

China Merchants Bank Co., Ltd.

Sustainability Report 2023

H Share Stock Code: 03968

Content

About the Report	4
Chairman’s Statement.....	7
President’s Statement.....	10
Our Sustainability Footprints in 2023.....	13
About CMB.....	16
Sustainability Strategy and Management	23
I Environmental: Promoting Green Development and Fostering Harmony between Humans and Nature	34
(I) Financing Environmental Impact	35
(II) Green Product and Service Innovation	58
(III) Green and Low-Carbon Operations	73
Environmental Key Performance.....	91
II Social: Prioritizing People, Serving the Needs for a Better Life of the Public.....	98
(I) Serving the Real Economy	99
(II) Improving People’s Well-Being.....	111
(III) Improving Access to Financial Services.....	121
(IV) Protecting Rights and Interests of Consumers.....	137
(V) Information, Cyber, and Data Security, and Customer Privacy Protection	168
(VI) Human Capital Development	182
(VII) Social Public Welfare and Charity	207
Social Key Performance.....	228
III Governance: Adhere to Prudence and Stability to Achieve Sustainable Value Creation	244

(I) Corporate Governance	245
(II) Corporate Behavior and Business Ethics	258
(III) Risk Management	277
(IV) Digital Transformation	283
(V) Procurement Management	291
Governance Key Performance.....	294
Independent Assurance Report	299
Relevant Content Index	299
(I) Content Index of HKEx’s ESG Reporting Guidelines	302
(II) GRI Content Index	311
(III) TCFD Recommended Disclosure Index.....	319
Reader Feedback.....	321

About the Report

China Merchants Bank Co., Ltd. (also known as China Merchants Bank, CMB, the Company) has annually published its Social Responsibility/Sustainability Report since 2007, highlighting our ongoing commitment to sustainability across environmental, social, and governance (ESG) domains. This year marks the release of our 18th report in this series.

Reporting Scope

- **Organizational Scope:** This report mirrors the organizational scope seen in CMB's consolidated financial statements, encompassing our Headquarters, branches at home and abroad, key subsidiaries like CMB Wing Lung Bank Limited, CMB Financial Leasing Co., Ltd., CMB International Capital Holdings Corporation Limited, CMB Wealth Management Company Limited, China Merchants Fund Management Co., Ltd., CIGNA & CMB Asset Management Company Limited, China Merchants Bank (Europe) Co., Ltd. and other CMB subsidiaries, as well as CIGNA & CMB Life Insurance Co., Ltd., Merchants Union Consumer Finance Company Limited and other major joint ventures of CMB.

- **Time Frame:** The report covers activities from January 1, 2023, to December 31, 2023, with some content going beyond these dates to ensure continuity.
- **Publication Frequency:** This is an annual report, with the preceding edition released in March 2023.

Reporting Standards

Guided by the Global Sustainability Standards Board's (GSSB) *Sustainability Reporting Standards (GRI Standards) (2021 edition)*, this report's disclosures, particularly the indicators, are detailed within the Content Index under the GRI Standards Content Index.

As a company listed on the Hong Kong Stock Exchange (stock code: 03968) and the Shanghai Stock Exchange (stock code: 600036), we've aligned our reporting with both the HKEX Environmental, Social, and Governance Reporting Guide and the SSE's disclosure guidelines on sustainability.

Key principles guiding our reporting include:

- **Materiality:** The report discloses the situation of conducting a materiality assessment in the current year in

Strategy and Management, including the process and methods of identifying ESG issues, the situation of conducting stakeholder surveys, the materiality matrix of ESG issues based on the survey results, and the identified stakeholder groups, their modes of participation, and their expectations of CMB. The materiality analysis process and results are reviewed and approved by CMB's Board of Directors along with other content of this report.

- **Quantification:** The report uses a quantitative approach to measure applicable key performance indicators and disclose measurement methods and processes. Specifically, the report discloses the calculation of Scope 1, Scope 2 and Scope 3 greenhouse gas emissions and energy consumption process standards and conversion factor sources in Environmental Key Performance.
- **Consistency:** Some key performance indicator statistical methods in this report have changed compared to the previous year. For details, please refer to the Environmental Key Performance, Social Key Performance, Governance Key Performance sections for explanations of changes in indicators and data calibers.

Data and Information Sources

The information and data disclosed in this report are mainly obtained through the following methods:

- Company's internal data collection system and related statistical reports
- Excellent sustainability practice cases
- Qualitative and quantitative information collection forms based on the reporting framework

The operational data disclosed in this report is sourced from the *China Merchants Bank Co., Ltd. Annual Report 2023* (referred to as *Annual Report*). If there is any discrepancy in the listed data, the *Annual Report* shall prevail. Unless otherwise specified, all monetary amounts in the report are presented in RMB.

Report Assurance

To ensure the authenticity and reliability of this report, it has been independently verified by TÜV SÜD Certification and Testing (China) Co., Ltd. according to the AA1000ASv3 and the *International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information* standards. An

independent assurance report is provided, see the "Independent Assurance Report" section for details.

Accessing the Report

This report is available for viewing and downloading on the Hong Kong Stock Exchange website (URL: <http://www.hkexnews.hk>), Shanghai Stock Exchange website (URL:<http://www.sse.com.cn>) or our company's website (URL: <http://www.cmbchina.com/>).

Chairman's Statement

In 2023, the world witnessed an accelerated evolution of a century's biggest changes, entering a new era of turmoil and transformation. This year, our country took solid steps towards comprehensively building a modern socialist society. The Central Financial Work Conference was convened, setting a new milestone in the history of our nation's financial development and sounding the clarion call for accelerating the construction of a financial powerhouse in this new journey. In this year, the *China Merchants Bank's 14th Five-Year Strategic Planning* reached its mid-game. We pushed forward high-quality development with greater determination and effort, supporting the sustainable development of the economy, society, and environment, and amassing a powerful force for driving the progress of the era with business success.

Moving towards green, we are fully committed to the carbon peaking and carbon neutrality strategy. Actively integrating into the national green development strategy, serving the overall national ecological civilization construction, systematically advancing the development of green finance, and facilitating the green transformation of economic and social development models. In 2023, we launched the China Merchants Bank Green Finance brand, established a five

horizontal and seven vertical green product and service system, introduced innovative products such as green deposits, the world's first blue floating-rate US dollar bond, and the market's first green bond index product, providing more precise and efficient financial support for enterprises' green development; assisting customers in engaging in green practices, initiating the Carbon Quest in Starry Sky (碳寻星空) activity on the CMB App, launching the green and low-carbon themed credit card, and actively advocating for a low-carbon lifestyle; accelerating green operations, establishing a carbon neutrality project team, inventorying carbon footprints, understanding the carbon base, constructing the industry's first batch of modular low-carbon branches, and promoting a green and low-carbon culture.

Staying true to the original aspiration, we continuously enhance social value creation. With the nation's interests at heart, we position our development within the grand scheme of the Party and the country, integrating our strategy within the broader national strategy, adhering to the fundamental purpose of serving the real economy, maintaining a balance between righteousness and profit, and aiming to make society and people's lives better. In 2023, we actively served the country's

major regional development strategies, upgraded the One Entire Bank for One Customer (全行服务一家) cross-regional collaboration mechanism, increased resource input and differentiated policy empowerment, supporting the economic development of key regions such as the Beijing-Tianjin-Hebei area, the Yangtze River Delta, the Chengdu-Chongqing Economic Circle, and the Guangdong-Hong Kong-Macao Greater Bay Area; we supported the construction of a modern Chinese industrial system, focusing on technology finance, green finance, inclusive finance, pension finance, and digital finance, upgrading service models, creating a differentiated and distinctive product and service system; we comprehensively strengthened consumer rights protection, carried out the Service Quality Improvement Year campaign, established new standards for China Merchants Bank's services; we strongly supported rural revitalization, increased agricultural loan issuance, continued targeted assistance to Yunnan's Wuding and Yongren counties for 24 years, creating education paving the way, medical care guarantees, industrial support, living environment construction, talent training five major assistance models; we actively carried out charitable activities, continued to promote the "More Pleasure from Monthly Donations (月捐悦多)" donation plan and the credit card "Points for Micro Charity (小积分·微公益)" platform construction, working with

employees, customers, and all sectors of society to build a happy home.

Persistently, we continuously optimize the quality and efficiency of corporate governance. We always adhere to the two consistencies, integrating the strengthening of the Party's leadership with the establishment of a modern enterprise system, accurately grasping the governance relationships among the Party committee, the Board of Directors, and the senior management, clearly defining decision-making levels and procedural mechanisms, continuously enhancing governance capabilities, and safeguarding high-quality development. In 2023, we continued to optimize our corporate governance structure, officially renaming the Board of Directors' strategic committee to the Board of Directors Strategic and Sustainable Development Committee, strengthening the coordination of ESG-related responsibilities; we enhanced employee care, improved the cadre selection and training system, upgraded the talent exchange program, fostering an atmosphere where everyone aspires to, strives for, and is able to achieve success, and fully utilize their talents; we strengthened the top-level design of digital transformation, formulated the *China Merchants Bank Digital Transformation Three-Year Plan*, focusing on online, data, intelligent, platform, and ecological development, striving to build digital bank, and

continuously improving the level of digital governance; coordinating development and security, we continuously built a fortress-style overall risk and compliance management system, actively preventing and resolving various risks, maintaining overall stable asset quality and strong risk compensation level; we strengthened the construction of business ethics, resolutely punished illegal, criminal, and corrupt activities.

2024 marks the year to implement the resolutions of the Central Financial Work Conference. The path is clear, and the journey knows no bounds. We will resolutely shoulder the missions and tasks of the new era, bravely striving towards the strategic goal of becoming a world-class value-creating bank. On the future development path, we look forward to sincere cooperation with

all stakeholders for mutual benefits and win-win outcomes, contributing to the construction of a financial powerhouse with high-quality development, and writing a new chapter in China Merchants Bank's unique path to financial development!

China Merchants Bank Co., Ltd.

Chairman

MIAO Jianmin

25 March 2024

President's Statement

2023 was the foundational year for China Merchants Bank in its journey to become a value creation bank. This year, we embraced the ESG framework wholeheartedly, aiming to enhance the overall value we offer to our clients, staff, shareholders, partners, and the broader community. Thanks to the support from various sectors, we achieved steady growth in our operations and dynamically balanced development in respect of “Quality, Efficiency and Scale”.

Walking the path of righteousness, we've enhanced the service quality and efficiency for the real economy. We steadfastly pursued high-quality development, actively serving national strategies and the construction of a modern industrial system. We continued to increase resource input, serving the transformation and upgrading of traditional industries and the nurturing and growth of emerging industries, supporting the development of new quality productive forces. We adhered to differentiated and distinctive development, creating eight distinctive financial services: technology finance, green finance, inclusive finance, pension finance, intelligent manufacturing finance, digital intelligence finance, cross-border finance, and automotive finance. By the end of 2023, the Company's loans to technology enterprises, green loans, inclusive small and

micro-business loans, and manufacturing industry loans had increased by 44.95%, 26.00%, 18.56%, and 25.06% respectively compared to the end of the previous year, all exceeding the general loan growth rate of the Company. Around the three pillars of the pension system, we improved products and services, with personal pension account total deposits ranking at the forefront of the industry, and the pension fund custody scale breaking through the trillion marks.

Adhering to our fundamental principles, we've continued to prioritize our customer-first philosophy. We focus on what customers need, dedicated to providing more convenient, higher quality, and more thoughtful livelihood financial services. We actively supported the recovery of consumption, with consumer loans increasing by RMB99.313 billion within the year, a year-on-year increase of 49.11%; upgraded the people + digitalization service model, enhancing customer experience through digital applications, model innovation, and service collaboration, with an remote online all-channel customer satisfaction rate reaching 99.10%; continuously advanced the respectful, aging-friendly, and barrier-free transformation of customer services, optimizing the interaction journey for special groups; enriched the financial product and service system for

new urban residents, providing exclusive financial services for migrant workers, delivery riders, college students, and other groups; deeply carried out the Service Quality Improvement Year campaign, creating new standards for China Merchants Bank services, with a complaint handling 1-hour response rate reaching 99.16%, and financial education and outreach reaching 555 million person-times.

Embracing our responsibilities, we've committed to practicing a benevolent approach to finance. We actively give back to society and share development achievements with the community. Continued support for rural revitalization, with genuine dedication and efforts, targeted assistance to Yunnan's Wuding and Yongren counties for 24 years, creating a demonstration model for effectively connecting poverty alleviation achievements with rural revitalization, with an investment of RMB54.58 million in 2023; actively conducted charitable activities, with a total donation amount of RMB115 million throughout the year, leveraging the platform to encourage employees, customers, and the public to participate in charity, implementing small monthly donation plans "More Pleasure from Monthly Donations (月捐悦多)" and the credit card "Points for Micro Charity (小积分·微公益)" platform. Insisting on strengthening the Company with talent, recruiting

over 7,000 new college graduates, contributing our bit to solve the employment difficulties of college students, creating the Best Bank for Employee Growth, winning the Top 10 Best Employers in China award for 13 consecutive years.

Pursing the transformation, we've integrated ourselves into the broader narrative of green and low-carbon initiatives. We firmly establish the concept that lucid waters and lush mountains are invaluable assets, actively supporting the green and low-carbon transition. Vigorously developing green finance, launching the five horizontal and seven vertical green product and service system, optimizing credit policies, and increasing support for key areas such as green and low-carbon and the transformation and upgrading of traditional industries. By the end of 2023, the total financing volume for green corporate customers (FPA) reached RMB773.799 billion, and the main underwriting scale of green bonds for the year was RMB27.073 billion. Establishing a green operation management system, forming a green operations team, comprehensively conducting carbon auditing, and advancing emission reduction measures in detail; actively advocating for green offices, promoting the construction of green branches, green fleets, green data centers, and supporting paperless business handling through online platforms, saving 69.96 million sheets of paper, and three branches received the

carbon-neutral certificate from local carbon exchanges.

Focusing on governance, we've reinforced our commitment to a stable and enduring operational foundation.

We focus on enhancing the standardization and effectiveness of the governance system, promoting sustainable development with high-quality governance. Three meetings and one layer play their roles, achieving effective checks and balances, scientific decision-making, and standardized management; strengthening communication with global investors and overseas regulatory agencies, telling the CMB story, promoting the improvement of international business management levels; fully integrating ESG concepts into the corporate governance system, officially renaming the Board of Directors' strategic committee to the Board of Directors Strategic and Sustainable Development Committee, enhancing the efficacy of ESG duties; firmly holding the bottom line against systemic risks, creating "Six All" risk management system covering all customers, all assets, all risks, all institutions, all processes, and all factors, strengthening data security and customer privacy protection, perfecting the related management framework and institutional system, conducting 1,298 anti-money laundering trainings throughout the year,

covering 260,000 people; vigorously creating a clean financial culture atmosphere, conducting 1,667 pre-employment integrity talks throughout the year.

As we look ahead, the path to Chinese-style modernization and the ambition to become a financial superpower illuminate our journey toward high-quality banking sector development. With unwavering dedication and perseverance, we remain committed to our core values and mission, diligently advancing our strategy to become a value creation bank. In our quest to establish ourselves as a world-class commercial bank, we eagerly collaborate with all stakeholders, aiming for a future marked by widespread, inclusive, and enduring value creation.

China Merchants Bank Co., Ltd.

President and Chief Executive Officer

WANG Liang

25 March 2024

Our Sustainability Footprints in 2023

Economic

Indicator (Unit)	2021	2022	2023
Total assets (RMB million)	9,249,021	10,138,912	11,028,483
Operating income (RMB million)	331,253	344,783	339,123
Total profit (RMB million)	148,173	165,113	176,618
Net profit (RMB million)	120,834	139,294	148,006
Total taxes (RMB 100 million)	568.68	610.04	562.40
Nonperforming loan ratio (%)	0.91	0.96	0.95

Environmental

Indicator (Unit)	2021	2022	2023
Balance of green loans (RMB 100 million)	2,638.42	3,553.57	4,477.65
Converted annual reduction of carbon dioxide equivalent of green loan projects (ten thousand tons)	1,525.24	1,613.05	1,778.67

Converted annual emission reduction of standard coal from green loan projects (ten thousand tons)	694.29	733.01	799.42
Converted annual emission reduction of chemical oxygen demand from green loan projects (ten thousand tons)	29.58	35.72	27.66

Social

Indicator (Unit)	2021	2022	2023
Balance of loans made to support strategic emerging industries (RMB 100 million)	2,191.54	3,023.23	3,750.97
Proportion of supporting strategic emerging industries in total corporate loans (%)	11.64	14.42	16.16
Number of customers serving technology enterprises (ten thousand)	/	/	14.08
Balance of technology enterprise loans (RMB 100 million)	/	/	4,284.77
Balance of loans made to inclusive SMEs (RMB 100 million)	6,011.00	6,783.49	8,042.79
Remote online omnichannel customer satisfaction (%)	97.61	98.53	99.10
Number of ethnic minority employees	4,210	4,625	4,942
Percentage of female employees (%)	55	56	57

Governance

Indicator (Unit)	2021	2022	2023
Number of Directors	16	15	15
Number of anti-corruption trainings	971	1,500	1,880
Number of people covered by anti-corruption trainings (ten thousand)	16.28	16.40	19.79
Number of AML training	1,026	1,268	1,298

About CMB

Company Profile

Founded in 1987 with its Head Office in Shenzhen, China, the Company mainly focuses on the market in China. The Company's branches primarily cover major cities in the Chinese mainland, as well as international financial centers such as Hong Kong, New York, London, Singapore, Luxembourg and Sydney. The Company was listed on Shanghai Stock Exchange in April 2002 and the SEHK in September 2006.

Strategic vision: We are committed to building the best value creation bank with innovation-driven development, leading model and distinguished features.

Strategic objective: Building a value creation bank.

The Company upholds the philosophy of win-win business and business for common good to grow into a value creation bank. The Company manages to maximize the comprehensive value of customers, employees, shareholders, partners and the society, aiming to become a world-class commercial bank.

Core value: Being customer-centric and creating values for customers.

Strategic focus: China Merchants Bank commits to a dynamically balanced development in respect of "Quality, Efficiency and Scale", concentrating on enhancing core capabilities in wealth management, Fintech and risk management to foster the continuous evolution of organizational culture. Grounded in the nation's needs, corporate demands, and China Merchants Bank's capabilities, the Company diligently applies ESG principles to effectively serve the real economy and meet the needs of the public, paving the way for a new era of high-quality development.

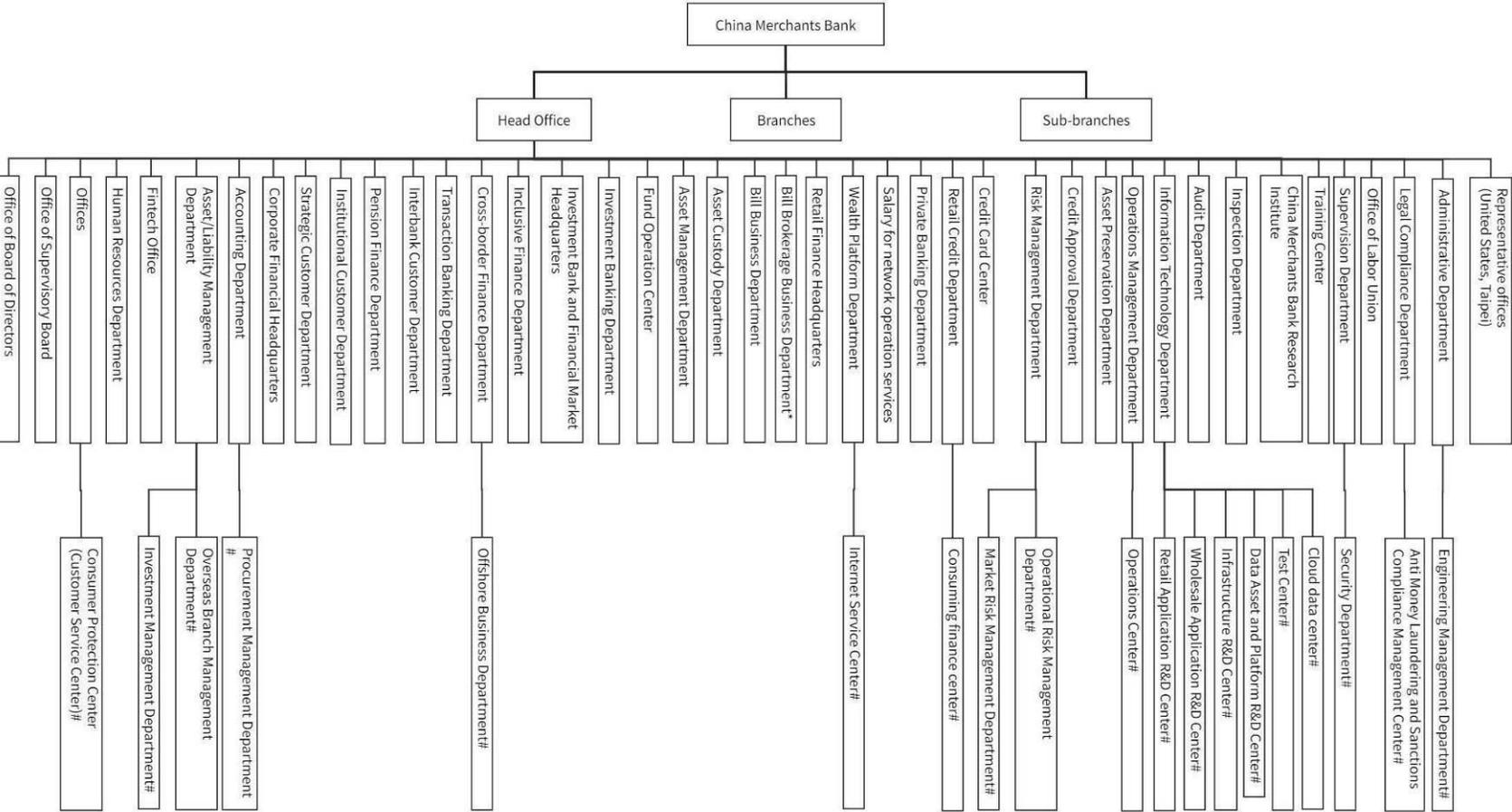
The Company provides customers with various wholesale and retail banking products and services, and maintains treasury businesses for proprietary purpose and on behalf of customers. Many innovative products and services of the Company have been well received by the market. Retail banking services include the "All-in-one" multifunction debit card, credit card

account and payment settlement services, classified wealth management services including the “Sunflower Wealth Management” services and private banking services, retail credit services, CMB App, CMB Life App, “All-in-one Net”, a comprehensive online banking service platform, and other online services. Wholesale banking services include payment and settlement, wealth management, investment and financing and digital services, cash management, sci-tech finance, green finance, inclusive finance, aging finance, digital finance, supply chain finance and crossborder finance services, asset management, asset custody and investment banking. The Company continues to tap further into the living and business circles of customers to provide customers with customized,

intelligent and comprehensive solutions for their supply chains and investment chains.

