Building green office
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Building green office
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Building green office
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Building green office
<b>A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Building green office
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	Building green office
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Building green office

KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Building green office
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	The company is a financial service provider and the indicator is thus not applicable
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The company is a financial service provider and the indicator is thus not applicable
<b>A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Developing green finance
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Developing green finance
<b>A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Developing green finance
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Developing green finance
<b>B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Protecting employee rights and interests
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Protecting employee rights and interests
KPI B1.2	Employee turnover rate by gender, age group and	Protecting employee

	geographical region.	rights and interests
<b>B2: Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Enhancing care for employees
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	No employee died as a result of work in past three years, thus this index is not applicable
KPI B2.2	Lost days due to work injury.	Enhancing care for employees
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Enhancing care for employees
<b>B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Improving training system
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosure will be conducted gradually.
KPI B3.2	The average training hours completed per employee by gender and employee category.	Improving training system
<b>B4: Labor Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Recruiting and using work force in accordance with the law
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Recruiting and using work force in accordance with the law
KPI B4.2	Description of steps taken to eliminate such	There have been no cases of child labour

	practices when discovered.	or forced labour,thus this index is not applicable
<b>B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Promoting green procurement
KPI B5.1	Number of suppliers by geographical region.	Promoting green procurement
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Promoting green procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Promoting green procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Promoting green procurement
<b>B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Protecting customers' interests and rights
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The company is a financial service provider and the indicator is thus not applicable.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Protecting customers' interests and rights
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protecting intellectual property rights
KPI B6.4	Description of quality assurance process and recall	The company is a

	procedures.	financial service provider and the indicator is thus not applicable
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Protecting customers' interests and rights
<b>B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Deepening internal control and compliance management
KPI 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.	Deepening internal control and compliance management
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Deepening internal control and compliance management
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Deepening internal control and compliance management
<b>B8: Community Investment</b>		
General Disclosure	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.	Engaging in public-spirited community-oriented activities
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Promoting Distinctive Public-spirited Event
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Promoting Distinctive Public-spirited Event Engaging in public-spirited community-oriented



		activities
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## II. GRI Standards Indexes

GRI Indicators	Interpretations	Section
General Disclosures		
G102-1	Name of the organization	About us
G102-2	Activities, brands, products, and services	
G102-3	Location of headquarters	
G102-4	Location of operations	
G102-5	Ownership and legal form	
G102-6	Markets served	
G102-7	Scale of the organization	
G102-8	Information on employees and other workers	Protecting employee rights and interests
G102-9	Supply chain	Promoting green procurement
G102-10	Significant changes to the organization and its supply chain	
G102-11	Precautionary principle or approach	Risk management
G102-12	External initiatives	Notice about report preparation
G102-13	Membership of associations	Honors and Awards
Strategy		
G102-14	Statement from senior decision-maker	Overview
G102-15	Key impacts, risks, and opportunities	Overview
Ethics and integrity		
G102-16	Values, principles, standards, and norms of behavior	Social responsibility management
G102-17	Mechanisms for advice and concerns about ethics	
Governance		
G102-18	Governance structure	Improving corporate governance
G102-19	Delegating authority	Improving corporate governance
G102-20	Executive-level responsibility for economic, environmental, and social topics	Social responsibility management
G102-21	Consulting stakeholders on economic, environmental, and social topics	
G102-22	Composition of the highest governance body and its committees	Corporate Governance
G102-23	Chair of the highest governance body	See the annual report

G102-24	Nominating and selecting the highest governance body	See the annual report
G102-25	Conflicts of interest	See the annual report
G102-26	Role of highest governance body in setting purpose, values, and strategy	platform-based service strategy
G102-27	Collective knowledge of highest governance body	See the annual report
G102-28	Evaluating the highest governance body's performance	See the annual report
G102-29	Identifying and managing economic, environmental, and social impacts	Social responsibility management
G102-30	Effectiveness of risk management processes	All-round risk control management
G102-31	Review of economic, environmental, and social topics	Social responsibility management
G102-32	Highest governance body's role in sustainability reporting	
G102-33	Communicating critical concerns	
G102-34	Nature and total number of critical concerns	See the annual report
G102-35	Remuneration policies	See the annual report
G102-36	Process for determining remuneration	See the annual report
G102-37	Stakeholders' involvement in remuneration	See the annual report
G102-38	Annual total compensation ratio	See the annual report
G102-39	Percentage increase in annual total compensation ratio	See the annual report
Stakeholder engagement		
G102-40	List of stakeholder groups	Topic I
G102-41	Collective bargaining agreements	Not Applicable
G102-42	Identifying and selecting stakeholders	Social responsibility management
G102-43	Approach to stakeholder engagement	Topic I
G102-44	Key topics and concerns raised	Social responsibility management
Reporting practice		
G102-45	Entities included in the consolidated financial statements	See the annual

		report
G102-46	Defining report content and topic boundaries	Notice about report preparation
G102-47	List of material topics	Undisclosed
G102-48	Restatements of information	Notice about report preparation
G102-49	Changes in reporting	
G102-50	Reporting period	
G102-51	Date of most recent report	
G102-52	Reporting cycle	
G102-53	Contact point for questions regarding the report	
G102-54	Claims of reporting in accordance with the GRI Standards	
G102-55	GRI content index	GRI Standards Indexes
G102-56	External assurance	Independent Assurance report
GRI 201 Economic Performance		
G201-1	Direct economic value generated and distributed	Overview
G201-2	Financial implications and other risks and opportunities due to climate change	Developing green finance
G201-3	Defined benefit plan obligations and other retirement plans	Protecting employee rights and interests
G201-4	Financial assistance received from government	Undisclosed
Market Presence		
G202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Undisclosed
G202-2	Proportion of senior management hired from the local community	Undisclosed
Indirect Economic Impacts		
G203-1	Infrastructure investments and services supported	Supporting new infrastructure
G203-2	Significant indirect economic impacts	Effectively serve the real economy
Procurement Practices		
G204-1	Procurement Practices	Promoting green procurement
Anti-corruption		
G205-1	Operations assessed for risks related to corruption	Not Applicable
G205-2	Communication and training about anti-corruption policies and procedures	Deepening internal control and compliance management
G205-3	Confirmed incidents of corruption and actions taken	
Anti-competitive Behavior		

G206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not Applicable
GRI 301 Materials		
G301-1	Materials used by weight or volume	Building green office
G301-2	Recycled input materials used	Building green office
G301-3	Reclaimed products and their packaging materials	Not Applicable
Energy		
G302-1	Energy consumption within the organization	Building green office
G302-2	Energy consumption outside of the organization	
G302-3	Energy intensity	
G302-4	Reduction of energy consumption	
G302-5	Reductions in energy requirements of products and services	
Water		
G303-1	Water withdrawal by source	Not Applicable
G303-2	Water sources significantly affected by withdrawal of water	Not Applicable
G303-3	Water recycled and reused	Building green office
Emissions		
G305-1	Direct (Scope 1) GHG emissions	Building green office
G305-2	Energy indirect (Scope 2) GHG emissions	Building green office
G305-3	Other indirect (Scope 3) GHG emissions	Undisclosed
G305-4	GHG emissions intensity	Building green office
G305-5	Reduction of GHG emissions	Building green office
G305-6	Emissions of ozone-depleting substances (ODS)	Not Applicable
G305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not Applicable
Effluents and Waste		
G306-1	Water discharge by quality and destination	Not Applicable
G306-2	Waste by type and disposal method	Building green office
G306-3	Significant spills	Not Applicable
G306-4	Transport of hazardous waste	Not Applicable
G306-5	Water bodies affected by water discharges and/or runoff	Not Applicable
Environmental Compliance		
G307-1	Non-compliance with environmental laws and regulations	Not Applicable
Supplier Environmental Assessment		
G308-1	New suppliers that were screened using environmental	Promoting green

	criteria	procurement
G308-2	Negative environmental impacts in the supply chain and actions taken	Promoting green procurement
GRI 401 Employment		
G401-1	New employee hires and employee turnover	Protecting employee rights and interests
G401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Protecting employee rights and interests
G401-3	Parental leave	Enhancing care for employees
Labor/Management Relations		
G402-1	Minimum notice periods regarding operational changes	Undisclosed
Occupational Health and Safety		
G403-1	Workers representation in formal joint management-worker health and safety committees	Undisclosed
G403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Enhancing care for employees
G403-3	Workers with high incidence or high risk of diseases related to their occupation	Not Applicable
G403-4	Health and safety topics covered in formal agreements with trade unions	Enhancing care for employees
Training and Education		
G404-1	Average hours of training per year per employee	Improving training system
G404-2	Programs for upgrading employee skills and transition assistance programs	Fueling the career development
G404-3	Percentage of employees receiving regular performance and career development reviews	Undisclosed
Diversity and Equal Opportunity		
G405-1	Diversity of governance bodies and employees	Protecting employee rights and interests
G405-2	Ratio of basic salary and remuneration of women to men	Protecting employee rights and interests
Non-discrimination		
G406-1	Incidents of discrimination and corrective actions taken	Not Applicable
Freedom of Association and Collective Bargaining		
G407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable
Child Labor		