The Company has come up with the strategic vision of “building the best value creation bank with innovation-driven development, leading model and distinguished features” based on the internal and external situation and its own development. In line with the trend of accelerating the construction of China’s modern industrial system, continually improving the quality and efficiency of services to the real economy and public welfare. We strive to create greater value for customers, employees, shareholders, partners, and society, aiming to make a significant contribution to the construction of Chinese-style modernization.

Organizational Structure



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

Honors and Awards

Category	Granted by	Awards
General	<i>Fortune</i>	<ul style="list-style-type: none"> Named on the <i>Fortune</i> Global 500 list for 12 consecutive years, ranking No. 179 with an operating income of 72.317 billion US dollars Named on the <i>Fortune</i> China 500 list, ranking No. 41 with an operating income of RMB 344.783 billion Listed in the “Top China’s Most Admired Companies”
	<i>The Banker (UK)</i>	<ul style="list-style-type: none"> Ranked No. 11 in tier-1 capital of 131.588 billion USD on the “2023 Top 1,000 World Banks”, ranked first in the best performance ranking of Chinese banks for three consecutive years Ranked No. 10 on the “2023 Top 500 Banking Brands” list, with a brand value of 24.536 billion USD
	<i>Euromoney</i>	<ul style="list-style-type: none"> Won the “Best Bank in China” for the fifth consecutive year, which was the first “fifth consecutive titles” in the history of the award, also the only Chinese bank to receive the “Excellence Award” this year

Category	Granted by	Awards
	<i>Asiamoney</i>	<ul style="list-style-type: none"> • Received “China's Best Corporate Social Responsibility Bank” and “China's Best Investment Bank” in the “2023 China's Best Bank” award • Won the “Best Digital Bank” award in the 2023 “Guangdong-Hong Kong-Macao Greater Bay Area - Best Bank” selection
	<i>International Retail Banker</i>	<ul style="list-style-type: none"> • “2023 Asia Pioneer Awards - Best Retail Bank in China”
	<i>The Banker</i>	<ul style="list-style-type: none"> • In the “2022 China Financial Innovation Award” selection activity, it was awarded the “2023 ESG Financial Service Innovation Excellent Institution”
	Financial News	<ul style="list-style-type: none"> • Received the title of “Best Joint-Stock Bank of the Year” in the 2022 “China Financial Institutions Gold Medal List • Golden Dragon Award”

Category	Granted by	Awards
	China Media Group Financial Program Center, State owned Assets Supervision and Administration Commission of the State Council, All China Federation of Industry and Commerce, Institute of Economics of the Chinese Academy of Social Sciences, China Enterprise Reform and Development Research Association, etc	<ul style="list-style-type: none"> • Selected on the “Pioneer 100 Chinese ESG Listed Companies” list • Selected on the “China ESG Financial Industry Pioneer 30” list
	<i>21st Century Business Herald</i>	<ul style="list-style-type: none"> • “2023 Excellent Wealth Management Bank” • “2023 Retail Bank Honors” • “2023 Outstanding Commercial Bank Honor”
Environmental	Phoenix TV and Phoenix Net Finance Channel	<ul style="list-style-type: none"> • Nominated for the “2023 Green Development Annual Tribute Selection Event” on the “ESG Excellence TOP20 List”
	Thinking Finance and Investment Network	<ul style="list-style-type: none"> • Golden Bridge Award - Annual “Pioneer Enterprise in Green Development” Award
Social	Zhaopin.com, The Institute of Social Science Survey of Peking University	<ul style="list-style-type: none"> • “2023 Top 10 Employers in China” • “Most Socially Responsible Employer” • “Employer Most Favored by Female Employees”

Category	Granted by	Awards
	<i>Securities Times</i>	<ul style="list-style-type: none"> • “High Quality Development Bank Tianji Award”
	<i>China Business News</i>	<ul style="list-style-type: none"> • “2023 First Financial Financial Value List - Annual Joint Stock Bank”
	China Banking and Insurance Media	<ul style="list-style-type: none"> • “New Media Influence in China's Banking Industry” • “Chinese Financial Brand Innovation Model”
Governance	<i>Global Finance</i>	<ul style="list-style-type: none"> • Won the “Best Corporate Governance Bank” award in the “2023 China Star” selection
	<i>The Financial World</i>	<ul style="list-style-type: none"> • “ESG Information Disclosure Model”
	Sina Finance	<ul style="list-style-type: none"> • Won the “Best Corporate Governance Responsibility Award” in the 2023 Chinese Enterprise ESG “Golden Responsibility Award” selection

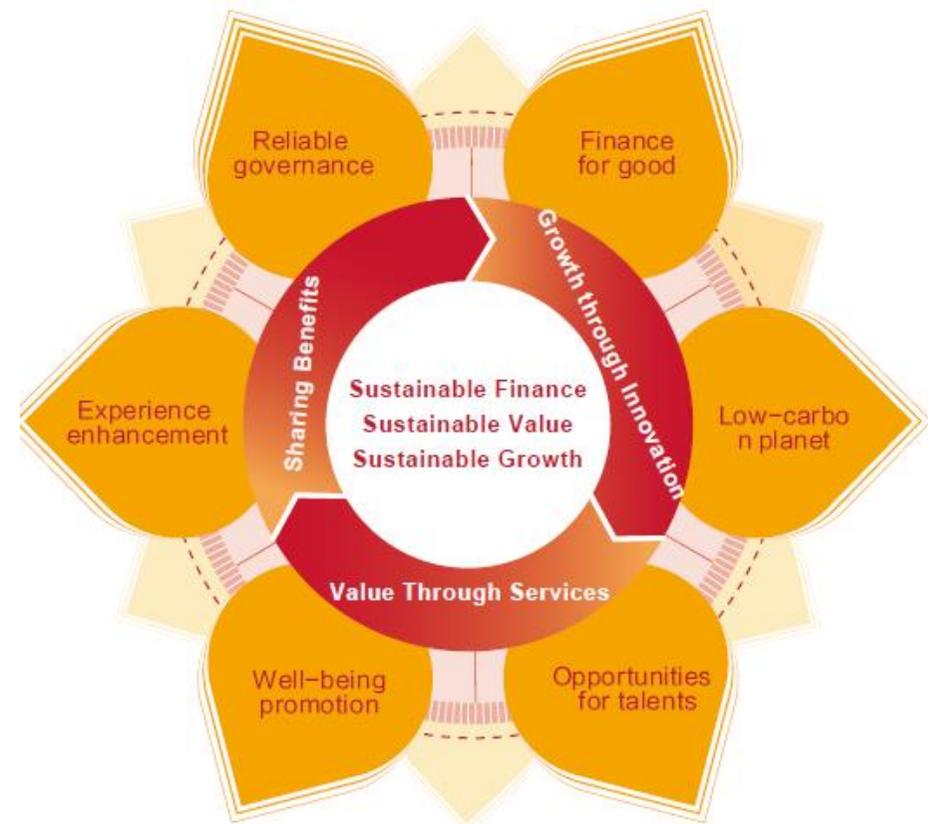
Sustainability Strategy and Management

As a financial services institution, China Merchants Bank is committed to creating long-term shared value for its stakeholders. The Company adheres to the social responsibility concept of originating from society, giving back to society, optimizing and upgrading the Sunflower Sustainability Model. It continues to deepen its sustainability practices, working together with stakeholders to achieve development that is of higher quality, more efficient, more equitable, more sustainable, and safer.

Sustainability Strategy

The sunflower, with its connotations of optimism, loyalty, and vibrant growth, perfectly embodies China Merchants Bank's ethos of evolving in response to customer needs—a testament to the Company's enduring qualities. Anchored by the SUNFLOWER initiative, the Company has identified key areas of focus for its sustainability efforts, propelling itself to new heights in this domain.

CMB SUNFLOWER Sustainability Model



CMB SUNFLOWER Sustainability Model¹

<p>Finance for good</p>	<p>By deeply embedding ESG principles into its product and service offerings, the Company aims to leverage finance as a catalyst for social advancement and fairness, striving to meet the public’s desire for a superior quality of life through innovative financial solutions.</p>	
<p>Low-carbon planet</p>	<p>The Company actively participate in climate governance, spearhead innovations in green finance, enhance policies for green investments and financing, boost financial support for sustainable industries, and engage in green operations and charity initiatives to support the societal and economic shift towards sustainability.</p>	
<p>Opportunities for talents</p>	<p>The Company persists in attracting high-quality talents, ensure smooth career development channels, emphasize talent capability enhancement, enrich the talent cultivation system, create an inclusive, friendly, and open workplace environment, and promote the mutual growth of employees and the Company.</p>	

¹ We support the United Nations Sustainable Development Goals (SDGs)

<p>Well-being promotion</p>	<p>The Company implements the national rural revitalization strategy actively, engage in social public welfare activities, strive to become an outstanding corporate citizen, and help achieve common prosperity.</p>	
<p>Experience enhancement</p>	<p>The Company utilizes fintech methods to continuously improve customer service capabilities, efficiency, and accessibility, fully protect consumer rights, promote financial knowledge and services to households, and comprehensively optimize the customer experience.</p>	
<p>Reliable governance</p>	<p>The Company perfects the governance structure, continuously enhance the scientific nature, robustness, and effectiveness of company governance, adhere to prudent management, strengthen risk prevention and control, and provide a strong mechanism guarantee for the Company's high-quality, sustainable development.</p>	

Sustainability Management

The Company has seamlessly integrated the SUNFLOWER Sustainability Model into its growth strategy and operational activities, streamlining its approach to sustainability

management from the top down. This strategic alignment ensures that the ideals of sustainability and our commitments to stakeholders are translated into actionable steps.

CMB Sustainability Governance Structure

Decision-making Level

- The Board of Directors and Supervisory Board are deeply involved in the oversight and decision-making on crucial sustainability initiatives. This includes crafting strategies and policies, monitoring progress on sustainability efforts, and conducting detailed reviews of key documents such as the annual sustainability report, updates on inclusive finance, and consumer rights protection reports. In 2023, the Strategy Committee was officially renamed the Strategy and Sustainable Development Committee, taking on additional responsibilities like coordinating ESG related responsibilities etc.

Management Level

- An ESG Secretariat has been established within the General Office at the Head Office to identify and address sustainability issues pertinent to the Company. Its roles include refining our ESG disclosure practices, planning activities around sustainability and ESG, and spreading knowledge on sustainability.
 - A Green Finance Business Development Committee has been formed at the Head Office to taking the responsibilities of formulating the Company's green finance strategic planning and development goals, key customer groups and business strategies, promoting the development of green financial products and services and system construction, green risk management system construction, researching resource allocation and green assessment supporting policies, and building a green finance brand.
-

Execution Level

- Various branches, departments of the Head Office, and subsidiaries are responsible for the daily advancement of sustainability work, implementing various sustainability-related tasks according to specific responsibilities, and maintaining communication with key stakeholders; at the same time, regularly submitting related implementation measures, performance indicators, and outstanding cases.
 - Since 2022, an annual regular audit on ESG management has been carried out, primarily focusing on key ESG initiatives such as green financing, green operations, consumer rights protection, and inclusive finance.
-

Materiality Analysis of Sustainability Issues

Utilizing a comprehensive materiality analysis framework, the Company has advanced its efforts from the previous year in identifying, assessing, and selecting key sustainability issues. These efforts are aimed at identifying and addressing

substantive matters that hold significance for both the organization and its stakeholders, ensuring these issues are prominently covered and addressed within our report.

Identification

- We engaged in a thorough analysis and interpretation of macroeconomic policies and industry trends, gaining insights into the capital market and institutional investors' priorities regarding ESG. By aligning these insights with the banking sector's policy directions and opportunities for fulfilling its responsibilities, and integrating them with our strategic business development and unique characteristics, we conducted a comprehensive review alongside the SUNFLOWER Sustainability Model. This process led to the identification of 22 material sustainability issues.
-

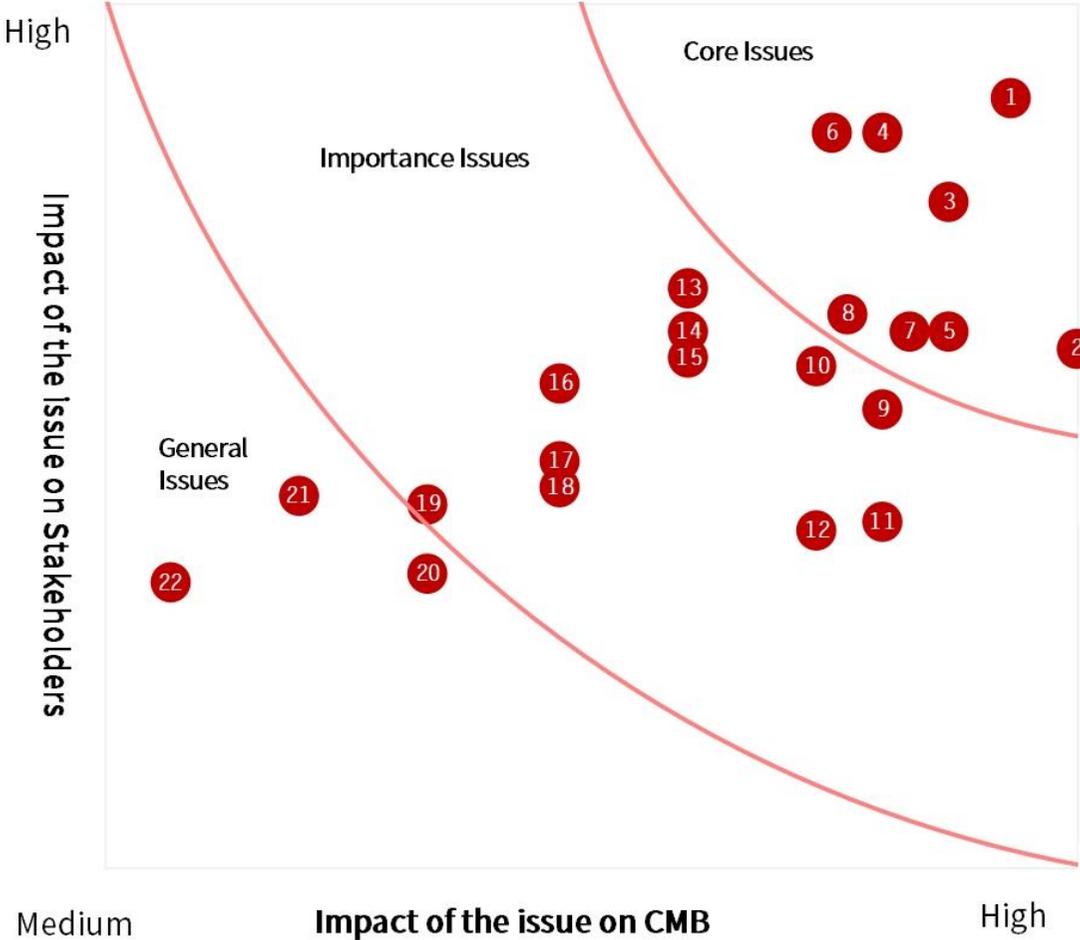
Assessment

- A survey assessing the materiality of sustainability issues was distributed to our stakeholders. The survey findings, combined with insights from sustainability experts, facilitated a multidimensional assessment of these issues' materiality.
-

Confirmation and Disclosure

- Using the outcomes of our assessments, we constructed a Materiality Analysis Matrix to visually represent these findings. Our report emphasizes disclosure centered around these pivotal sustainability concerns, ensuring transparency and focused communication.
-

Sustainability Issues Materiality Matrix for CMB in 2023



Materiality	No.	Issues
Core Issues	1	Consumer Rights Protection
	2	Development of Green and Sustainable Finance
	3	Prevention and Resolution of Financial Risks
	4	Corporate Behavior and Business Ethics
	5	Response to Climate Change
	6	Adherence to Customer First
	7	Standardize Corporate Governance
	8	Information Security, Cybersecurity, and Privacy Protection
Important Issues	9	Development of Inclusive Finance
	10	Protection of Employee Rights
	11	Serving the Real Economy
	12	Human Capital Development
	13	Supporting the Improvement of People's Livelihood
	14	Caring for Employee Welfare
	15	Supporting Technological Innovation
	16	Fintech and Digital Transformation
	17	Advancing Green Operations
	18	Facilitating Openness in Global Trade
	19	Stakeholder Engagement
General Issues	20	Serving Rural Revitalization
	21	Participation in Public Welfare and Charity
	22	Responsible Procurement

Stakeholder Engagement

The Company seeks more ways to communicate with stakeholders in daily operations, and carefully listens to the voices and feedback of customers. We build a standardized

communication system using digital technologies to enhance our communication with stakeholders.

Stakeholders	Expectations and Demand	Communication Channels
Government and regulators	<ul style="list-style-type: none"> • Standardize Corporate Governance • Prevention and Resolution of Financial Risks • Corporate Behavior and Business Ethics • Promoting Green and Sustainable Finance • Serving the Real Economy • Facilitating Openness in Global Trade • Developing Inclusive Finance • Stakeholder Engagement 	<ul style="list-style-type: none"> • Studying and Complying with Related Financial Policies • Facilitating the Formation of Industry Policy • Related Research and Discussions • Submitting Statistical Statements • Taking Part in Research and Studies • Daily Approval and Regulation Compliance
Shareholders and investors	<ul style="list-style-type: none"> • Standardize Corporate Governance • Prevention and Resolution of Financial Risks • Business Ethics and Compliance Operation • Promoting Green and Sustainable Finance • Tackling Climate Change • Fintech and Digital Transformation • Stakeholder Engagement 	<ul style="list-style-type: none"> • Periodic Reports and Announcements • Roadshows and Reverse Roadshows • Investor Visits and Meetings • General Meeting of Shareholders

Stakeholders	Expectations and Demand	Communication Channels
Customers	<ul style="list-style-type: none"> • Protection of Employee Rights • Information Security, Cybersecurity, and Privacy Protection • Supporting the Improvement of People's Livelihood • Adherence to Customer First • Development of Inclusive Finance • Serving the Real Economy • Supporting Technological Innovation • Stakeholder Engagement 	<ul style="list-style-type: none"> • Customer Research • Customer Satisfaction Research • 95555 Customer Service Platform • Customer Care Activities • WeChat, Weibo, RED and Other Digital Platforms
Employees	<ul style="list-style-type: none"> • Human Capital Development • Protection of Employee Rights • Caring for Employee Welfare • Stakeholder Engagement 	<ul style="list-style-type: none"> • Employee Representative Conference • Employee Satisfaction Research • Employee Recreation and Sports Activities • Complaint and Reporting Mechanism
Suppliers and partners	<ul style="list-style-type: none"> • Responsible Procurement • Stakeholder Engagement 	<ul style="list-style-type: none"> • Day-to-day Communication • Interbank Communication and Cooperation • Bidding and Tender • Supplier Research; Visits to Suppliers

Stakeholders	Expectations and Demand	Communication Channels
Environment	<ul style="list-style-type: none"> • Development of Green and Sustainable Finance • Response to Climate Change • Advancing Green Operations • Stakeholder Engagement 	<ul style="list-style-type: none"> • Complying with Energy Saving and Emission Reduction Policies • Forums and Meetings on Green Finance • Collection and Disclosure of Environmental Protection-related Data • Non-profit Environmental Protection Activities
Communities	<ul style="list-style-type: none"> • Participation in Public Welfare and Charity Serving Rural Revitalization • Stakeholder Engagement 	<ul style="list-style-type: none"> • Rural Revitalization and Community Building • Cardholder Donation Platform • Employee Volunteering • Social Services

I Environmental: Promoting Green Development and Fostering Harmony between Humans and Nature

The task of safeguarding our ecological systems, countering climate change, and ensuring the security of energy and resources represents a universal challenge. Lately, China has prioritized ecological civilization at the forefront of its agenda, implementing comprehensive measures to protect the environment across all areas and stages, thereby taking significant steps towards the vision of a beautiful China. China Merchants Bank is deeply committed to the principle that green mountains and clear waters are as valuable as gold and silver.

China Merchants Bank is dedicated to expanding its range of green financial products and services, fostering new opportunities for innovative growth. It actively engages in green, low-carbon operations to contribute to the creation of a pristine environment, characterized by blue skies, green landscapes, and crystal-clear waters, thus supporting the ambitious goals of reaching carbon peaking and carbon neutrality with high standards.

We Support the United Nations Sustainable Development Goals



(I) Financing Environmental Impact

China Merchants Bank pays high attention to the environmental impact of investment and financing, strengthens the top-level design of green finance and environmental (climate) related risk management, actively identifies and responds to the opportunities and challenges brought by environmental (climate)

changes, enhances the environmental (climate), social, and governance related risk management of investment and financing business, and continuously promotes the green and low-carbon development of investment and financing business.

1. Green Finance and Environmental (Climate) Management System

1.1 Governance Structure

The Company has established a governance system for green finance and environmental (climate) related risks that is clear in responsibilities and division of labor, strengthening the overall leadership and supervisory duties of the board of directors and its special committees. It actively studies and explores

integrating ESG risk management into the comprehensive risk management framework.

Decision-making Level: The Board of Directors and the Board's Special Committees

- **The Board of Directors**
 - **Responsibilities:** Responsible for regularly reviewing sustainability reports, strategy execution assessment reports, periodic reports, comprehensive risk reports, etc., enhancing strategic guidance and supervision in green finance and environmental (climate) management.
 - **Progress in 2023:** Reviewed proposals such as the *Annual Report and Summary 2022*, the *Sustainability Report 2022*,
-

the *Semi-Annual Report and Summary 2023*, etc., ensuring the Board fulfills its duties in green finance, environmental governance, climate risk management, and promotes the Company's ESG management level and performance at a higher level.

- **Strategy and Sustainable Development Committee of the Board**

- **Responsibilities:** Responsible for reviewing the Company's ESG development strategy, basic management systems, and related work reports, regularly assessing the execution of the ESG development strategy and promoting the implementation of regulatory requirements related to ESG work responsibilities.
- **Progress in 2023:** Reviewed proposals such as the *Sustainability Report 2022*, the *Human Resources Management Situation and Talent Strategy Implementation Report 2022*, etc., ensuring the integration of ESG content, including green finance, environmental governance, climate risk, green finance team building, etc., into the overall operational development strategy of the Company.

- **Risk and Capital Management Committee of the Board**

- **Responsibilities:** Responsible for reviewing risk-related proposals, ensuring that climate risk and other green finance and environmental (climate) indicators meet the Board's established risk preference requirements.
 - **Progress in 2023:** Held regular meetings in March, May, August, and November, reviewing and passing proposals such as the *Comprehensive Risk Report 2022*, the *Comprehensive Risk Report Q1 2023*, the *First Half of 2023 Comprehensive Risk Report*, the *Comprehensive Risk Report Q3 2023*, the *Risk Preference Implementation Report 2022*, the *Major Asset Allocation Work Execution and 2023 Allocation Plan 2022*, the *Business Continuity Management Work Report 2022*, etc. The Risk and Capital Management Committee adheres to the dynamically balanced development in respect of "Quality, Efficiency and Scale", emphasizing building a comprehensive risk management system that includes business ESG risk management.
-

Management Level: Green Finance Business Development Committee

- **Structure:** A Green Finance Business Development Committee is established under the Company's Finance Business Management Committee, including members from the Company's financial headquarters, risk management department, and other 23 Head Office departments and subsidiaries.
- **Responsibilities:** To develop green finance strategic planning, development goals, key customer groups, and business operation strategies, build a green finance product service system and green risk management system, research resource allocation and green assessment supporting policies, promote information disclosure capability construction, create a green brand, and enhance its ESG performance, etc.
- **Progress in 2023:** Throughout the year, the committee convened four meetings focused on the development of an annual green finance plan and specific initiatives, strategic approaches for expanding green finance in pivotal regions, and the advancement and future roadmap of green operational practices. Discussions also covered the organization of a green finance branding event and the preparation of the *Sustainable Finance Report under the Carbon Peaking and Carbon Neutrality Context*, among other key activities.

Execution Level: Five Major Project Teams

- **Green Development Strategy and Implementation Team:** Led by the Research Institute, this team is tasked with formulating green development strategy for the Company and monitoring the effectiveness of its strategic implementation.
 - **Sector and Supply Chain Analysis Team:** Jointly led by the General Office of Corporate Finance and the Risk Management Department, responsible for researching and analyzing key industries and their supply chains within the green economy, connecting with external policy channels such as the People's Bank of China, the National Development and Reform Commission, the National Financial Supervisory Administration (formerly the Banking and Insurance Regulatory Commission) to obtain the latest policy dynamics of green finance, building and implementing training systems for green finance and environmental (climate) related risk management.
-

- **Client Relationship and Services Team:** Jointly led by the Strategic Customers Department and the General Office of Corporate Finance, dedicated to customer acquisition within industry chains, deploying service strategies and innovative financial products, and seizing business opportunities.
- **Policy Support and Assurance Team:** Jointly led by the Risk Management Department, the Assets and Liabilities Management Department, and the General Office, focusing on the creation of a green risk management framework, optimizing resource distribution and performance assessment mechanisms, and enhancing ESG visibility and branding.
- **Green Retail Group:** Led by the Retail Credit Business Department, charged with the development and improvement of retail green finance policies and products, and the gathering and analysis of relevant data.

1.2 Risk Preference

In the *China Merchants Bank Notice on Issuing the Fourth Edition of Risk Culture, Strategy, and Preference*, the Company proposes to improve the level of environmental (climate), social, and governance risk management, while optimizing

environmental risk assessment standards, continuing to strictly control customers and projects with significant ESG risks, and steadily increasing the proportion of green financial assets.

1.3 Performance Assessment

The Company sets indicators related to green investment and financing, green operations, etc., for the Head Office departments and incorporates green finance into the performance assessment system for branches under the

Promotion of Financing to Serve the Real Economy indicator, encouraging branches to increase their efforts in the green finance field.

1.4 Targeted Audit

Annually, the Company undertakes targeted audits focused on green finance to closely monitor the adherence to green

finance policies, the execution of related strategies, and the progress in green finance. These audits pay particular

attention to evaluating the client base in green finance and the management of data quality within this sector. Moreover, green finance practices are scrutinized during regular audits

of domestic branches, specifically evaluating the deployment of green finance assets, business management practices, and performance assessment protocols.

2. Credit Policies for Key Sectors

The Company has established the *China Merchants Bank Credit and Investment Policy 2023*, which encompasses a comprehensive policy framework structured around 39 segments (or industry chains) and 139 detailed industry policies. This approach highlights a commitment to green and carbon peaking and carbon neutrality objectives, leveraging tailored credit strategies to bolster support for crucial sectors, including

sustainable, low-carbon developments and the modernization of traditional industries. Within this strategy, a preference for lending is extended to environmentally friendly clients, with a strict prohibition on new financing for businesses that have incurred significant penalties related to environmental or safety regulations, except for financing aimed at the renewal or improvement of facilities to reduce pollution and emissions.

Selective Credit Policies for Key Sectors by CMB

Agriculture Sector

Develop the *China Merchants Bank Policy for Agriculture, Forestry, Animal Husbandry, and Fishery Sector*

- This policy targets entities involved in essential areas such as grain cultivation, the seed industry, pig and poultry breeding, forestry, and grain processing.
- Guided by a philosophy of adhering to policy directives, recognizing regional differences, offering support to the best candidates, and maintaining tight control over risks.
- The Company provides support to leading entities and high-quality companies in major crop production and green food production that are recognized for their size, brand influence, and leadership in agricultural industrialization as acknowledged by authoritative departments like the Ministry of Agriculture and Rural Affairs.
- Preference is given to large integrated breeding operations that adhere to environmental standards and have robust systems for disease prevention and quality control.
- Support is directed towards aquaculture businesses that demonstrate sustainable practices, advanced technology, and

- access to premium aquatic resources, including top-ranking fisheries and fishing enterprises nationally.
- Government-led initiatives focused on forestry cultivation and reforestation receive priority backing.
- The Company steers clear of businesses associated with significant adverse sentiments related to food safety.

Energy Sector

Develop the *China Merchants Bank Policy for the Petroleum and Natural Gas Extraction Industry*

- Customers mainly involve in the petroleum and natural gas extraction sector.
- The overall credit principle is to actively enter and support selectively.
- Selectively support projects that comply with the national petroleum and natural gas industry planning and overall industry layout requirements as well as projects for the clean and efficient utilization of conventional fossil energies like petroleum and natural gas.

Develop the *China Merchants Bank Electricity Sector Industry Policy*

- Customers mainly involve in electricity production areas such as hydropower, nuclear power, wind power, and photovoltaics.
 - The overall credit principle for the hydropower industry is to prioritize support, focus on customers, and pay attention to ecology.
 - The overall credit principle for the nuclear power industry is to support selectively, focusing on construction and operational risks.
 - The overall credit principle for the wind power industry is to control the total volume, follow policy, carefully select regions, and enter selectively.
 - The overall credit principle for the photovoltaic power generation industry is to preferentially select owners and projects.
 - Prioritize supporting the development of clean energy such as hydropower and nuclear power, with a focus on large-scale
-

hydropower development projects in the southwest region, nuclear power projects that meet third-generation safety standards, and power generation projects that align with the support direction of the new round of power system reform policies.

- Prioritize supporting wind power projects with abundant wind resources that have grid access and consumption conditions, grid-connected solar power projects in regions rich in solar resources, distributed photovoltaic power generation, and biomass power generation areas.
- Moderately support the daily operational turnover needs of new energy power generation enterprises.

Coal Sector

Develop the *China Merchants Bank Coal Mining Industry Policy*

- Targets entities engaged in coal extraction and processing.
- The guiding principles for lending emphasize managing the overall volume of financing, prioritizing structural shifts, and implementing a systematic approach to client selection.
- Control the total amount of financing, giving priority and focus to white-listed and industry-leading quality customers with core competitive advantages, ensuring that credit investments deeply align with the direction of industrial policy adjustments.
- Actively adjust the credit structure, strictly implement the requirements of the State Council's *Opinions on Resolving Excess Capacity in the Coal Industry for Troubleshooting Development* and the *Guiding Opinions on High-Quality Development of the Coal Industry during the 14th Five-Year Plan* issued by the China Coal Industry Association, resolutely exiting coal enterprises that do not meet standards in safety, technology, scale, environmental protection, and management.
- According to market principles, increase project support for areas covered by policies involving safe, efficient, green, and intelligent coal mining, clean and efficient coal processing, clean and efficient utilization of coal power, industrial clean fuels and clean heating, civilian clean heating, comprehensive utilization of coal resources, and vigorously promote the development and utilization of coalbed methane.

- For areas where major problems are found or rectification efforts are insufficient during environmental department inspections and supervisions, strictly prohibit new customer engagement, enhance risk mitigation measures for existing customers, and accelerate exits.
- For coal mining enterprises announced (notified) by provincial coal mine safety supervision departments for having particularly significant, major production safety accidents or for not effectively rectifying major hidden dangers, stop issuing new financing and promptly take risk mitigation measures, gradually reducing and reclaiming existing stock.

Mining Sector

Develop the *China Merchants Bank Metal Mining and Selection Industry Policy*

- Customers mainly involve the metal mining and selection industry, including ferrous metal minerals (iron ore as well as manganese, chrome, vanadium, and other steel industry auxiliary, raw material mines), common non-ferrous metal minerals, and rare metal minerals extraction.
- The overall credit principle is risk prevention, environmental protection focus, customer selection, and structural adjustment.
- Target customers are positioned as large mining enterprises with advanced production technology, energy-saving and emission reduction standards met, relatively superior production costs, and standardized management.
- Require customers to obtain pollution discharge permits, pollutant emission indicators meet the national industry policy and relevant ministries' requirements on energy consumption, clean production, and also obtain the environmental inspection report issued by the environmental protection departments at the prefecture level (or above) for the current year.
- Restrict entry into mineral enterprises with insufficient investment in environmental and safety protection, decisively exit enterprises with environmental and safety issues.
- Mining projects need to meet the requirements that environmental protection, safe production, and other supporting facilities and the main project are designed, constructed, and put into use simultaneously.

Biodiversity Sector

- Include considerations such as safe production, environmental protection, resource utilization, and energy efficiency levels in customer selection. Pay close attention to the impact of enterprise production and project construction on the ecological environment and biodiversity, and resolutely exit projects that do not conform to national industrial planning and environmental protection policies, as well as companies failing to meet environmental and safety production standards.
-

3. Environmental (Climate) Risks and Opportunities

The Company has developed a comprehensive environmental (climate) risk management framework. This system is designed to pinpoint and evaluate how environmental (climate) risks, along with opportunities, might affect the broader financial ecosystem. Our goal is to enhance our ability to manage these risks, ensuring our operations remain robust and on a path to sustainable growth.

The Company has intensified our efforts to understand how climate change affects our clientele, moving swiftly to disengage from businesses lagging in modernization or failing to meet pollution emission standards. Simultaneously, we're bolstering support for businesses transitioning to greener

practices. By integrating specific criteria into our rating system and the entirety of our investment and financing operations, we're adept at identifying, quantifying, monitoring, and mitigating ESG risks in these activities.

To gauge the potential fallout from climate risks on our credit portfolio, the Company has undertaken sensitivity stress testing. These tests have revealed a potential uptick in credit risk among our high-carbon sector clients under stress conditions. However, given that these assets represent a minor fraction of our total credit portfolio and we maintain ample financial reserves, the overall impact on our capital adequacy is manageable and within controlled limits.

Financial Risks Stemming from Environmental (Climate) Change

Credit Risk

- **Risk Factors:** Industries with high carbon emissions face significant transformation risks. Enterprises within these industries undergoing low-carbon transformations may encounter challenges such as technological renewal and upgrading, elimination and replacement of outdated capacities, and expanding demand in alternative areas within the industry (such as new energy substitutes). These challenges can lead to increased costs, decreased product demand, shrinking profits or investment returns, and even bankruptcy, resulting in bad debts.
- **Impact:** In the future, there may be pressure to adjust the high-carbon asset structure and risk control strategies.

- **Time Frame:** Medium to long term
- **Mitigation Measures:** By closely aligning with the national 14th Five-Year Plan and embracing the Carbon Peaking and Carbon Neutrality targets, the Company navigates the shift towards green and low-carbon energies. This transition presents immense investment and financing opportunities as the real economy evolves and industrial structures are revamped. By strategically directing our assets and refining our portfolio at both the industry and customer levels, we aim to continually enhance our asset structure for resilience and growth.

Operational Risk

- **Risk Factors:** In extreme weather conditions, the places or the software and hardware environments where business is conducted may be damaged.
- **Impact:** Potential business interruptions, affecting business continuity.
- **Time Frame:** Long term
- **Mitigation Measures:** Our approach includes conducting risk assessments for extreme weather and seismic events, leading to the development of medium to long-term improvement initiatives. We're committed to adopting preventive, transfer, and mitigation strategies, ensuring a balance between cost and effectiveness. Establishing a robust business continuity management framework, we define clear roles and responsibilities, develop emergency response strategies for critical operations, and conduct regular drills. Leveraging multi-cloud data center architectures, we set disaster recovery protocols, build resilience infrastructure, and enhance our readiness for disaster recovery through rigorous testing and drills.

Market Risk

- **Risk Factors:** Environmental (climate) change can have a certain impact on the market prices of derivatives that use environmental and climate-related factors as their underlying assets, posing challenges to pricing and management.
 - **Impact:** If the Company trades in related underlying products, or if the investment portfolio includes financial instruments
-

affected by environmental (climate) factors, it may increase capital occupation when measuring Basel III market risk capital.

- **Time Frame:** Long term
- **Mitigation Measures:** We're committed to staying abreast of innovations and offerings at major carbon and environmental trading platforms, including those in Guangzhou, Shenzhen, Beijing, Shanghai, Hubei, Tianjin, and Chongqing. By benchmarking these developments against our product lineup and aligning with our clients' evolving needs, we aim to stay ahead. Our approach includes a thorough assessment of climate-driven financial risks and crafting meticulous valuation and risk management procedures for climate-impacted financial instruments within our portfolio. This entails additional risk quantification for holdings susceptible to climate variables and a careful consideration of residual risks. In anticipation of abrupt market shifts, we regularly perform stress testing for market risks, ensuring any potential impacts on our trading activities are closely monitored and reported. Our ongoing collaboration with exchanges and our focus on leveraging reliable data sources enable us to make informed, prudent risk assessments. Furthermore, by closely monitoring market indicators influenced by climate change, we aim to sharpen our climate risk awareness and readiness.

Existing and Potential Policy Risks

- **Risk Factors:** China has established a "1+N" policy support system. Since 2021, regulatory bodies such as the People's Bank of China and the National Financial Regulatory Administration (formerly the Banking and Insurance Regulatory Commission) have issued directional documents like the *Green Finance Evaluation Scheme for Banking Financial Institutions*, the *Environmental Information Disclosure Guide for Financial Institutions*, and the *Green Finance Guidelines for the Banking and Insurance Industries*. If the Company fails to keep up with, study national and industry policies, correctly judge the policy direction, and develop corresponding implementation measures, it may face certain operational pressures.
- **Impact:** Increase in indirect (operational) costs
- **Time Frame:** Long term
- **Mitigation Measures:** Diligently study the policies and regulatory requirements related to the Carbon Peaking and Carbon Neutrality targets set by the state and regulatory bodies. Establish a green finance management framework at the levels of

the Board of Directors, senior management, and branches, ensuring the timely implementation of policies and regulatory requirements. Publish ESG-related reports to systematically articulate the Company's management measures and key performance in response to climate change.

Legal Risks

- **Risk Factors:** The Company's operations and management are subject to the environmental laws and regulations of the operating location, with green finance activities in the Shenzhen Special Economic Zone being restricted by the *Shenzhen Special Economic Zone Green Finance Regulations*. Additionally, the People's Bank of China and seven other departments have proposed in the *Guidance on Establishing a Green Finance System* to study and clarify the environmental legal responsibilities of lenders. If the Company is lax in approving the environmental compliance qualifications of loaned enterprises or projects, leading to environmental pollution accidents caused by these enterprises or projects, the Company may bear responsibility for the environmental pollution accidents of the loaned enterprises or projects.
- **Impact:** Increase in indirect (operational) costs
- **Time Frame:** Long term
- **Mitigation Measures:** Conduct comprehensive studies on laws, regulations, and regulatory requirements related to climate change and green finance, and promote the further implementation of related clauses in various business segments of the Company.

Technology Risks

- **Risk Factors:** The Company's vigorous promotion of digital transformation can significantly reduce paper use and the greenhouse gas emissions generated by customers traveling to and from offline branches. However, an increase in online business volume leads to increased energy consumption at data centers and other backend facilities. If the Company does not timely invest resources in mastering the latest technologies in digital transformation and energy saving and emission
-

reduction, it may face risks such as increased operating costs.

- **Impact:** Increase in indirect (operational) costs
- **Time Frame:** Short term
- **Mitigation Measures:** Deepen the Company's development of digital transformation, while paying attention to the climate change risks brought about by digital transformation, understanding and applying low-carbon technologies in operational management.

Reputation Risk

- **Risk Factors:** With the public's increasing attention to environmental and climate change issues, if the Company causes long-term destructive impacts on the climate and environment during its operations, or incurs environmental and social risks due to inadequate environmental and social risk management and lax scrutiny in its business, it may face reputation risks. This could make it difficult to attract and retain customers, employees, investors, and other stakeholders.
- **Impact:** Reduced demand for products and services leading to decreased revenue
- **Time Frame:** Short term
- **Mitigation Measures:** Monitor and issue early warnings for reputation risks related to climate change and green finance topics, establish a public opinion response mechanism for potential negative events, respond promptly to public concerns, and minimize reputation risks as much as possible.

Financial Opportunities Stemming from Environmental (Climate) Change

Resource Efficiency and Energy Sources

- **Opportunity Factors:** With the increasingly widespread use of new energy, the continuous maturation of low-carbon
-

technologies, and the ongoing improvement of the carbon trading market mechanism, the Company will have an increasingly rich array of energy-saving and emission reduction methods available during operations, providing opportunities to achieve operational-level carbon neutrality at an earlier date.

- **Impact:** Reduction in indirect (operational) costs
- **Time Frame:** Medium term
- **Mitigation Measures:** Gradually increase the proportion of new energy usage, and in response to the characteristic of high mobility among project team members, actively try shared offices in the head office building to improve the efficiency of office floor space utilization and resource utilization.

Products and Services

- **Opportunity Factors:** As a national strategic emerging industry, the green industry's main bodies have diversified and personalized financial needs. Continuously and steadily promoting innovation in green financial products will help enhance the adaptability of the Company's financial service system and service capabilities.
- **Impact:** Revenue growth driven by increased demand for products and services
- **Time Frame:** Long term
- **Mitigation Measures:** Increase the innovation effort in green financial products and investment and financing tools to support the comprehensive green transformation of the Company assets.

Market

- **Opportunity Factors:** Addressing climate change presents a significant investment and financing gap. In 2021, China fully launched its carbon market, with the electricity, petrochemical, chemical, building materials, steel, non-ferrous metals, papermaking, and aviation industries becoming the 8 main trading entities in the carbon market. The development of the carbon market and the enhanced financial attributes of carbon trading will provide the Company with a broad market space.
-

- **Impact:** Entering newly developed markets promotes revenue increase
- **Time Frame:** Long term
- **Mitigation Measures:** Research the development path of Carbon Peaking and Carbon Neutrality goals, seize market opportunities under the Carbon Peaking and Carbon Neutrality objectives, and promote the development of the Company's green finance business on both the investment and financing ends as well as among retail and wholesale customers.

Adaptability

- **Opportunity Factors:** Actively investing in climate adaptation actions can generate positive economic returns and additional environmental and social benefits while avoiding future losses.
 - **Impact:** Promotes an increase in the value of the investment portfolio due to asset appreciation
 - **Time Frame:** Long term
 - **Mitigation Measures:** Increase investment and financing support for industries that can contribute to mitigating or adapting to climate change.
-

4. Integrating ESG Risks into Business Processes

The Company has formulated the *Green Finance Policy* applicable to all investment and financing businesses, incorporating business ESG-related risks into the entire credit

4.1 Client Admission

The Company adheres to an environmental evaluation veto mechanism, clearly requiring that projects and clients must comply with national environmental protection standards in terms of enterprise location, production processes, resource consumption, pollutant emissions, etc. It avoids involvement in high-energy consumption, high-emission, low-level projects,

4.2 Due Diligence

The Company's credit due diligence process includes six stages: pre-investigation preparation, conducting the investigation, rating the customer, formulating a credit scheme, writing the credit due diligence report, and submission for review. The Company has established due diligence systems,

General Regular Credit

- By conducting background checks to understand the enterprise's governance and operational qualifications, investigate whether its equity structure and internal management decision-making mechanisms are reasonable, and whether its business model is sustainable.

management process, continuously strengthening business environmental (climate) risk management.

rigorously scrutinizes enterprises in environmentally sensitive industries with high pollution and high emissions, and denies credit to projects and enterprises that do not comply with environmental protection regulations, revoking any financing already issued.

taking into full account ESG-related factors such as the background of the credit subject, operational status, guarantee situation, credit usage, and repayment sources during the due diligence process, ensuring credit risk is controllable.

- For operations involving hazardous materials, pollution emissions, and other activities requiring special qualifications, verify qualification certificates to ensure they are within their valid period.
- For the core patents, technologies, and other intellectual property rights necessary for operations, verify whether clear and valid patent authorizations have been obtained or if there are no disputes over the source of intellectual property rights.
- Understand the employment situation, operational environment, and information disclosure of the enterprise through on-site interviews and financial audits.
- Understand the enterprise's various negative information (including but not limited to lawsuits, regulatory penalties, business attention, credit, etc.) through third-party verification.
- Understand the regulatory policies of the enterprise's industry, conduct compliance risk assessments to ensure that the clients, businesses, or products applied for do not violate the basic requirements of commercial banking laws, national or regional industrial policies, various credit and product systems, regulatory regulations, etc., in terms of access, use, and other aspects.

Project Loans

- Further assess the feasibility of technology and resources such as project intellectual property, resource endowment, and social impact, and verify various types of compliance approvals including project approval, land, and environmental impact assessment documents.
-

4.3 Compliance Review

The Company has developed documents such as the *China Merchants Bank Company Credit Business Review Work Standards*, conducting strict compliance reviews of process normativity, business compliance, financing security, and plan rationality, known as the Four Principles compliance review.

- It explicitly requires the verification of the applicant's main business scope, business licenses, and the validity of professional qualifications to ensure their business legality.
- It pays attention to whether the applicant (project) has potential significant ESG risks and the impact of domestic and international laws, policies, technological and market changes on the client's operational status and industry development.
- It reviews the applicant's (project's) major environmental, energy consumption, and other industry regulatory policy documents related to operations.
- It reviews various operational qualification documents and green finance indicators of the applicant (project) such as hazardous waste/special operation licenses, environmental impact assessments, pollution certificates, energy

consumption indicators, core patent licensing authorizations, etc., and checks the scope of qualifications to ensure they are within their validity period.

- It rigorously verifies the source of core patent authorizations and technical intellectual property rights required for operations to ensure there are no disputes.

The Company has compiled guiding documents like the *China Merchants Bank Credit Review Guide - Photovoltaic Manufacturing (2023)*, the *China Merchants Bank Credit Review Guide - Conventional Hydropower (2023)*, the *China Merchants Bank Credit Review Guide - Wind Power Industry Chain (2023)*, and the *China Merchants Bank Credit Review Guide for Industrial and Commercial Distributed Photovoltaic Framework Quota*. These documents clarify project compliance requirements, credit cooperation conditions, and management requirements, offering advisory recommendations for credit strategy formulation and post-loan management operations, comprehensively enhancing the Company's ESG risk prevention capabilities.

4.4 Customer Classification

The Company has established the *China Merchants Bank Corporate Customer and Loan Green Classification Management Method*, which classifies corporate customers and loans into three colors and four categories—green-friendly first class, green-friendly second class, blue, and red—based

on the degree of environmental impact and the level of ESG risks such as energy consumption, pollution, land, health, safety, immigration resettlement, ecological protection, and climate change faced by the enterprise or project.

CMB Corporate Customer and Loan Green Classification System

Green

- Customers have a well-established environmental management system, strictly comply with environmental protection laws and regulations, and the loans are directed towards nationally supported clean energy industries, ecological and environmental industries, infrastructure green upgrades, energy-saving and environmental protection industries, clean production industries, green service industries, and other green sectors, with the customer's environmental and safety compliance being lawful and compliant.
- **Green-friendly first class:** Mainly includes customers in the clean energy industry and those whose environmental and safety production behaviors reach an internationally advanced level.
- **Green-friendly second class:** Other green customers that do not fall into the green-friendly first class.
- Priority credit support is given to green-friendly class customers.

Blue

- Directed towards other general non-green industries, where the customer is compliant with environmental laws, and energy consumption, material consumption, and pollution treatment are lawful and compliant.

- Moderate support is provided for blue class customers or projects.

Red

- Customers with significant environmental protection or safety production penalties or negative environmental events.
- For red class customers, a list management system is adopted, with regular re-examinations of rectification efforts and requiring customers to provide rectification reports. Measures such as suspending new credit issuance and reducing existing loans are implemented until customer risks are resolved.

4.5 Contract Management

The Company has added or improved green finance-related clauses in basic credit contract texts such as credit agreements and loan contracts. These include declarations and guarantees about managing ESG risks by the credit applicant/borrower and

provisions regarding corresponding default liabilities. Through contract clauses, clients are urged to strengthen their ESG risk management.

4.6 Loan Disbursement Management

In the loan disbursement review phase, the Company strictly implements credit review opinions and product policies regarding the ESG risk management requirements for projects

or clients, ensuring rigorous implementation of client environmental and social risk management status review before disbursing funds.

4.7 Post-Investment and Lending Management

In the *Notification on Issuing Post-Investment and Lending Management Methods for Corporate Customers* by China Merchants Bank, there are explicit requirements to monitor

clients' ESG status. When clients face potential significant ESG risk events such as sudden environmental incidents or violations of environmental laws, targeted management

measures are formulated. ESG risks are incorporated into the major risk reporting system. If ESG risks impact the client's normal operations and pose a significant threat to the Company's financial security, reports are escalated to different levels depending on the amount involved.

The Company continuously monitors and dynamically assesses the ESG risks of investment and financing clients through comprehensive data collection from official information from government and regulatory bodies like the National Development and Reform Commission, Ministry of Ecology and

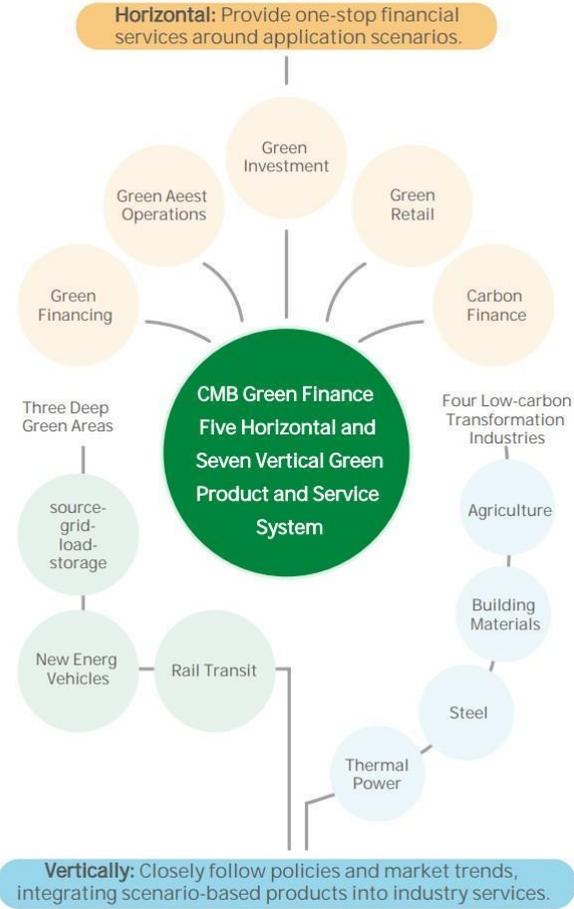
Environment, Ministry of Industry and Information Technology, media, public feedback, and on-site investigations by business personnel.

For clients and loans with significant ESG risks, based on the risk assessment, timely risk notifications or warnings are issued. Risk levels and remediation measures are adjusted according to specific circumstances, and clients are urged to take appropriate risk mitigation actions promptly. The credit issuance for clients and projects with high ESG risks is strictly controlled to facilitate risk resolution.

(II) Green Product and Service Innovation

In 2023, the Company launched its green finance brand and established a five horizontal, seven vertical product matrix. Horizontally, it revolves around five major scenarios: green financing, green asset operation, green investment, green retail, and carbon finance, providing one-stop financial services. Vertically, it closely follows policy and market trends, integrating scenario-based products into three deep green areas: source-grid-load-storage, new energy vehicles, and rail transit, as well as services for four low-carbon transformation industries

covered by the People's Bank of China's transformation finance framework, including thermal power, steel, building materials, and agriculture. By the end of 2023, the total financing amount for green corporate customers (FPA), green retail, and green investment comprehensive business balance reached RMB920.407 billion, with an increase of RMB202.056 billion from the beginning of the year, marking a growth rate of 28.13%.



1.Green Financing

1.1 Green Credit

The Company continues to enrich the variety of green credit financial products and services, increasing the funding inclination towards green sectors, with a focus on energy-saving and environmental protection, clean production, clean

energy, ecological environment, infrastructure green upgrades, and green services. By the end of 2023, the balance of green loans reached RMB447.765 billion, an increase of 26.00% from the end of the previous year.

Designing Green Deposit¹ Products

- Using customer deposit funds for projects that can generate quantifiable environmental benefits, meeting corporate customers' deposit needs while helping them closely integrate environmental protection responsibilities with their development practices. By the end of 2023, the amount of green deposits reached RMB917 million, with the balance at the end of the period standing at RMB420 million.

Innovating Distributed Photovoltaic Framework Credit Products

- Considering the distributed nature and short construction period of distributed photovoltaic projects, the Company optimized loan credit authorization. By adopting a batch and standardized mode of support for projects in different regions, loan approval efficiency is improved, aiding the development of green projects.

¹ Green deposits, as green financial products, raise funds for sustainable green economic projects, helping to promote the transition of the economy towards low-carbon, climate adaptation, and sustainable development.

In 2023, the Company followed the Partnership for Carbon Accounting Financials (PCAF) guidelines to initiate a pilot project in our Shanghai, Shenzhen, Nanjing, Hangzhou, and Wuhan branches for collecting data on our clients' carbon emissions. This initiative encompassed various asset types including corporate loans, project financing, bond and equity

investments. By gathering data on carbon emissions—either directly disclosed by our clients or verified by independent third parties—alongside calculating energy consumption and estimating carbon emissions from client financing, we were able to assess that our investment and financing activities in 2022 resulted in carbon emissions totaling 36.2723 million tons.

[Case] Supporting Clean Energy Development, Contributing to the National Carbon Peaking and Carbon Neutrality Strategy

The Company supports the construction of several photovoltaic (PV) desert control projects, including the country's largest single-scale PV desert control project, the Mengxi Base Kubuqi 2 Million Kilowatts PV Desert Control Project, effectively aiding the development of PV projects. It serves the debt optimization of hydropower projects in western provinces such as Yunnan, Sichuan, and Gansu, providing financial guarantees for the development of clean energy. By the end of 2023, it has provided more than RMB5 billion in funding support for hydropower projects in Yunnan, Gansu, Sichuan, and other provinces. It conducts in-depth research on green energy project opportunities in the western region, promoting green and low-carbon development in Xinjiang, Inner Mongolia, and other areas.

[Case] Xiamen Branch Empowers Businesses with "Smart Grid Carbon Reduction Loans" for Sustainability

In April 2023, the Xiamen Branch, in collaboration with the State Grid Xiamen Electric Power Company and the State Grid Yingda Carbon Assets Company, launched Fujian Province's first Smart Grid Carbon Reduction Loan green supply chain financial product. Based on the enterprise's carbon reduction pre-assessment report, the Xiamen Branch granted a 2-year credit loan of RMB8.68 million to a company in Xiamen, which could achieve a reduction of 158.09 tons of carbon dioxide equivalent emissions. Additionally, the branch reduced financing costs for the enterprise through green interest rate discounts, bringing significant economic and environmental benefits.

1.2 Green Notes

The Company implemented the relevant policies of the regulatory authorities, fully utilized the acceptance business to support the payment and settlement in the industrial chains of green and environmentally friendly enterprises, and promoted

1.3 Green Notes Re-discounting

The Company actively responded to the re-discounting policy of the People's Bank of China, intensified its financing support for enterprises related to green environmental protection, innovated the green supply chain bill business model, and

1.4 Green Leasing

The subsidiary CMB Financial Leasing has vigorously developed its green leasing business by enacting the *Green Finance Development Regulations*, enhancing green leasing review policies, providing support and preferential treatment to green resources, and optimizing the green clauses in business contracts. By the end of 2023, CMB Financial Leasing had

the development of green acceptance business. By the end of 2023, the balance of the green acceptance business reached RMB30.301 billion.

advanced the re-discounting of green supply chain bills. In 2023, the scale of green re-discounting reached RMB11.567 billion, with a year-end balance of RMB5.944 billion, an increase of RMB1.423 billion year-on-year.

disbursed RMB54.721 billion in green leasing business over the year, accounting for 49.67% of the CMB Financial Leasing's total disbursement; green leasing assets reached RMB121.50 billion, with a growth of 15.31% from the end of the previous year.

Highlights of CMB Financial Leasing's Green Leasing Efforts in 2023

- **Shipping sector:** Possessed 238 transport vessels that comply with international environmental standards, including 25 green fuel vessels and 11 green power vessels using LNG fuel.
- **Renewable energy sector:** Assets spanned both centralized and distributed photovoltaic power plants, as well as wind farms

located in various terrains, both offshore and onshore. This sector saw nearly RMB30 billion in disbursements towards new energy projects over the year.

- **Traditional mining sector:** Supported the transition towards low-carbon and smart mining operations. The unmanned mining truck projects, inspired by the vision of “tear-free mines”, have set a benchmark for shifting production towards greener and safer practices.

2.Green Asset Operations

In 2023, the Company refreshed the *China Merchants Bank Green, Social Responsibility, and Sustainable Development Bond Framework*. Leveraging this comprehensive framework,

we dedicated ourselves to financing or refinancing projects that demonstrate significant environmental or social impact.

[Case] Issuance of the World’s First Blue Floating Rate US Dollar Bond

In June 2023, the Company issued a USD400 million, three-year, blue floating rate dollar bond, marking the first issuance globally of a bond of this kind that aligns with the International Capital Market Association (ICMA) Green Bond Principles. Centered on the critical mission of ocean conservation, the bond funded existing domestic blue loans that support water resource management and offshore wind energy projects, all certified by a reputable third-party agency. Through this pioneering bond issuance, the Company showcased our unwavering dedication to sustainable management of water resources and the protection of our oceans, thereby amplifying our contribution to aquatic ecosystem conservation, the development of marine renewable energy, and the broader marine economy.

To ensure transparency and accountability, the Company annually engage third-party agencies to audit our green, social responsibility, and sustainability bonds throughout their term, with the audit findings made publicly available.

By the end of 2023, our portfolio included RMB15 billion in domestic green financial bonds and USD1.9 billion in outstanding international ESG bonds.

3.Green Investment Banking

3.1Green Bond Underwriting

The Company actively assists various institutions in issuing bonds, underwriting 41 green bonds throughout the year with a primary underwriting scale of RMB27.073 billion. According to data from the China Interbank Market Dealers Association, in 2023, the Company ranked first among joint-stock commercial banks in terms of the main underwriting amount for green debt financing tools (including carbon neutrality).

In September 2023, the Company helped the Hainan Provincial Government successfully issue the first domestic local government biodiversity-themed green bond on the Hong Kong Stock Exchange, further enriching the offshore RMB bond variety.

[Case] Shenzhen Branch: Supporting Environmental Enterprises in Green, Low-Carbon, and Sustainable Development

In May 2023, the Shenzhen Branch participated in the underwriting and issuance of China Everbright Environment (Group) Limited's carbon-neutral Panda perpetual bonds, with an issuance amount of RMB2 billion. As the market's largest single-issue scale of Panda perpetual medium-term notes and the first Panda perpetual medium-term note in the market to raise funds entirely for the repayment of overseas Hong Kong dollar loans, the funds raised for the corresponding projects are expected to achieve an annual reduction of 265,400 tons of carbon dioxide, offering significant environmental benefits.

3.2 Green Mergers and Acquisitions

The Company offers tailored M&A services for pivotal green finance scenarios, including consolidating the new energy sector, coal-power collaboration, and assisting wind and PV companies in their international ventures. We're enhancing our

green new energy M&A framework and refining our product offerings. By focusing on finance services for the entire life cycle of clean energy assets and creating initiatives for the efficient use of green power, we aim to stimulate activity in this

sector. Our efforts include publishing insightful reports to address the needs of wind energy firms engaging in mergers

3.3 Green Custody

The Company serves the custody needs of the green industry and green-themed products, making significant progress in the custody of funds, securities, and private equity funds.

- **Fund and Securities Custody:** In 2023, it custodied multiple green-themed special asset support plan (such as REITs) related to green energy, green power generation, green water supply, and green supply chains, providing comprehensive life cycle custody and operational services for these funds.

4.Green Investment

The Company adheres to a prudent operational philosophy, assessing the economic fundamentals, inflation trends, and monetary policy directions of major economies at home and abroad. It continuously strengthens macro-policy research and market judgment, perfects its proprietary investment research and analysis framework, enhances indicator tracking and monitoring, optimizes portfolio structures, and increases

and acquisitions. In 2023, we managed M&A assets worth RMB10.181 billion in key green finance areas.

- **Private Equity Fund Custody:** In 2023, it custodied several ESG-themed industry funds, including the Green Low-Carbon Equity Investment Fund (Jinan) Partnership (Limited Partnership), Yichang Industrial Investment Long Certificate Green Industry Fund Partnership (Limited Partnership), and Electric Investment Green Strategic Investment Fund (Tianjin) Partnership (Limited Partnership), further participating in the development of low-carbon and green industries.

investment returns. In 2023, the Company fully utilized its credit resources and multi-channel funding organization capabilities, actively participated in green bond investment transactions, and increased the tilt of financial resources towards the green and low-carbon industry. By the end of 2023, the Company's Capital Operation Centre held RMB16.827 billion of green bonds, a year-on-year increase of 50.79%.

[Case] Launch of Social Responsibility Bond Index and Green Bond Index Fund

In October 2023, the Company, in collaboration with the China Foreign Exchange Trade System, innovatively launched the market's first Social Responsibility themed bond index, CFETS-China Merchants Bank Social Responsibility Bond Index, featuring more than 2,000 bond samples involving over 500 bond issuers. The index includes widely issued special-purpose bonds such as green, rural revitalization, micro and small enterprises, mass Innovation mass Entrepreneurship, sustainable development, and bonds issued by companies in fields aligning with the national industrial transformation direction, such as new energy, green economy, advanced manufacturing, "specialized, competitive, distinguished, and innovative (专精特新)", and domestic innovation, covering a wide range of areas, strong representativeness, excellent issuer quality, and stable operation.

Concurrently, the Company, together with its subsidiary China Merchants Fund, launched the market's first green bond index fund, China Merchants CFETS Interbank Green Bond Index Fund, with an initial size of RMB8 billion. This index tracks the CFETS Interbank Green Bond Index compiled by the China Foreign Exchange Trade System and further selects high-quality bonds on the basis of index compilation, strictly controls credit risk, and fills the gap in publicly offered funds in the green bond theme index fund sector.



Launch event for the CFETS-China Merchants Bank Social Responsibility Bond Index.

Our major subsidiaries are committed to embracing and implementing responsible investment strategies, thereby

amplifying their engagement with sectors aligned with ESG principles through disciplined investment approaches.

Subsidiary CMB Wealth Management

- **Bond Investments:** Embraces green development as criterion in its comprehensive assessment, favoring assets endorsed by the People's Bank of China's *Green Bond Endorsed Project Catalogue* while adopting a prudent approach towards investing in high-energy consumption and pollution industries such as coal, steel, and chemicals.
- **Equity Investments:** Preference is given to investing in industries that benefit from carbon neutrality, such as new energy, industrial energy saving, green manufacturing, and carbon emission rights trading.
- **Alternative Asset Investments:** Priority is given to investing in new energy production, new energy vehicle industry chains, and industries undergoing low-carbon process transformations, focusing on supporting the financing needs for carbon peaking in sectors such as energy, industry, transportation, construction, new energy, and industries like steel, construction materials, non-ferrous metals, chemicals, petrochemicals, electricity, and coal. Efforts are made to actively explore comprehensive financing service solutions for the above industries.
- By the end of 2023, the subsidiary CMB Wealth Management's total green bond investment balance was RMB29.286 billion.

Subsidiary CMB International Capital

- During the investment decision stage of private equity investment business, the target company's ESG situation is analyzed, and its ESG performance is included in the investment decision documents.
 - In 2023, the Company invested in 8 green finance industry projects, totaling RMB735 million.
-

Subsidiary China Merchants Fund

- Hosts a dedicated Sustainable Investment Decision Committee under its Investment Decision Management Committee, chaired by the general manager, to enforce ESG investment principles in setting foundational policies and making crucial investment choices for fund or asset management.
- Develops a comprehensive ESG assessment framework detailing 19 themes across 38 metrics within the environmental, social, and governance dimensions. This framework is now part of certain investment portfolios.
- Fulfills its role by actively engaging in governance activities of listed companies, such as shareholder meetings and major decision votes, leveraging its vote with our hands approach to foster sustainable corporate practices.
- In 2023, as one of the first batch of public fund management companies to join the China Climate Engagement Initiative (CCEI) and the Climate Action 100+ initiative, China Merchants Fund published its first *Environmental Information Disclosure Report and Principles for Responsible Investment (PRI) Annual Responsible Investment Report*, further enhancing the influence of China Merchants Fund on ESG development and responsible investment.

Subsidiary CIGNA & CMAM

- Develops the Company's green finance strategic plan, establishes a green finance organizational management structure, forms a green finance working group to oversee green finance initiatives, refines the green finance-related institutional framework, and integrates ESG requirements into the Company's management processes.
 - **Equity Investments:** Leveraging positive screening to preferentially select stocks and thematic funds within the realm of green and low-carbon sectors, this includes a proactive stance towards investing in stocks of electric equipment and new energy sector companies, as well as energy-themed public funds.
 - **Bond Investments:** Employing a variety of responsible investment strategies like integration, screening, and theme-based methods, this approach integrates ESG considerations into portfolio development, actively incorporating companies that yield
-

social or environmental benefits and investing in bonds within the green finance sector.

- **Investments in Alternative Products:** Focused on seizing investment opportunities in green and low-carbon alternative assets, such investments span green debt investment schemes and publicly traded REITs centered around clean energy generation among other green alternative investments.
- **Establishing Green Bond Insurance Plans:** Offers financing solutions to green and low-carbon projects, with debt investment schemes receiving a green stamp of approval from evaluating bodies.

5.Green Retail

The Company is committed to driving both businesses and individuals towards more sustainable, green, and low-carbon practices starting from the consumer level. We aim to help

nurture and expand the green consumer market, encouraging a lifestyle that embodies simplicity, environmental consciousness, and health.

Distribution and Launch of ESG-themed Financial Products

The Company actively incorporating financial products that reflect ESG values, providing our clients with a broad array of options in this area. By the end of 2023, we were distributing seven ESG-themed financial products with a combined balance of RMB3.718 billion and 95 funds focused on themes like ESG, environmental protection, new energy, and carbon neutrality, totaling a balance of RMB6.634 billion.

Our subsidiary, CMB Wealth Management, launched the CMB Wealth Management Zhaorui (ESG) Daily Open 90-Day Fixed Income Plan (招银理财招睿 (ESG) 日开 90 天持有期 1 号固定收益类理财计划), specifically targeting investments that align with ESG principles. By the end of 2023, the subsidiary CMB Wealth Management had released four ESG-themed financial products, and accumulating a total of RMB1.73 billion in assets.

Additionally, by the end of 2023, the subsidiary China Merchants Fund managed ten ongoing ESG-related products, amassing a

total of RMB9.321 billion in assets, marking a 154.53% increase in scale compared to the end of the previous year.

Green Mortgage Loans

In 2023, the Company increased its mortgage lending for green buildings, actively explored innovations in green consumption business, strengthened proactive marketing for green buildings, and supported green consumption.

Low-Carbon Credit Card

In 2023, the Company launched the green and low-carbon themed credit card with a range of exclusive environmentally-related benefits.

- **Offering exclusive environmental benefits:** Introducing “bring your own cup for coffee” as a new account opening gift to guide customers towards green consumption; including exclusive benefits like 10% cashback for subway travel to encourage low-carbon transportation.
- **Providing purely digital card delivery:** By innovatively introducing digital card technology, customers are offered a choice of a completely digital, non-physical credit card product throughout its entire lifecycle, reducing the carbon emissions associated with manufacturing and delivering physical cards. When a physical card is needed, customers can apply through the CMB Life App for a physical credit card made from environmentally friendly materials.



The Green and Low-Carbon Themed Credit Card by CMB.

New Energy Vehicle Consumer Installment Plans

The Company has reached comprehensive cooperation agreements with several new energy vehicle brands, jointly creating a New Energy Zone on the CMB Life App, which regularly features content on advancements in low-carbon technologies for new energy vehicles, introductions to low-carbon models, installment financing policies, and dealership test drive appointments. This initiative marks the first one-stop online experience for viewing, selecting, and test-driving vehicles, along with a dedicated service model for new energy vehicles, providing supreme service for customers interested in new energy vehicle installment plans.

At the same time, the Company has streamlined the application process for new energy vehicle installments, creating the industry's fastest e-second car purchase (e 秒购车) green financial product. This service allows customers to complete the entire process from application to loan disbursement and vehicle pickup within just one hour, significantly enhancing the installment application experience for new energy vehicles.

6. Carbon Finance

The Company innovated and promoted carbon-linked loan products, deploying 18 carbon-linked loans in 2023, totaling RMB370 million.

[Case] Spearheading a Syndicated Loan for a Clean Energy Leader's Sustainable Development

SRJK, a top player in the clean energy sector, recognized globally for its solar product development, manufacturing, and comprehensive clean energy solutions, boasts numerous global production facilities across China, Malaysia, Vietnam, the United States, and other regions, with a high demand for cross-border green financing.

In April 2023, the Company took the lead as the bookrunner, syndicate agent, and sole advisor on sustainability-linked loans, orchestrating SRJK's first RMB5.8 billion sustainability-linked overseas syndicate loan. This initiative targeted reducing carbon emissions and serious production incidents, employing esteemed external certification bodies such as the Hong Kong Quality

Assurance Agency to craft bespoke sustainability performance targets (SPTs) following the Sustainability Linked Loan Principles. These SPTs, linked to the loan's cost, incentivize ongoing enhancements in the enterprise's carbon emissions and safety in production operations.

[Case] Hangzhou Branch Facilitating Low-Carbon Economic Transformation with Carbon Reduction-Linked Loans

The Hangzhou Branch pioneered carbon reduction-linked loans in Huzhou. In 2023, it provided a RMB50 million loan to a leading deep green bearing manufacturer, tying the loan's interest rate to carbon efficiency metrics and other performance indicators, thereby offering interest rate reductions. By the end of 2023, the branch had extended 15 carbon-linked loans to 11 companies, totaling RMB307 million, fervently supporting the region's transition towards a greener and more sustainable economy.

(III) Green and Low-Carbon Operations

The Company practices the concept of green operation, strictly adheres to the provisions of the laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Water Law of the People's Republic of China*, the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Energy Conservation Law of the People's*

1. Establishing a Carbon Management Framework

In 2023, the Company launched a comprehensive carbon management framework, focusing on areas such as governance, policy systems, action plans, management

Republic of China, and the *Circular Economy Promotion Law of the People's Republic of China*, establishing a green operation management system to enhance the capability of green operation management. In 2023, the Company did not experience any major environmental compliance incidents.

systems, and capacity enhancement, laying a strong foundation for our green operation initiatives.

Enhancing Governance Structure

- We've established a head office-level green operations team, tasked with overseeing the strategy, evaluation, execution, and monitoring of green operations and carbon management practices, ensuring that operational strategies and actions are effectively implemented.
- Led by a senior finance leader, this team collaborates across 12 departments including Financial Accounting Department, General Office, General Office of Corporate Finance, General Office of Retail Finance, Investment Banking Department, Risk Management Department, Information Technology Department, Operation Management Department, Research Institute, and Administration Department, working together to enhance our carbon management framework.

Conducting Carbon Inventory

- We've engaged leading third-party experts in line with global benchmarks like the *Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (Revised Edition)* and the *Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, to perform an exhaustive review of carbon emissions from over 1,900 facilities in the last three years, mapping out our carbon footprint and thoroughly understanding our emissions profile.

Advancing Energy-Saving Goal Setting

- Introduced the *Trial Guidelines for Efficient Energy Management in Office Properties*, evaluating energy-saving potential and recommending measures, with initial targets set for reducing carbon emissions and energy use in important office spaces.

Defining Energy Efficiency and Carbon Reduction Strategies

- Released a comprehensive *Electric Power Consumption Index for CMB's Office Buildings*, utilizing real-time energy data to rank our offices based on their energy use, allowing us to precisely evaluate energy consumption in critical building systems.
- Identifying the reduction of electricity use as a cornerstone of our carbon reduction strategy, we've outlined targeted work plans and specific energy-saving initiatives.
- By assessing the carbon emission levels and reduction opportunities across our operations, we've developed a toolkit for emissions reduction, ensuring the effective implementation of these strategies.

Broadening Energy Management Platform Integration

- We've increased the integration of our branches and sub-branches into the energy management platform. By the end of 2023, data on electricity usage from 54 main and branch office buildings as well as 172 sub-branch locations were connected to the platform, enabling the automation and live tracking of energy data.

Achieving Certification for Our Systems

- Our main office buildings, including the Headquarters, R&D center, and the Pinghu Finance Innovation Building, have earned certifications from globally recognized standards such as the Environmental Management System ISO14001:2015 (GB/T24001-2016) and the Energy Management System ISO50001:2018 (GB/T 23331-2020).



Certificates for Environmental Management System ISO14001:2015 (GB/T24001-2016), Energy Management System ISO50001:2018 (GB/T 23331-2020).

2. Green Office

The Company is dedicated to fostering a green office environment by advocating for the use of energy-efficient devices and leveraging digital solutions, employing a variety of strategies to boost our eco-friendly operational capabilities. In

January 2024, our Head Office's property management initiative received a Three-Star Green Property Management Project award in Shenzhen for its efforts.

Energy Conservation

- Through initiatives like upgrading to energy-efficient lighting, optimizing air conditioning systems, managing electrical power, and conducting energy audits, we achieved an 11.28% reduction in electricity usage in 2023 compared to the previous year at our Head Office building. This resulted in a drop in energy use to 118.98 kWh per square meter and a decrease in carbon emissions by over 1,030.51 tons for the year.
- We've experimented with transforming shared office spaces to support the flexible working needs of 67 integrated teams, accounting for 616 person-times engagements and 7,757 meetings, promoting efficient and adaptable work environments.
- We've implemented green cleaning solutions at the Head Office, using super-concentrated cleaning products with the national Ten Rings Certification, reducing the variety and amount of cleaning products used. It is expected to reduce carbon emissions by 2.05 tons throughout the year.

Paperless Operations

- **Paperless Operation:** We've promoted double-sided printing, and implement measures such as shared printer management to reduce paper waste reduced the consumption of one-time paper cups, tissues, and other materials in meetings; used big data and cloud storage to replace paper archives storage.
 - **Paperless Business:** We've promoted direct-through business processes, electronic counter business agreements, saving 69.96 million sheets of paper annually, reducing carbon emissions by 181.90 tons.
 - **Credit Card Electronic Statements:** We've encouraged credit card customers to use electronic statements, upgraded and optimized various online channel reconciliation services, guided customers to check accounts through self-service channels quickly. By the end of 2023, the proportion of credit cards using electronic statements reached 99.57%, saving more than 1.893 billion paper statements annually.
 - **Paperless Financial and Tax Management:** We've accelerated the electronic invoicing process, issuing the first bank
-

industry's Leqi Direct Connect electronic special invoice, with 1.33 million electronic invoices issued by the end of 2023; as the first financial institution in the country to successfully implement a no paper, no manual review, no sensation reimbursement process transformation, promoting a green operation model of as paperless as possible, with 786,400 paperless documents processed annually, saving about 3.14 million A4 papers.

- **Paperless Procurement:** We've gradually realized the full electronic process of procurement through the procurement management platform, reducing the use of paper for procurement and project archives.

Water Conservation

- We've launched initiatives to conserve water across our operations, including educational signage about water savings, upgrading drink stations to remove the need for bottled water, minimizing bottled water use during events, and implementing air conditioning condensate recycling for use in atrium pools. Furthermore, we've installed automatic sensors on faucets and water-efficient toilets, and adopted high-pressure cleaners and robotic vacuums for more efficient water use in our cleaning processes.
- At Shanghai Zhangjiang Data Center, we've enhanced humidity controls and the maintenance of water facilities to better conserve water.
- Going forward, we're committed to improving our tracking of water usage and will be setting and sharing goals for water conservation across our headquarters and branches worldwide.

Food Conservation

- We've championed the Clean Plate Campaign to combat food waste. This initiative led to a 9.81% reduction in kitchen waste at our five Head Office restaurants in 2023.



Employee cafeteria's clean plate surprise events.

Waste Management and Sorting

- **Hazardous waste:** Mainly includes waste fluorescent tubes, waste batteries, waste paint (cans), pesticides, waste thermometers, etc. The method of disposal is to store them in a hazardous waste warehouse for regular disposal by qualified units. Toxic and hazardous wastes such as waste batteries, waste ink cartridges, waste ribbons, waste toner cartridges, and waste fluorescent tubes are classified separately, with special collection containers set up, the waste names labeled and stored in a sealed manner to prevent pollution, and entrusted to toxic and hazardous waste disposal units approved by government departments for transport.
- **Non-hazardous waste:** Recyclable non-hazardous wastes such as cardboard, plastic bottles, foam, metal, etc., are recycled by resource regeneration units. Non-recyclable non-hazardous wastes such as swill and daily domestic garbage are collected and transported by waste collection units on a daily schedule.
- Our office asset recycling initiative in 2023 reclaimed 4,457 unused office items, saving approximately RMB588,700 in office expenses and further improved waste storage and sorting at our main office building, ensuring compliance with waste management protocols. Moving forward, we aim to refine our waste management goals based on detailed waste audits, continuing to enhance our sustainability efforts.

3. Green Branches

The Company is committed to establishing green financial branches by enhancing systems for energy conservation, advancing green office practices, sorting waste effectively, and educating on sustainability and eco-friendly lifestyles. This underscores our role in championing green and low-carbon

initiatives. By the end of 2023, our branches in Beijing Yuetan, Shenzhen Yukang, and Wuhan Changjiang were honored with Carbon Neutral Certificates from their respective local carbon exchanges.

[Case] Introducing the Financial Sector's First Prefab Low-Carbon Branches

In 2023, the Beijing Yuetan Sub-branch and Shenzhen Yukang Sub-branch became the first in the financial industry to successfully pilot prefabricated + carbon-neutral branches.

- **Innovatively using prefabricated construction technology to promote green construction:** Prefabricating some or all building components in a factory before transporting them to the construction site for Lego-style assembly. Compared to traditional construction processes, this method eliminates complex steps such as cutting, plastering, and gluing, significantly reducing dust pollution and noise at the construction site, and reducing carbon emissions by 21.15% compared to traditional renovations. Also, by selecting green, eco-friendly panels during material prefabrication, further green renovation of branches is achieved.
- **Equipping with a zero-carbon system to create green operating branches:** The smart zero-carbon system is an intelligent carbon management system driven by new energy, built with recyclable green building materials, and equipped with smart and efficient electromechanical devices, allowing real-time monitoring of branches. With the smart zero-carbon system, branches can perform a full lifecycle carbon audit based on various types of energy measurement and analysis, manage and optimize branch carbon emissions, and promote green operations.



The Beijing Yuetan Sub-branch's workspace.



The Carbon Neutral Certificate awarded to the Beijing Yuetan Sub-branch by the Beijing Green Exchange.

4. Green Data Center

When establishing the Company's Chengdu Research and Development Center, we prioritized environmental sustainability and energy efficiency, integrating local natural cooling capabilities and advanced technologies such as variable-frequency air-cooled fluorine pump air conditioners and natural water-cooling systems. This approach exemplifies our commitment to constructing data centers that are both green and low carbon.

The Company continues to promote energy saving and emission reduction in its operational data centers. In 2023, the Shenzhen Pinghu Data Center and Shanghai Zhangjiang Data Center reduced annual electricity consumption by 10,821,100 kWh through measures such as optimizing the chilled water system with AI control, utilizing natural cooling resources, employing high-density closed cold and hot channels, operating

5. Green Fleet

The Company issued new energy vehicle usage guidelines at the Head Office level, adding 16 new energy vehicle suppliers, covering a total of 30 models of pure electric and hybrid new energy vehicles to meet diverse vehicle use needs; adhering to the principle of replace as much as possible with new energy

precision air conditioning with intelligent speed control, and smart lighting. A renovation plan for the Company's own Shenzhen Research and Development data center was developed, planning to use energy-saving technologies and equipment such as full-variable frequency air-cooled fluorine pump air conditioning technology and high-efficiency power distribution technology to ensure that the Power Usage Effectiveness (PUE) value of the renovated data center remains at a low level.

In choosing leased data center providers, the Company pays attention to green and environmental factors. The leased data center provider, GDS (GDS Holdings), is the first domestic data center enterprise committed to achieving carbon neutrality and 100% use of renewable energy by 2030.

vehicles, each branch formulates a three-year renewal plan for new energy vehicles based on the standards for business vehicle configuration and the current status of vehicle use, and gives priority to new energy vehicles when replacing scrapped vehicles; additional electric vehicle charging stations are

installed at the Head Office premises, and fast charging equipment is upgraded to facilitate the use of new energy

vehicles; optimize shuttle bus routes to reduce exhaust emissions.

6. Spreading Green Ideals

The Company conducts a variety of offline green and low-carbon promotion activities such as World Earth Day, World Environment Day, Earth Hour, energy office inspections, Car-Free, Splendid Celebration, With CMB You're Thrilled Every Month (盛世华诞·招行有你在·月玩月心动) themed park tours, Every New Measure for Environmental Protection, Low Carbon

Actions I Take (环保招招新·低碳我践行) and adds a Green Living column to the employee service platform, publishing 21 articles on green living throughout the year, with over 290,000 reads and a total of 600,000 engagements. Through a combination of online and offline activities, the concept of green operation office is deeply rooted in people's hearts.

[Case] Boost Your Green Commute with CARfree

In an effort to promote a culture of environmental consciousness among the Company, we organized the Boost Your Green Commute with CARfree initiative on our designated Green Commute Day at the Headquarters. This special day saw our staff transform into champions of sustainability, embracing eco-friendly modes of transportation such as public transit, walking, cycling, and using the Company shuttle, all in support of reducing carbon emissions. As a reward for their commitment to green commuting, CMB employees at the Head Office who shared proof of their eco-friendly journey to work were treated to a complimentary cup of coffee. This initiative successfully engaged 1,619 employees, achieving a combined total of 13,011.07 kilometers traveled in a more sustainable manner.



The Boost Your Green Commute with CARfree Initiative.



The Every New Measure for Environmental Protection, Low Carbon Actions I Take (环保招招新 低碳我践行) initiative.



The Shanghai Branch's Low-Carbon Tips, Evergreen (低碳有招, 自绿不息) environmental campaign.

Alongside, the Company is actively spreading the word about sustainable practices to both our clients and the broader community. Through the CMB App, we've rolled out Carbon Quest in the Starry Sky (碳寻星空), a campaign aimed at personal customers to immerse them in nine different low-

carbon activities, such as using public transport, online bill checking, and digital transactions, collectively saving 308.45 tons of carbon emissions. We've also launched comprehensive green finance campaigns across various social media platforms (Weibo, Bilibili, Xiaohongshu, WeChat video accounts, etc.), generating over 142 million interactions.



Special agricultural product exchange at the Carbon Quest in the Starry Sky (碳寻星空) constellation blind box event.

[Case] Guiyang Branch's Plastic Battle, Green Solutions (塑战塑决 绿色有招) for World Environment Day

On June 5, 2023, World Environment Day, the Guiyang Branch held the Plastic Battle, Green Solutions (塑战塑决 绿色有招) World Environment Day promotion activity, aimed at gathering a light-hearted green determination to fight plastic.

During the park tour segment, starting with hot topics such as waste sorting and green finance, Guiyang Branch organized environmental declaration Green Sticking and other activities, showing significant ceremonies in light activities, calling for widespread public participation. Inside the business outlets, narrators introduced in detail the design, user rights, and low-carbon concepts of CMB's low-carbon credit card, popularizing green finance knowledge by telling stories behind financial support for low carbon and advocating green consumption.



Guiyang Branch employees and their families perform at the Plastic Battle, Green Solutions (塑战塑决 绿色有招) World Environment Day event opener.

[Case] Fuzhou Branch's Bring Your Own Cup, A Big Gather for Green Stamp Collection (“招” 你自带杯, 万事大 “集” 绿色集章) Charity Activity

The Fuzhou Branch initiated the Bring Your Own Cup for a Big Gather of Green Stamps (“招” 你自带杯, 万事大 “集” 绿色集章) community service campaign, leveraging 20 community coffee shops throughout the city of Fuzhou. In partnership with local lifestyle media, major sports communities, and Xiaohongshu influencers, the branch launched a bring your own cup and stamp collecting challenge. This initiative was also promoted during the 2023 Fuzhou Marathon, blending the concept of sustainability with current trends. Through a variety of creative and engaging methods, the campaign advocated for environmentally friendly consumption practices.



Bring Your Own Cup, A Big Gather for Green Stamp Collection (“招” 你自带杯, 万事大 “集” 绿色集章) charity event scene.

[Case] Kunming Branch: Educating with Entertainment, Championing Biodiversity

In 2023, the Kunming Branch gathered nearly 50 families at the Yunnan Maowan Aquaculture Base to kick off the Journey to Protect Biodiversity series of activities. In the inaugural event, participating families engaged in a variety of enjoyable and educational activities, such as touring the Yunnan Native Fish Science Popularization Corridor and the Yunnan Native Fish Museum, and creating microbial tanks. These activities taught them about the living conditions and ecological protection of Yunnan's native fish. Through fun learning experiences, children grasped the importance of ecological and environmental protection, fostering a community spirit dedicated to the conservation of biodiversity and the shared responsibility for a green ecology.



Kunming Branch's Journey to Protect Biodiversity series of activities.

[Case] Xiamen Branch Gathering Environmental Efforts to Protect Our Blue Home

In 2023, under the guidance of the Chinese White Dolphin and Wenchang Fish Natural Reserve Center in Xiamen, the Xiamen Branch initiated the Gathering Environmental Efforts to Protect Our Blue Home (“招” 聚环保力量，守护蓝色家园) beach cleaning campaign. This effort aimed to raise public awareness about the oceans’ vast value, the global pollution impacting marine environments and ecosystems, and the critical need for oceanic ecological and biodiversity protection. Nearly a hundred employees, citizens, and tourists participated, collecting a total of 27 kilograms of beach litter, demonstrating a commitment to marine conservation.



Scene from Xiamen Branch’s Gathering Environmental Efforts to Protect Our Blue Home (“招” 聚环保力量，守护蓝色家园) beach cleaning event.

[Case] Fuzhou Branch: Childlike Love, Nature's Vitality through Children's Art (童心同爱, 童画自然生机) Beach Cleaning and Painting Charity Activity

The Fuzhou Branch organized a beach cleaning and painting charity event themed Childlike Love, Nature's Vitality through Children's Art (童心同爱, 童画自然生机). Families joined hands in cleaning the Min River's shores by collecting sea glass fragments and other debris. Following the cleanup, families gathered at the Fuzhou CMB Building's Zhaofu Library to watch animated shorts on animal protection, learn about ecological pollution, and create artwork on sea glass canvases. The painted sea glass was then transformed into hair clips, fridge magnets, etc., breathing new life into the material.



Youth intently painting on sea glass, transforming waste into treasure.



Chengdu Branch hosts the Calling for Value, Generating Oxygen Market green-themed event (“招焕”价值·造氧集市绿色主题活动), encouraging public participation in environmental actions through a car trunk market, unplugged music festival, carbon credit challenge, and DIY eco-friendly plastic bags with Xiao Zhao Miao (小招喵).



New York Branch celebrates World Earth Day with a Day in the Dirt green volunteering activity, clearing weeds under a professional forester's guidance, becoming Friends of the Oak in Central Park.



Hefei Branch launches Free Skies, Meeting with the Birds (自在晴空 与飞鸟相遇) – a campaign to protect wintering migratory birds, with charity displays at 10 branches to draw public attention to the birds' living conditions.



Jinan Branch conducts the 2023 Plant Green, Spring Filled CMB (植此青绿, 春满招行) tree planting initiative.

Environmental Key Performance

1.Supporting Green Finance

Indicator (Unit)	2021	2022	2023
Green loan ¹			
Balance of green loan (RMB 100 million)	2,638.42	3,553.57	4,477.65
Balance of loans made to energy-saving and eco-friendly industry (RMB 100 million)	251.70	511.13	606.58
Balance of loans made to clean production industry (RMB 100 million)	166.36	88.28	79.76
Balance of loans made to clean energy industry (RMB 100 million)	814.27	1,270.29	1,471.59
Balance of loans made to ecological and environmental industries (RMB 100 million)	97.90	108.61	144.37
Balance of loans made to green upgrades of infrastructure (RMB 100 million)	1,295.74	1,563.87	2,160.48
Balance of loans made to green service (RMB 100 million)	12.45	11.39	14.88
Green loan balance increase compared to prior year (RMB 100 million)	562.16	915.15	924.08
Energy saving and emission reductions achieved by green loan projects (Unit: ten thousand tons) ²			

Equivalent annual water saving of green loan projects	1,638.25	1,481.79	1,552.68
Converted annual emission reduction of carbon dioxide equivalent of green loan projects	1,525.24	1,613.05	1,778.67
Converted annual emission reduction of sulfur dioxide from green loan projects	16.55	16.49	17.29
Converted annual emission reduction of standard coal from green loan projects	694.29	733.01	799.42
Converted annual emission reduction of chemical oxygen demand from green loan projects	29.58	35.72	27.66
Converted annual emission reduction of ammonia nitrogen from green loan projects	5.06	5.50	2.40
Converted annual emission reduction of nitrogen oxides from green loan projects	4.52	3.48	4.43

Notes:

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

2. Paper and Material Management

Indicator (Unit)	2021	2022	2023
Amount of paper used for new card brochures and envelopes (ten thousand pieces)	2,543	2,147	1,796
Weight of paper used for card brochures and envelopes (tons)	317.82	268.38	224.50
Ratio of credit card customers using e-bills (%)	99.59	99.58	99.57
Paper saved by using e-bills for credit cards (100 million pieces)	19.43	19.86	18.93

3. Energy Consumption and Greenhouse Gas Emissions¹

Indicator (Unit)	2021	2022	2023
Direct energy consumption²			
Gasoline consumption of vehicles (ten thousand liters)	171.06	143.80	146.26
Diesel consumption of vehicles (liters)	5,549.67	4,635.92	3,658.46
Natural gas consumption (ten thousand cubic meters)	407.95	403.19	374.10
Consumption of liquefied petroleum gas in cafeteria (tons)	53.51	48.96	35.30

Gas consumption (ten thousand cubic meters)	2.45	1.54	2.36
Diesel consumption of standby generators (liters)	75,546.08	77,104.56	62,334.32
Reserve generator gasoline consumption (liters)	2,826.81	1,094.90	788.11
Indirect energy consumption²			
Consumption of externally-acquired electricity (megawatt-hour)	659,212.16	733,741.27	740,895.34
Consumption of externally-acquired thermal energy (RMB ten thousand)	1,655.93	1,722.09	2,131.79
Greenhouse gas emissions³			
Greenhouse gas emissions (scope 1 plus scope 2) (ten thousand tons of CO ₂ equivalent)	40.76	44.10	44.98
Scope 1 (direct) greenhouse gas emissions (ten thousand tons of CO ₂ equivalent)	1.61	1.66	2.21
Scope 2 (indirect) greenhouse gas emissions (ten thousand tons of CO ₂ equivalent)	39.15	42.44	42.77
Per capita greenhouse gas emissions (tons of CO ₂ equivalent/person)	3.80	3.98	3.94
Scope 3 greenhouse gas emissions (ten thousand tons of CO ₂ equivalent) ⁴	271.50	279.63	300.68

Data center energy consumption⁵			
Average PUE of self-owned data centers	1.57	1.54	1.59

Note:

1. In 2023, the Company hired a third-party professional organization to comprehensively investigate all carbon emission sources of over 1900 institutions in the past three years, and conducted a review and adjustment of energy and greenhouse gas emission data for 2021 and 2022.
2. The statistical caliber includes the head office of China Merchants Bank, 44 domestic branches, and 6 overseas branches.
3. The accounting method for greenhouse gas emissions refers to the *Greenhouse Gas Accounting System: Enterprise Accounting and Reporting Standards (Revised Edition)* and *Greenhouse Gas Accounting System: Enterprise Value Chain (Scope III) Accounting and Reporting Standards*. The organizational boundaries are determined using the operational control method, which is consistent with the legal entity scope of China Merchants Bank Co., Ltd., including the headquarters of China Merchants Bank, 44 domestic branches, and 6 overseas branches. The selection of various energy emission factors mainly includes the Hong Kong Stock Exchange's *How to prepare an Environmental, Social, and Governance Report Appendix 2: Guidelines for Reporting Environmental Key Performance Indicators*, the National Development and Reform Commission's *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions from Public Building Operating Enterprises (Trial)*, the Ministry of Ecology and Environment's *Notice on Doing a Good Job in Greenhouse Gas Emission Management for Enterprises in the Power Generation Industry from 2023 to 2025*, the *General Principles for Greenhouse Gas Accounting and Reporting for Industrial Enterprises (GB/T32150-2015)*, the *China Product Lifecycle Greenhouse Gas Emission Coefficient Database*, the *China Environmental Input Output Database (CEEIO)*, and the *Greenhouse Gas Conversion Factors (2023)* released by the UK Environment, Food and Rural Affairs Office.

4.Scope 3 Greenhouse gas emissions only include emissions from purchased goods and services, purchased capital goods, fuel and energy related activities (not included in Scope 1 or Scope 2), upstream transportation and logistics, waste generated during operations, business travel, employee commuting, and downstream leased assets.

5.In 2023, the PUE statistics for self-owned data centers include Shenzhen R&D Data Center, Shenzhen Pinghu Data Center, and Shanghai Zhangjiang Data Center. The statistical standards for 2021 and 2022 are Shenzhen R&D Data Center and Shanghai Zhangjiang Data Center.

4.Water Resource Management

Indicator (Unit)	2021	2022	2023
Total water consumption (ten thousand tons) ^{1,2}	203.46	188.46	256.28
Total municipal water supply (ten thousand tons)	198.20	185.84	254.96
Total barreled water consumption (ten thousand tons)	2.89	0.84	1.14
Total bottled water consumption (ten thousand tons)	2.37	1.78	0.18
Per capita water consumption (tons/person)	31.98	18.42	22.43

Note:

1. By the end of 2023, no insufficient water supply pressure or water resource related risks have been found. The wastewater discharge from the head office property meets the government's discharge standards and has not been subject to any relevant penalties.
2. The statistical caliber for water resource consumption in 2023 is all under the jurisdiction of the Head Office of China Merchants Bank, 44 domestic branches, and 6 overseas branches. Please refer to the Sustainability reports released by the Company for the statistical caliber of water resource consumption in 2022 and 2021.

5.Waste Management

Indicator (Unit)	2021	2022	2023
Total amount of non-hazardous waste (ten thousand tons) ^{1, 2}	4.39	4.74	2.41
Total amount of hazardous waste (tons) ²	/	/	62

Note:

1. Non-hazardous waste includes kitchen waste and general solid waste.
2. The statistical caliber is the Head Office of China Merchants Bank, with 44 domestic branches and 6 overseas branches under its jurisdiction.

II Social: Prioritizing People, Serving the Needs for a Better Life of the Public

The financial industry originates from and thrives on serving the people. The Central Financial Work Conference of 2023 explicitly stated that financial work must adhere to a people-centric value orientation. China Merchants Bank remains true to the essence of serving the real economy, aiding in the high-quality development of the real economy; responding to the needs and expectations of the people, fulfilling the ever-growing demands for a better life; fully leveraging the advantages of financial technology to enhance the accessibility

and inclusiveness of financial services; adhering to the service philosophy of Changing Because of You, with a foundation in rights protection, improving the management of information, cyber and data security, and customer privacy protection to ensure the safety of customer funds and personal privacy; enriching the soil for growth, providing a vast platform for employees to realize their self-worth; and consistently offering targeted assistance for 24 years, sharing the fruits of development with the public.

We Support the Sustainable Development Goals



(I) Serving the Real Economy

Finance acts as the crucial support system for the real economy, inherently obligated to its service. The Company remains dedicated to its core mission and activities, emphasizing the support of the real economy as both the initiative's launch and its objective. We're committed to

1.Laying Foundations for Tech-Financial Growth

1.1 Strengthening the Guarantee Mechanism

The Company is a fervent advocate of the innovation-driven development strategy, persistently reinforcing our internal structures to secure a strong foundation for tech-financial growth and to excel in the realm of tech finance.

- **Structure:** At the Head Office level, we've established a tech finance leadership team, identifying key tech finance branches in 11 cities including Shenzhen, Beijing,

contributing to national strategic initiatives and cultivating new economic forces, consistently revitalizing the real economy with innovative resources, and using financial strength to promote high-quality societal and economic progress.

- **Mechanism:** We've developed a comprehensive "six-special" framework to support tech enterprises, encompassing specialized teams, products, policies, institutions, evaluations, and processes. This approach enhances policy support and resources for tech finance, improving service quality and efficiency for tech companies.

1.2 Providing Comprehensive Services

The Company comprehensively upgrades the technology finance service system, launches a technology finance service brand, and around the five core needs of technology enterprises bank financing, financial management, capital connection, cross-border development, talent retention and utilization, forms a comprehensive service plan for technology enterprises, supporting them at every step of their growth.

- **Bank Financing:** Focus on financing product innovation, relying on the qualification score big data model for technology enterprises, innovatively launching the Tech Innovation Loan with good qualification, good investment, good park, and good settlement as evaluation standards, giving moderate credit inclination to technology enterprises that focus on R&D investment and have continuous technical output.
- **Financial Management:** Through Treasury Management Cloud (财资管理云) services, bring a new one-stop digital financial management experience of viewing, managing, adjusting, and connecting to technology enterprises, helping them to comprehensively improve the efficiency of financial and financial resources allocation.
- **Capital Connection:** Through equity financing connection

and full-process IPO services, help technology enterprises build bridges to the capital market.

- **Cross-border Development:** Around cross-border scenarios such as accounts, transactions, settlements, financing, etc., support technology enterprises in bringing in capital and taking products out.
- **Talent Retention and Utilization:** Focus on the needs of enterprises for talent retention and utilization, using wealth management, personal loans, payroll services, etc., to meet the financial needs of senior management and employees.

By the end of 2023, the Company served 140,800 technology enterprise customers, with a loan balance for technology enterprises of RMB428.477 billion, an increase of 44.95% compared to the end of the previous year. Among them, the service coverage rate for “specialized, competitive, distinguished, and innovative (专精特新)” Little Giant enterprises was 62%, with a loan balance for Little Giant enterprises of RMB44.163 billion, and a loan balance for “specialized, competitive, distinguished, and innovative (专精特新)” SMEs of RMB138.017 billion.

[Case] Supporting the Real Economy's Quality Growth through Subsidiaries

- **Subsidiary CMB Wealth Management:** Continuously guides capital towards the real economy, particularly supporting financing for enterprises in technology innovation, infrastructure energy, and other sectors that align with economic transformation and upgrading. By the end of 2023, CMB Wealth Management's wealth management investment assets supporting the real economy reached a balance of RMB1.88 trillion.
- **Subsidiary CMB International Capital:** As the Company's sole overseas investment banking platform, it fully leverages its differentiated professional advantages to provide enterprise clients with comprehensive financial services, including sponsorship and underwriting for Hong Kong listings, allocation and rights issue for listed companies, bond issuance, asset management, and financial advisory.
- **Subsidiary CMB Financial Leasing:** Cooperates with China Merchants Industry Group Co., Ltd., China State Shipbuilding Corporation Ltd., COSCO Shipping Heavy Industry Co., Ltd., and several local shipbuilding enterprises, cumulatively building over 100 ships, with an asset balance of approximately RMB18 billion, significantly supporting the development of Chinese shipbuilding enterprises.

[Case] Fulfilling the Finance Needs of Innovative and Tech Enterprises

- As a leading underwriter for both core and application-type science and innovation bills, in 2023, the Company underwrote science and innovation bills worth RMB52.537 billion, ranking first in the market; served 48 issuers covering strategic emerging industries such as information technology, new materials, high-end equipment, and green environmental protection.
- Through the innovative Roadshow+ service, it met the equity financing needs of high-quality science and innovation enterprises, providing investment and financing advisory services. Within the year, it hosted 86 roadshows, serving the equity financing needs of over 230 listed and pre-listed companies in industries like semiconductors and new energy, helping science and innovation enterprises to raise a total equity funding of over RMB80.177 billion, reaching more than 1,873 equity

investment institutions and 3,317 instances.

[Case] Tailored Credit Solutions Empowering Breakthroughs in Key Technologies

Dr. Wang, an alumnus of Tsinghua University with a focus on capacitor materials, founded a tech startup aiming to solve the significant challenge of developing super capacitors. At a critical juncture for advancing its core technology and in need of sustained R&D funding, Dr. Wang's venture encountered financial hurdles despite undergoing multiple equity financing rounds.

Recognizing the startup's financial struggles, we facilitated Dr. Wang's access to the Sci-Tech PE Loan, an innovation financing solution from China Merchants Bank specially designed for tech companies, providing RMB5 million in credit support. Additionally, by partnering with governmental bodies, we arranged for interest rate subsidies, enabling the Company to cut interest costs by 70%. This strategic financial assistance helped the Company overcome its technological obstacles and paved the way for its sustainable growth.

[Case] Xiamen Branch: Fueling Innovation with Dedicated Credit Support

Xiamen Tabao Technology Co., Ltd., recognized as a national "specialized, competitive, distinguished, and innovative (专精特新)" enterprise, delivers comprehensive intelligent solutions for standalone power systems. Confronted with a significant capital shortfall while handling a substantial order in 2023, the Xiamen Branch leveraged re-financing policies tailored for science and technology innovations, providing the Company with RMB30 million in targeted credit support. This financial intervention was pivotal in translating the Company's innovative developments into practical applications.

1.3 Expertise-Driven Support for Innovative Development

For 12 consecutive years, the Company has participated as an official cooperative banking institution in the China Innovation and Entrepreneurship Competition, which is jointly guided by the Ministry of Science and Technology, Ministry of Finance, Ministry of Education, Cyberspace Administration of China, and

the All-China Federation of Industry and Commerce. Through innovative public welfare funds, the Company supports and ensures the smooth progress of the competition, providing service guarantees for more than 30,000 participating enterprises.



The Company organizes philanthropic training and networking activities for participants across the country, featuring experienced experts from past contests. These experts volunteer to deliver a full range of advisory services to startups and innovators at no cost. This includes detailed briefings on competition rules, mentorship on perfecting their pitch, and practical advice on honing their presentation skills.

2.Supporting Coordinated Regional Development

The Company is deeply committed to fostering balanced growth across various regions, leveraging our resources to provide enhanced support specifically to areas including the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, and the Beijing-Tianjin-Hebei corridor.

In 2023, the Company issued several policies such as the *China Merchants Bank's Notice on Regulating Cross-Branch Credit Coordination Processes*, the *Implementation Details for China Merchants Bank's Investment Chain One Entire Bank for One Customer (全行服务一家) Coordination Mechanism (Trial)*, and the *China Merchants Bank's Notice on Strengthening One Entire Bank for One Customer (全行服务一家) Contract Quality and Process Management*. These policies upgraded the One Entire Bank for One Customer (全行服务一家) platform, launching over ten cross-branch collaborative business scenarios including cross-branch account opening referrals, supply chain business, private equity and investee company referrals, interbank new account opening across branches, intra-provincial institutional

business coordination, cross-border financial services, and asset business, providing support for coordinated regional development.

Focusing on industries with regional advantages, the Head Office leads the establishment of industry self-organizations to support key industry research directly, formulating regional advantage industry credit strategies and loan review guidelines, enhancing industry understanding capability. It established green channel approvals, full coverage field research, and pre-communication mechanisms, comprehensively improving the credit approval efficiency for key clients and projects in important regions. Special emphasis is placed on training branch loan officers in key areas such as the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta region, and Chengdu-Chongqing Twin-City Economic Circle as Head Office-certified assessors. They lead assessments of manufacturing and new momentum industry projects over RMB300 million, driving rapid development in the manufacturing and new momentum industries in key regions.

[Case] Beijing Branch: Supporting High-Quality Development in the Beijing-Tianjin-Hebei Region

In Xiong'an New Area, Hebei Province, the Beijing Branch facilitated high-quality construction, high-level management, and quality development decongestion in the Xiong'an New Area through opening accounts for tech innovation enterprises, establishing pension accounts for Xiong'an residents, and creating smart park service projects.

In Beijing's sub-center, the Beijing Branch collaborated with the Tongzhou District State-owned Assets Supervision and Administration Commission to build a Large-Sum Funds Monitoring System (大额资金监控系统), serving all 8 district-owned state enterprises in Tongzhou District; partnered with the Beijing Municipal People's Government to implement the branch's first online Government Procurement Loan (政采贷) service, pioneering a new model of inclusive finance for enterprises; and became the first financial institution to establish a fintech lab with the Tongzhou District People's Government, launching three fintech projects over the year.

[Case] China Merchants Wing Lung Bank: Facilitating RMB Sovereign Bond Issuance to Boost the Guangdong-Hong Kong-Macao Greater Bay Area Development

China Merchants Wing Lung Bank, our subsidiary, utilized the synergies between Mainland China, Hong Kong, and Macao to provide substantial support for the growth of Macao's offshore RMB bond market, thereby making a significant contribution to the development of the Guangdong-Hong Kong-Macao Greater Bay Area.

In September 2023, China Merchants Wing Lung Bank played a pivotal role in assisting China's Ministry of Finance with a landmark issuance of RMB5 billion in RMB sovereign bonds within the Macao Special Administrative Region. This issuance marked the largest bond offering in Macao's market history. Garnering widespread attention from markets both in China and internationally, the bond saw a subscription demand peaking at RMB10.15 billion, achieving a subscription rate of 2.03 times the amount offered.

3.Facilitating the High-Level of Opening

Focusing on convenience and digitization, the Company has developed the Cross-border E-ZhaoTong (跨境 E 招通) initiative, aimed at building a fully integrated service framework for cross-

border financial operations that is both digital and user-friendly. This initiative plays a crucial role in advancing towards a new era of high-level financial service openness globally.

Enhanced Services for Cross-border Transactions

- Continuously enhancing the online service capability of basic product lines, covering domestic and foreign currencies, various cross-border settlement scenarios, creating distinctive services such as electronic documentation, and online banking bulk remittance, helping enterprises to handle business without stepping out.
- Launching a global treasury management service system, including unified account views, group treasury balance management, and other functions, meeting the security, liquidity, and profitability needs of enterprises for cross-border treasuries.
- Deepening the international document layered classification service mechanism, efficiently operating the corporate online banking + CMB Corporate App international business section, creating a one-stop cross-border financial service platform. In 2023, the international business section of online banking was visited by over 100,000 customers, with the online substitution rate for key products exceeding 86%.

Streamlined Forex Trading Services

- Our comprehensive and adaptive derivative trading services offer multi-level, broad-scope, 24/7 support, featuring a variety of specialized services such as instant forex settlement, forward exchange rate locking, and a One Account Multi-Currency (一户百币) option. These services are designed to fulfill the sophisticated demands for frequent foreign exchange transactions of
-

businesses through streamlined digital procedures.

Streamlined Services for Trade Financing

- We have introduced an entirely digital online banking platform for import letters of credit and international trade finance services, aimed at easing the strain on business cash flows and lowering the costs associated with financing. This development ensures that businesses can access efficient financial support for both their purchasing and sales activities directly online.
-

Enhanced Services for Capital Projects

- As a frontrunner, we've initiated a digitalization trial for capital transactions, providing a streamlined and digital solution for enterprises engaging in inbound investments. This includes handling funds inflow, registration, currency conversion, and expenditure via online banking and other self-service avenues. This initiative drastically reduces the duration from the receipt of foreign capital to its deployment, offering a smooth, efficient financing experience for cross-border investments.
-

[Case] Services for the Global Operations of Chinese-funded Enterprises

In 2023, the Company hosted a release conference for the free trade financial support plan for the globalization of Chinese-funded enterprises, unveiling the *Financial Service Plan for the Global Operations of Chinese-funded Enterprises*. Targeting three major scenarios: cross-border trade, cross-border investment and M&A, and overseas entity operation, it offers diversified comprehensive services to support Chinese-funded enterprises in achieving high-level going global initiatives. By the end of 2023, it provided offshore financial services to about 2,000 enterprises and offered approximately USD10 billion in offshore loans to support the

global operations of Chinese-funded enterprises.

Leveraging a three-tier linkage mechanism involving the Head Office, the branch where the client's headquarters are located, and the Luxembourg Branch, the Company provided a EUR10 million working capital loan to a Zhejiang enterprise's subsidiary in Europe and a EUR15 million working capital loan to a Jiangsu enterprise's subsidiary in Europe, among others. This helps small and medium-sized Chinese-funded enterprises fully leverage the market and technological advantages in Europe, integrating better into the international market.

[Case] Supporting the Belt and Road Initiative

The Company actively responds to the Belt and Road initiative, creating a comprehensive financial service system tailored for the Belt and Road to meet the global operation needs of Chinese-funded enterprises in countries and regions along the Belt and Road route, promoting high-quality development of the Belt and Road cooperation. By the end of 2023, the Company provided offshore financial account services to nearly 600 Chinese-funded enterprises operating in more than 30 Belt and Road countries and regions, and issued over 200 loans support with the total amount of approximately RMB50 billion.

In 2023, the Jinan Branch tailored the One Account Multi-Currency (一户百币) product for LCDB, an enterprise focusing on animal and plant extract feed additives, to explore the Southeast Asian market. This product allows enterprises to initiate remittances through online banking without altering their existing remittance practices, deducting funds in RMB and crediting them in Thai Baht/Indonesian Rupiah. The entire process, from initiating the remittance request to the transfer of funds, can be completed in as little as 20 minutes, significantly saving time and labor costs. Throughout the year, the Jinan Branch processed remittances for LCDB totaling 2.96 million Thai Baht and 80 million Indonesian Rupiah, providing robust support for the Company's trade activities in countries and regions along the Belt and Road.

[Case] Servicing the Internationalization of the Renminbi

The Company continuously improves the cross-border RMB financial service system, implementing the People's Bank of China's requirements to further support foreign economic and trade enterprises in expanding the cross-border use of RMB and promoting trade and investment facilitation. It gradually expands the coverage of basic cross-border RMB settlement services for goods trade, service trade, and direct investment, optimizes cross-border settlement service processes, enhances the digital level of cross-border RMB settlements, improves corporate labor efficiency and capital efficiency, facilitates enterprises to handle cross-border RMB business online, and supports the process of RMB internationalization. Additionally, the Company strengthens the management of cross-border RMB business from aspects such as system construction, system development, policy promotion, and risk control, establishing a more effective integrated support and guarantee system for risk prevention and facilitating convenience.

In 2023, the Suzhou branch introduced the one-click generation of cross-border RMB payment explanations and batch foreign exchange payment functions, with a total cross-border RMB settlement of 12.324 billion, a year-on-year increase of 63.77%. Among them, foreign-invested enterprise XWT Co., Ltd., through the Suzhou Branch's facilitated cross-border RMB settlement, achieved a settlement volume of RMB1.53 billion, a year-on-year increase of 163.79%.

[Case] Supporting High-Level Opening and Innovation in the Free Trade Zone

On February 23, 2023, the People's Bank of China, the National Financial Regulatory Administration (formerly CBIRC), the China Securities Regulatory Commission, the State Administration of Foreign Exchange, and the People's Government of Guangdong Province jointly issued the *Opinions on Financial Support for the Comprehensive Deepening of Reform and Opening Up in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone*. Following the issuance of the *Opinions*, the Shenzhen branch quickly initiated special projects, launching several businesses as the first batch.

- Implemented the Qianhai cross-border RMB overseas foreign exchange purchase service, helping enterprises fully utilize

domestic and international market resources, significantly saving on foreign exchange purchase costs.

- As one of the first batch of banks piloting the convenient foreign exchange payment feature for domestic freight under the Shenzhen Foreign Exchange Administration's cross-border financial service platform, it provided online invoice verification services for a number of Qianhai transportation companies, enhancing the efficiency of bank authenticity reviews and the timeliness of enterprise service processing.
- Supported Qianhai enterprises in conducting facilitated cross-border settlements, offering optimized document review, exemption from import customs declaration verification, and other services for eligible enterprises, achieving full online operation of cross-border business processes. In 2023, it processed over 400 transactions of trade foreign exchange receipts and payments facilitation services for Qianhai enterprises.

(II) Improving People's Well-Being

The Company adheres to the principle of Finance for the People, focusing on improving the quality of life with innovative

financial products and services to meet the growing demands for a better life.

1. Consumer Financial Services

With a steadfast dedication to bolstering domestic consumption, the Company capitalizes on our fintech and retail strengths, aligning with consumers and merchants to reinforce confidence and invigorate spending. In 2023, the increment of consumer loans reached RMB99.313 billion, a year-on-year increase of 49.11%.

- Reducing the Interest Rate for Existing First-home Commercial Personal Housing Loans:** In compliance with the requirements of the People's Bank of China and the National Financial Regulatory Administration's *Notice on Reducing the Interest Rate of Existing First-home Loans*, the Company systematically and lawfully reduces the interest rates of existing first-home commercial personal housing loans, strongly supporting the recovery and expansion of consumption, ensuring and improving people's quality of livelihood.
- Daily High-frequency Consumption:** Continually invests resources to perfect the Meal Ticket (饭票) + Movie Ticket (影票) platforms, covering daily high-frequency consumption scenarios like dining, movies, shopping malls, supermarkets, and convenience stores. While providing discounts for the daily consumption needs of millions of customers, it also brings customer flow to over 30,000 dining and retail brands, 100,000 small and medium merchants, and 10,000 cinemas.
- Credit Card Installment Consumption:** On the basis of widely covering daily consumption scenarios, regularly offers credit card installment promotions to lower the shopping threshold for the public; around key consumption moments like major e-commerce promotions and new smartphone releases, launches installment promotion activities like E-commerce Installment Discounts (电商分期)

立减) and Purchase Mobile Phone with Subsidies (购机补贴), enhancing public consumption desire.

- **Important Shopping Festival Consumption:** Through strategic marketing campaigns timed around significant holidays and shopping festivals such as the May Day holiday, 618 e-commerce promotions, Golden September and Silver October (金九银十) shopping season, Double 11 shopping festival, and New Year's Eve Celebration, we provide enticing discounts and rewards, significantly contributing to the resurgence of consumer activity in 2023 with over 40 million engagements.
- **Travel and Outing Consumption:** Launches themed activities like Extraordinary Overseas Tours (非常境外游), Extraordinary Hainan (非常海南), Extraordinary Cruises (非

常邮轮), Extraordinary Skiing (非常滑雪), Golden September and Silver October (金九银十), providing discounts and conveniences for public travel.

- **Entertainment Consumption:** Partners with platforms like Meituan and Mango TV to launch co-branded credit cards, offering a suite of exclusive rights and discount activities to meet the entertainment consumption needs of the public.
- **Digital RMB:** As the first bank to support mobile banking binding with digital RMB wallets from other banks and QR code transactions, it continuously expands the application scenarios of digital RMB. By the end of 2023, digital RMB has been implemented in merchant payment acceptance, utility bill payment, tax payment, and supply chain settlement scenarios, with the number of personal wallets exceeding 13 million and corporate wallets over 230,000.

[Case] Jinan Branch: Promoting Public Benefits and Consumption with Digital RMB

The Jinan Branch vigorously promotes the digital RMB, building digital RMB collection capabilities for chain supermarkets such as Hualian Supermarket (华联超市) and Xueji Stir-Fry (薛记炒货); launching the Digital RMB Pay, 1 Fen Travel (数币支付, 1分出行) public transportation payment event, making it convenient for citizens to travel and consume with digital RMB. By the end of 2023, the consumption transaction amount of digital RMB reached 123 million.

**[Case] Suzhou Branch: “Coffee’ Flavors around Jinji Lake, Discovering Youthful Suzhou” (“啡”凡金鸡湖，邂逅 yong 苏州)
Innovating Cultural and Tourist Consumption Opportunities**

Exclusively backing the Jinji Lake - Here’s a Coffee Festival (金鸡湖-这里有个咖啡节), the Suzhou Branch successfully assembled over 100 distinguished coffee brands, providing a unique opportunity for consumers to experience a wide array of coffee flavors from across the city and beyond, in a single venue. The Branch further expanded this concept to county-level events, crafting the Suzhou-style Specialty Blend that captures the essence of Jiangnan’s elegance. These efforts were directed not only at stimulating in-person shopping but also at uplifting consumer confidence and enhancing the Suzhou brand as a vibrant consumption hub.



Scene from the Here’s a Coffee Festival (这里有个咖啡节) event.

2. Pension Financial Services

Recognizing the significance of pension financing, the Company has strategically positioned it as a cornerstone of its services in 2023, with the ambition of establishing a unique competency in pension finance. By harnessing its comprehensive licensing capabilities, we are dedicated to

assisting an increasing number of clients in preparing for and enjoying a quality retirement, aiming to ensure the elderly community's well-being and security, thereby making significant strides in pension finance.

Enterprise Annuity

- We've strengthened its core capabilities, created distinctive services, and built differentiated competitive advantages.
- We've advanced our investment strategies by pioneering a categorized management approach for annuity portfolios and setting up entry and exit model, aiming to ensure the stable returns of annuity plans.
- Our approach to risk management has been refined to guarantee the sustained and robust performance of pension assets, safeguarding the direct interests of our clients and staff.
- The digitization of our pension services is underway, leveraging cutting-edge technology and data analytics to revamp our operational framework, aiming for a substantial upgrade in client servicing.
- Actively engaging in pension-related initiatives, we've organized seminars and events across various regions, including Shandong, Henan, and Shenzhen, to discuss and advance the field of pension financing.
- By the end of 2023, the number of individual customers under corporate annuity account management exceeded 2.2 million.

Pension Custody

- We have delved into the realm of basic pension insurance fund custodianship, extending our reach in corporate annuity custodianship and enhancing our occupational pension custodianship services. Our strategy includes a wide array of innovative products such as individual and commercial pension custodianship. Throughout the year, we've orchestrated corporate annuity exchange meetings across various cities, including Suzhou, Xi'an, Wuhan, Beijing, Chongqing, Harbin, and

Shenyang. These sessions were aimed at familiarizing companies with both corporate and individual pension schemes, fostering a culture of retirement planning among our clientele.

- By the end of 2023, the scale of pension custody reached RMB1.05 trillion.

Individual Pension

- We've crafted an all-encompassing, one-stop individual pension service that streamlines the entire journey from opening an account to contributions, product acquisition, and tax-efficient withdrawals, ensuring a pension service experience that's characterized by simplicity, accessibility, and efficiency.
- By implementing a select the best from the best approach, we've curated top-tier personal pension products and enriched our offerings with extensive educational resources for pension investors. This initiative is aimed at nurturing the sustainable growth of the third pillar of the pension insurance framework.
- By the end of 2023, the tally of individual pension accounts reached 5.3562 million.

Furthermore, utilizing the CMB App, we've devised a unified personal perspective for retail clients, amalgamating social security, corporate pensions, individual pensions, and other preparatory retirement funds into a singular main retirement account. This integrated view consolidates the first, second, and third pillars of retirement savings along with extra

provisions, guiding clients toward fulfilling their retirement aspirations. In addition, as clients transition into utilizing their pension savings, we've refreshed our tailored investment strategies for our elderly clientele and introduced the Retirement 101 course, dedicated to ensuring a dignified and enjoyable lifestyle in retirement.

[Case] The Subsidiary China Merchants Fund: Cultivating Expertise in Retirement Strategy and Solutions

China Merchants Fund, a pioneering entity in China's pension sector, holds comprehensive licenses spanning the pension system's three pillars. In 2023, the subsidiary concentrated on enhancing its foundational strengths and ecosystem in pension finance, aiming to elevate its capabilities in managing retirement assets, thereby supporting the protection and growth of pension

investments.

- By focusing on detailed client profiling, the China Merchants Fund developed a sophisticated mechanism for managing investment performance collaboratively. This approach included refining tracking metrics for investments, systematically identifying and mitigating risks, and amplifying risk warnings, ensuring the pension-related financial portfolios it managed remained free from credit risk incidents throughout the year.
- Leading the sector, China Merchants Fund introduced Pension Wise (养老有招), a sub-brand encompassing all three pillars of pension finance. It pioneered by hosting annual forums on pension finance and releasing the sector's inaugural white paper on retirement planning, further committing to thorough research across the spectrum of pension finance.

3. Housing Financial Services

The Company is committed to fulfilling national and local policy directives, pioneering innovations in housing loan products and services to support legitimate self-occupancy home buying needs, thereby providing a solid foundation for people's housing security.

- **Innovating Housing Loan Products and Services:** We've established an industry-leading digital RMB loan platform that supports diverse payment methods tailored to real estate transaction scenarios, ensuring transactional security through the digital RMB smart contract feature. Additionally, an online housing viewing platform has been set up to offer a comprehensive suite of mortgage services including property viewing, policy consultation, home purchasing, loan assessment, and application processing. In 2023, this service catered to 250,000 customers across 37 cities.
- **Enhancing Policies for Subsidized Housing Mortgage Loans:** Aiming to meet the mortgage needs of underserved groups such as the new youth and low-to-middle-income families for subsidized housing, facilitating their dreams of secure living. In 2023, we allocated RMB2.792 billion in subsidized housing mortgage loans across more than ten cities, including Shenzhen, Beijing, Haikou, and Nanjing.

4. Convenient Financial Services

Leveraging advancements in financial technology, the Company has dedicated to broadening the spectrum and reach of services that facilitate daily convenience, aiming to deliver comprehensive financial support for the digital lifestyles of individuals.

Serving People's Livelihood and Government Affairs

- In alignment with essential public services like the housing provident fund, social security, medical insurance, taxation, and real estate, we've further refined the CMB App's Convenient Services Cloud Platform (便民服务云平台). A pioneering move was the introduction of a one-stop Five Insurances and One Fund (五险一金) query feature within the CMB App.
- Actively cooperated with various provinces and cities on the contribution of housing provident funds by flexibly employed individuals, assisting in establishing systems, information systems, and business processes suitable for the contributions and loans of flexibly employed persons. The initiative aims to extend the benefits of the housing provident fund system to more people. As of the end of 2023, cooperation on the contribution of housing provident funds by flexibly employed individuals has been established with 22 housing provident fund centers (住房公积金中心).
- By deepening our partnership with the Ministry of Human Resources and Social Security, we're providing digital conveniences such as social security lookups, eligibility certifications for benefits, and access to annual reports online. By the end of 2023, 62.5862 million electronic social security cards were issued.
- Our initiative to expand the use of medical insurance electronic vouchers (healthcare QR codes) facilitates transactions at over 800,000 healthcare providers nationwide. By the end of 2023, a total of 24.9681 million medical insurance electronic vouchers (healthcare QR codes) were activated, serving 14.235 million insured persons.
- Our collaboration with 96 housing provident fund centers across multiple regions has led to the development of digital innovations, including AI-driven customer support, automated approval systems, and financial management solutions, ensuring round-the-clock service availability for contributors to the housing provident fund. As one of the cooperative banks for the

Ministry of Housing and Urban-Rural Development's national housing provident fund mini-program (住房和城乡建设部全国住房公积金小程序), served 6.12 million users over the year.

Streamlining Everyday Payments

- We are dedicated to broadening our collaboration with various partners, developing a wide range of online payment options that cater to utilities, educational fees, and organizational dues, aiming to simplify daily transactions.
 - We've refined our comprehensive services for managing household payments, from setting up and checking accounts to making payments and managing them efficiently. Our introduction of the "integrated Utilities Bill service marks the improvement in both the functionality and user experience of our payment offerings.
-

Facilitating Varied Mobility Solutions

- We've improved accessibility to a variety of transportation options, including public transit, shared mobility services, ferry operations, air travel, and rail, ensuring seamless connectivity across numerous travel contexts. By the end of 2023, the ride service feature within the CMB App extended its reach to almost a hundred cities, offering travel benefits and conveniences to 180 million passengers over the year.
 - By partnering with the Traffic Management Research Institute of the Ministry of Public Security, we've introduced an online service for the mortgage and release of vehicle loans, streamlining the process for customers. This new platform eliminates the need for physical visits to vehicle administration offices, cutting down the time required for these transactions by over 95%.
-

[Case] Broadening the Reach of Convenient Services

Xi'an Branch: In 2023, it launched the Branch Service for high-frequency social security and medical insurance business, piloting a specialized counter for social security and medical insurance services at convenient service branches. It offered 77 high-frequency social security service items, including social security card services, contributions from flexibly employed individuals, medical expense reimbursement, work injury expense reimbursement, unemployment benefit claims, and the issuance of insurance certificates. This expanded the channels through which customers could handle social security and medical insurance business, bridging the last mile in serving the public.

"It's so convenient! Previously, handling such matters required a trip to the social security office, wasting time in travel and in queues. Now, just minutes at the local China Merchants Bank gets everything sorted, blending efficiency with convenience."

— Ms. Liu, the pioneer customer for social insurance services at the "In-Branch Service" point

Dalian Branch: In June 2023, the Dalian Branch opened a housing provident fund convenient service Flagship Store, setting up a specialized area and window for handling housing provident fund contributions, withdrawals, loan applications, and repayments. This ensured that anything that can be done at a provident fund branch can also be done at the Flagship Store, enhancing the public's experience in managing their provident fund business. In 2023, it processed over 400 new provident fund accounts, handled contributions for more than 2,000 accounts, and processed over 10,000 withdrawal transactions.

"It used to require a special trip to the provident fund office, so having all these services available at China Merchants Bank, all in one place, is incredibly convenient for us."

— Ms. Zhou, expressing her appreciation for the integrated services



Dalian Branch banking department's housing provident fund convenient service Flagship Store.

Harbin Branch: The Harbin Branch has developed a one-stop payment smart campus system, offering an efficient and swift online payment channel for students' parents. By the end of 2023, it had collaborated with over 100 primary and secondary schools, cumulatively serving 117,000 students' parents.

5. Financial Services for New Urban Residents

The Company is committed to developing financial products that specifically cater to the needs of new urban residents. By embracing digital technology, we've been methodically upgrading our financial services to broaden and improve the accessibility of our offerings to this demographic. In 2023, we set out to offer new urban residents tailored credit solutions that are proactive, competitively priced, and all-encompassing. Through our eZhao Loan (e 招贷) initiative, available on both the CMB App and CMB Life App, we provide exclusive interest

rate discounts, aiming to satisfy the varied financial needs of these residents with affordable financial services.

In partnership with governmental bodies, we're involved in labors' revenue protection efforts by providing safe, efficient and convenient financial services. By the end of 2023, we had established 21,202 special wage accounts for migrant workers, securing wage payments totaling RMB218.83 billion and assisting over 9.58 million migrant workers.

(III) Improving Access to Financial Services

China Merchants Bank is committed to expanding the coverage of financial services and developing customized financial products for special groups such as elderly customers, customers with disabilities, new urban citizens, small and

1. Broadening the Branch Network

As of the end of 2023, the Company has 143 branches and 1,781 sub-branches in over 130 cities in China, along with 2 branch-level specialized agencies (Credit Card Center, Fund Operations Center); a branch in Hong Kong; a representative office in Taipei, China; a branch and representative office in New York, USA; a branch in London, UK; a branch in Singapore; a branch in Luxembourg; and a branch in Sydney, Australia.

2. Advancing the Digital Services

The Company is committed to evolving our blend of human expertise and digital innovation to push past the confines of physical banking. Our efforts are channeled through our

Micro-enterprises, and agricultural entities. This ensures every customer enjoys fair and efficient financial services, fostering socio-economic inclusivity and growth.

Our domestic expansion strategy focuses on Total Quantity Control, Stock Optimization (总量控制、存量调优). This approach led to a net increase of 25 new outlets over the year. Additionally, we relocated and improved over 70 outlets, revitalizing our network, expanding the reach of our services, and enhancing our ability to serve our customers' financial needs more effectively.

primary online platforms, the CMB App and the CMB Life App, aiming to fulfill both financial and broader needs for those beyond the reach of our physical locations.

CMB App

- We've enhanced our integration of AI, smart customer service, and remote consulting to introduce Xiao Zhao (小招), our intelligent wealth assistant. This tool provides comprehensive wealth management services, including financial analysis, investment strategy guidance, market insights, and profitability assessments, all personalized to meet individual needs.
- We're continually updating our offerings, like Zhao Zhao Bao (朝朝宝) and DuoBao Wealth Management (多宝理财), to serve as the go-to wealth management account for everyday people. Our aim is to nurture a culture of saving among younger customers through accessible investment services.
- At pivotal moments, whether due to product shifts or market movements, we offer timely insights and analysis to aid our customers' investment decisions, providing a professional yet caring support system.
- We're constantly refining our operational tools—ranging from platform regulations to data analytics and content generation—to boost the efficiency of our partners. By the end of 2023, our Wealth Open Platform had attracted 152 leading asset management firms.
- By the end of 2023, the CMB App had a total of 207 million users, with monthly active users (MAU) reaching 75.0543 million.

CMB Life App

- Leveraging cutting-edge technology, we've upgraded our service delivery by integrating facial recognition into our traditional phone services. This innovation dismantles the barriers of single-channel interactions, offering our customers a seamless way to verify their identities, significantly boosting satisfaction and our ability to address their needs.
 - We're elevating the intelligent service experience by broadening our service ecosystem, with a focus on intelligent interactions powered by a Data + AI synergy. Our capability for screen-sharing assistance facilitates cooperation across channels, greatly improving our mobile service experience and the efficiency of our communications.
 - We're pushing the limits of our business scope by utilizing large models to refine our service engine, which now more
-

accurately anticipates customer needs, thus enhancing user loyalty.

- We've enhanced our electronic certification application process, offering a wider range of certificates that customers can easily apply for and instantly receive, all aimed at lowering the costs associated with financial services.

3. Meeting the Needs of Special Groups

To improve the accessibility of financial services for special groups, including the elderly, visually impaired, and new urban residents, the Company has zeroed in on frequently used services and their specific needs. We're dedicated to enhancing our services to be more respectful, elderly-friendly,

and accessible, making sure we cater to the unique journey of these groups. By the end of 2023, we ensured that all 1,924 of our domestic branches were equipped with facilities designed for accessibility.

Elderly Customer Group

- Our customer service hotline 95555 offers a tailored menu and process, making it easier for our elderly clients to connect with our elder-friendly support line. In 2023, we facilitated over 252,300 phone and text support instances for our elderly customers, achieving a 97.23% connection rate to our specialized support and a 98.63% customer satisfaction rating.
 - The CMB App Elder Version provides elderly users with one-on-one guided assistance through screen sharing, enhancing service intuitiveness and convenience. By the end of 2023, this version of the App had attracted over 1.0925 million users.
 - The CMB Life App Care Version is tailored for the elderly, simplifying its design for easy navigation and incorporating voice commands and direct access to customer service, specifically targeting high-usage scenarios. It also offers an easy switch option for users over 60, along with quicker access to live support.
 - Our credit card service features a dedicated 400 hotline for seniors, giving them the option to choose between direct human assistance and automated services. This initiative aims to address their service needs quickly and with a personal touch.
-

Disabled Customer Group

- We offer a visual counter service where the deaf and hard of hearing can input their PIN and then receive information verification and service through sign language by our dedicated customer service representatives.
- The CMB Life App Caring Version is fully compatible with screen reading features, making it easily accessible for users with visual impairments through the use of the smartphone's built-in VoiceOver and Screen Reader functions.

New Urban Residents Customer Group

- **Providing University Students with a Sense of Belonging Through Pan-financial Services:** Building a benefits system for university students, offering multi-faceted service content. Launching the National Development Bank's student loan business agency settlement, creating a full-process, full-cycle, and full-channel service system for the National Development Bank's student loan projects; offering employment internship services for university students, helping them improve social adaptability; empowering youth committees and volunteer services, launching the Second Classroom Service Platform (第二课堂服务平台) to support activities, record-keeping, and tracking for enhancing the employability of university graduates.
- **Creating Exclusive Financial Services for Meituan Riders:** Jointly with Meituan's financial service platform to create exclusive bank card products for riders, offering rights such as merchant mall coupons, no account management fees, and fee-free transfers, optimizing the account opening process and customer information inquiry interface, and launching a new urban residents financial service zone. Additionally, exploring rider card cooperation models in branches in Beijing, Shenzhen, Xi'an, Chongqing, etc., tailored to rider needs, offering personalized gift rights, and setting up rider rest areas in some branches to enhance riders' sense of gain.

[Case] Beijing Branch: Advancing Accessible Service Development

The Beijing Branch has been promoting the construction of barrier-free services through both online and offline dimensions.

Hall Environment Construction

- Established a barrier-free service specialist position and posted barrier-free call numbers at ramps for the disabled. Customers in need can have the barrier-free service specialist accompany them throughout the service process.
- Reviewed the CMB App for common business transactions and introduced a large-font service manual. Through simple text and illustrations, it guides customers in handling basic transactions such as transfers, payments, and risk assessments.
- Systematically reviewed a list of more than 20 barrier-free service facilities, incorporating wheelchair access, wheelchair seating, disabled handrails, and low-positioned self-service calling facilities into the branch decoration standards.
- For the visually impaired, a thumbprint can replace signatures in the uniform business processing signing step.

Aging-Friendly Transformation of the CMB App

- Targeting the cash business preferences of elderly customers, a Silver Hair icon has been added to the cash reservation feature of the CMB App. This offers elderly customers more convenient services for new currency reservation, small denomination currency exchange, and foreign currency withdrawals, meeting their differentiated service needs for cash.



The Taoranting sub-branch of the Beijing branch, as the first aging-friendly branch, is equipped with facilities such as caring handrails, convenience facility cabinets, and cane clips designed for the elderly.

[Case] Guangzhou Branch: Creating a Technologically Advanced, Warm Service Brand for Elderly Customers

In 2023, the Guangzhou Branch embarked on an exploration to dig deeper into aging-friendly financial services, implementing multiple strategies to refine these services.

- **Optimized Service Processes for the Elderly:** We selected lobby staff or account managers who are particularly friendly, communicative, and proficient in Cantonese to serve as signature guides. Equipped with customized name badges, these guides offer comprehensive assistance to our elderly customers, ensuring they receive a warm welcome, have their needs promptly addressed, and are accompanied throughout their service journey.
- **Green Channels for Elderly Services:** We established "Elderly Service Exclusive Windows" at our branches, accompanied by a special calling system that prioritizes the elderly at the highest level, equating their queue priority with that of our VIP (Gold Sunflower) customers at other windows.
- **Enriched Lobby Activities:** We organize events such as anti-fraud financial knowledge workshops and the promotion of smart mobile services in our lobbies, making wait times more engaging for our senior clients.

- **Enhanced Branch Environment and Equipment:** We offer elderly-friendly conveniences like beverages, reading glasses, magnifying glasses, wheelchairs, walkers, blood pressure monitors, and first aid kits. Some branches offer unique tea snacks themed around the traditional Chinese solar terms to provide a culturally enriched experience.
- **Developed Smart Mobile Service Terminals:** For elderly clients who have mobility issues or are unable to leave their homes, we support off-site handling of non-cash transactions through mobile service devices.

[Case] Shanghai Branch: Love Relay Stations (爱心接力站), Creating a Warm Haven for Outdoor Workers

In 2023, the Shanghai Branch established a set of uniform standards for the construction of Love Relay Stations (爱心接力站), including specific guidelines on the number of tables and chairs, types of appliances, and storage solutions, among 11 detailed criteria. Seventeen service stations were carefully selected to set up these warm havens for outdoor workers, offering convenient services to those in the surrounding areas. Furthermore, the branch introduced the Outdoor Mobile Car with Love (户外爱心流动车) initiative, extending services beyond physical branches and into the city, spreading care and support far and wide. This initiative was recognized as one of the exemplary cases in the 2023 Shanghai financial system, showcasing the role of party building in leading financial services towards new employment, new business models, and serving new city residents.



Employees of the Shanghai Branch providing care for outdoor workers through the Love Relay Stations (爱心接力站).

[Case] Suzhou Branch: Heartfelt Support for Riders, Love in Suzhou City (心系骑手，爱在苏城), Enhancing the Urban Sense of Belonging for New Urban residents

In June 2023, the Suzhou Branch collaborated with the Suzhou Food Delivery Industry Association to launch the Heartfelt Support for Riders, Love in Suzhou City (心系骑手，爱在苏城) campaign, focusing on financial services for new business models and dynamic energy sectors. The campaign bolstered cooperation and support for the logistics sector, standard warehousing, and express delivery services. The Branch took the lead in Suzhou by introducing the Suzhou Riders Co-Branded Card (苏骑联名卡), tailor-made for delivery riders and integrating more employee benefits. This initiative not only enriched the product offerings and improved user experience but also addressed the real challenges faced by delivery riders. It makes the delivery riders feel the warmth of Suzhou and ensuring the city's capillaries flow more smoothly.



The Suzhou Branch issues the first batch of Suzhou Riders Co-Branded Cards (苏骑联名卡).



The Jin City Branch under the Taiyuan Branch was rated as a Five-Star elderly-friendly service outlet.



The Suzhou Branch establishes Elderly-Friendly Outlets to enhance warm services for the elderly.



The Fuzhou Branch conducts the Blossoming Jasmine, “Zhao” Brings Coolness (茉莉花开, “招”来清凉) summer charity event, delivering cool packs and jasmine flowers to food delivery riders and taxi drivers.



The Wuhan Branch’s service station brings benefits to the community.

4. Deepening Service Quality and Efficiency for Small and Micro Enterprises

In 2023, the Company focused on building a unified inclusive system to establish a sustainable mechanism for the development of inclusive finance, aiming to increase the scale, expand the coverage, improve the quality, and reduce the costs of financial services for micro and small enterprises. By the end of 2023, the balance of inclusive loans to small and micro

enterprises reached RMB804.279 billion, with an increase of RMB125.93 billion within the year, marking a growth rate of 18.56% from the beginning of the year; the number of inclusive small and micro enterprises loan accounts stood at 1.0045 million, with an addition of 13.8 thousand accounts within the year.

Strategic Business Positioning

- The Board of Directors' Strategy and Sustainable Development Committee is responsible for the development duties of inclusive finance, dedicating an annual session within the Board meetings to specifically research and review the business development issues of small and micro enterprises.

Organizational Structure Construction

- Inclusive Finance Departments have been established at both the Head Office and branch levels, creating a three-tier inclusive finance service structure spanning the Head Office, branches, and sub-branches.

Resource Allocation

- The Company has increased the assessment weight for inclusive small and micro enterprises indicators, applying a profit subsidy assessment for inclusive small and micro loans at a standard of 70BPs per year per loan. Additionally, branches that achieve better increments in inclusive MSE loans are given extra business subsidies, encouraging front-line units to enhance their services for micro and small enterprises.
- Preferential credit plan arrangements are made for first-level branches in the Northeast and Northwest regions, setting growth targets based on the precondition that the growth rate of inclusive MSE loans exceeds the overall loan growth rate of the branches. This approach is supported with increased funding support, matching subsidy policies, system monitoring tools, and online reporting support.

Differentiated Risk Management Mechanisms

- Optimize due diligence templates for inclusive business, automatically incorporating various internal and external information such as commercial, operational, and risk data to generate routine report content. Customer managers only need to manually

supplement and verify negative information and anomalies, improving the quality and efficiency of due diligence.

- Deploy dedicated inclusive finance approval teams or specialized approval positions in each branch, offering green channel approvals for inclusive customers to ensure the efficiency of business approval processes.

Exclusive Service Channels and Products

- Actively support the financing needs of small and microenterprise owners and individual entrepreneurs by providing a variety of personal business loan products, including small and micro-collateralized loans, matching loans for small and microenterprises, and business loans with multiple guarantee options.
- Launch the Easy Withdrawal feature for small and micro loans, enabling online application for withdrawals by small and micro customers, while also optimizing the automatic loan rollover product to offer more customers online one-click renewal services without principal repayment.
- Introduce the CMB Zhao Dai+ (招贷+) WeChat mini-program, integrated with the Company's large model engine, to offer small and micro customers online rapid credit assessment services, with preliminary approval results in as fast as 60 seconds. After assessment, customers typically receive one-on-one service and professional financing advice from a dedicated small and micro customer relationship manager on the same day. By the end of 2023, the CMB Zhao Dai+ (招贷+) WeChat mini-program had provided small and micro credit assessment services to 160,000 customers.
- Launch the Government Procurement Loan (政采贷) product based on government procurement credit to support the development of small and microenterprises. The Government Procurement Loan (政采贷) does not require collateral from the borrower; customers can apply online for financing with a government procurement bid-winning notification or a registered contract. In 2023, the Government Procurement Loan (政采贷) introduced features such as account-free credit assessment, AI approval, and online signing, significantly reducing the financing operational costs for customers. By the end of 2023, the Government Procurement Loan (政采贷) provided nearly RMB4 billion in credit support to almost 1,000 customers.

[Case] Guangzhou Branch: Launches Regional Innovative Retail Credit Product Sui Chuang Loan (穗创贷) for SMEs

In October 2023, the Guangzhou Branch introduced the exclusive credit loan product Sui Chuang Loan (穗创贷) aimed at small and micro enterprises and business owners. This product is a fully online small and micro credit loan product, utilizing internal financial big data analysis capabilities and model integration abilities to better meet the actual needs of small and micro enterprise customers. By the end of 2023, the Guangzhou branch had established a quota for Sui Chuang Loan (穗创贷) for 5,508 accounts, with a total quota amount of RMB1.814 billion and a balance of RMB628 million.

[Case] Nantong Branch: Makes SME Mortgage Registration More Convenient with Online Mortgage Service

In 2023, the Nantong Branch integrated with the local Housing Management Bureau's "Su Xiao Deng (苏小登)" system, introducing an Online Mortgage service for small and micro enterprise customers. This service allows SMEs to sign all necessary mortgage registration documents in one go during the pre-loan investigation phase. Once the loan is approved, branch personnel apply for mortgage registration through the "Su Xiao Deng (苏小登)" system, which then automatically sends real estate registration certificates to customers. This one-stop fully online financing service eliminates the need for customers to shuttle between the bank and the real estate transaction center, significantly enhancing financing efficiency and convenience.

By the end of 2023, the Nantong Branch had processed 545 Online Mortgage transactions through the "Su Xiao Deng (苏小登)" service, involving a total loan amount of RMB545 million.

[Case Study] Shenyang Branch: Support for Small Business through the Entrepreneurial Guarantee Loan Subsidy Program

The Shenyang Branch actively cooperated with the Shenyang Municipal Human Resources and Social Security Bureau, the Finance Bureau, the Financial Development Bureau, and the People's Bank of China to jointly promote the entrepreneurship

guarantee loan subsidy project for small and micro enterprises, providing loan subsidies to small and micro enterprises that drive social employment, thereby helping to solve the capital turnover difficulties of small and micro enterprises and other key groups.

By the end of 2023, the Shenyang Branch had issued entrepreneurship guarantee loans amounting to RMB888 million, assisted clients in applying for nearly RMB20 million in small and micro loan subsidies, and had not experienced any bad loans.

5. Serving the Agricultural Business Entities

In 2023, the Company decisively embraced the rural revitalization strategy, intensifying its financial support for the agricultural sector. Through targeted credit and investment initiatives, we innovated our financial products and services, expanded our agri-business loan offerings, and fostered the integration of urban and rural development. By the end of 2023,

our agricultural loan portfolio had grown to RMB269.282 billion, marking a substantial year-over-year increase of RMB36.001 billion or 15.43%. Specifically, our inclusive agricultural loan balance surged to RMB17.821 billion, an increase of RMB4.084 billion from the end of the previous year, up 29.73% from the prior year.

Improving Mechanisms to Enhance Support for Rural Revitalization

- **Differentiated Performance Evaluation:** In the assessment and evaluation system of domestic first-level branches, a financing promotion for the real economy indicator is set, which includes the assessment of agricultural loans, to encourage branches to promote agricultural credit issuance.
- **Internal Fund Transfer Pricing:** Based on six consecutive reductions in the deposit and loan FTP pricing curve, the subsidy range for the entire lifecycle of agricultural loan business has been increased to 75 basis points per year. Other agriculture-related loan subsidies has been increased between 40-100BPs, some of which have the longest subsidy duration for 3 years.
- **Credit Business Due Diligence Exemption:** The *Implementation Details for Exemption of Due Diligence for Agricultural Loan Practitioners at China Merchants Bank* has been formulated. For non-performing assets formed by agricultural loans, if relevant personnel have actively fulfilled their duties according to valid system regulations and corresponding job responsibilities, and no

violations or disciplinary actions are found upon investigation, they will not be held accountable, fostering a good atmosphere where customer managers are encouraged and willing to engage in agricultural loans.

Enriching Agricultural Products to Ground Financial Innovation Practices

- Launched the *China Merchants Bank Initiative for Premium Manufacturing in County Regions*, strongly supporting county-level advantageous and characteristic industrial clusters, promoting the development of ten types of mainstream industries in the county area, including electronic materials, cement building materials, metal smelting, chemicals, electrical machinery, specialized/general equipment, automotive components, textile fibers, pharmaceutical manufacturing, and food processing.
 - Introduced agricultural industry chain loans, cooperating with leading companies in key industries such as fresh food e