G408-1	Operations and suppliers at significant risk for incidents of child labor	Not Applicable
Forced or Compulsory Labor		
G409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not Applicable
Security Practices		
G410-1	Security personnel trained in human rights policies or procedures	Not Applicable
Rights of Indigenous Peoples		
G411-1	Incidents of violations involving rights of indigenous peoples	Not Applicable
Human Rights Assessment		
G412-1	Operations that have been subject to human rights reviews or impact assessments	Not Applicable
G412-2	Employee training on human rights policies or procedures	Not Applicable
G412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not Applicable
Local Communities		
G413-1	Operations with local community engagement, impact assessments, and development programs	Undisclosed
G413-2	Operations with significant actual and potential negative impacts on local communities	Not Applicable
Supplier Social Assessment		
G414-1	New suppliers that were screened using social criteria	Promoting green procurement
G414-2	Negative social impacts in the supply chain and actions taken	Developing green finance
Public Policy		
G415-1	Political contributions	Not Applicable
Customer Health and Safety		
G416-1	Assessment of the health and safety impacts of product and service categories	Not Applicable
G416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable
Marketing and Labeling		
G417-1	Requirements for product and service information and labeling	Not Applicable
G417-2	Incidents of non-compliance concerning product and service information and labeling	Not Applicable
G417-3	Incidents of non-compliance concerning marketing communications	Not Applicable
Customer Privacy		
G418-1	Substantiated complaints concerning breaches of customer	Not Applicable

	privacy and losses of customer data	
Socioeconomic Compliance		
G419-1	Non-compliance with laws and regulations in the social and economic area	Not Applicable

## Independent Assurance Report



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### Independent Assurance Report

#### On the Social Responsibility Report

安永华明（2021）专字第60719320\_A02号  
China Zheshang Bank Company Limited

#### The Board of Directors of China Zheshang Bank Company Limited:

We have been engaged to express a limited assurance opinion on the selected data in the CHINA ZHESHANG BANK CO., LTD. Corporate Social Responsibility Report 2020 (the "CSR Report") prepared by China Zheshang Bank Company Limited ("CZBank").

#### I. The Board of Directors' responsibilities

The Board of Directors of CZBank are responsible for the preparation and presentation of the selected 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 data, and making estimates that are reasonable in the circumstances.

#### II. Our responsibilities

Our responsibility is to express a conclusion on the selected data in the CSR 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 data in accordance with the *International Standard on Assurance Engagements 3000 (Revised), 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 data as at 31 December 2020 and for the year then ended in the CSR 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 data in the CSR Report of CZBank for 2020 that is as follows:

- Agricultural loan balance (RMB 100 million)
- Specialized institutions to serve SMEs (Number)
- Customer complaints handling rate





## Independent Assurance Report

### On the Social Responsibility Report

安永华明 (2021) 专字第60719320\_A02号  
China Zheshang Bank Company Limited

- Number of e-banking transactions (10 thousand)
- Donations (RMB 10 thousand)
- Green loan balance (RMB 100 million)
- Percentage of female employees
- Social insurance coverage rate (Head Office)
- Training time per employee (Hour)
- Total electricity consumption (Head Office) (MWh)
- Total water consumption (Head Office) (ton)
- Weight of waste electronics (Head Office) (ton)

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 CSR Report in relation to the selected data;
- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence relating to the selected 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 data prepared in accordance with the standard for preparation of the report.



## Independent Assurance Report

### On the Social Responsibility Report

安永华明（2021）专字第60719320\_A02号  
China Zheshang Bank Company Limited


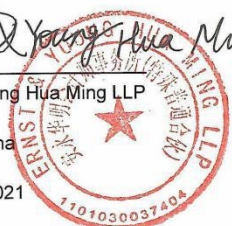
Our work was limited to the selected data as of 31 December 2020 and for the year then ended in the CSR Report. Our work performed was not for the purpose of expressing an opinion on the effectiveness of CZBank internal controls.

#### IV. Conclusion

Based on the limited assurance work which we have performed, nothing has come to our attention that causes us to believe that the selected data as at 31 December 2020 and for the year the ended has not been prepared, in all material respects, in accordance with the standard for preparation of the CSR Report.

#### V. Our independence, quality control and assurance team

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We have complied with the quality control requirements of the *International Standard on Quality Control 1*. Our team has required competencies and experience for this assurance engagement.

  
Ernst & Young Hua Ming LLP  
Beijing, China  
26 March 2021  


## Feedback from Readers

Dear readers,

Thank you for reading the CZBank 2020 Corporate Social Responsibility Report. We value and look forward to hearing your feedback on CZBank's social responsibility management, practices and report. Your comments and suggestions are an important basis for us to continue to promote CSR management and practice. We are looking forward to your reply.

Single choice questions (Please check [√] in the box)

1. Do you think the report can reflect the material impacts of CZBank on the economy, society and environment?

Yes. ☐ Maybe ☐ No ☐

2. Do you think the report identifies stakeholders and analyzes their relationships with CZBank accurately and comprehensively?

Yes. ☐ Maybe ☐ No ☐

3. Do you think the report provides sufficient information?

Yes. ☐ Maybe ☐ No ☐

4. Do you think information provided in the report is readable?

Yes. ☐ Maybe ☐ No ☐

Open-ended question

Do you have any other comments and suggestions on the CZBank 2020 Corporate Social Responsibility Report?

### Your contact information

Name:

Organization:

Position:

Phone:

E-mail:

Fax: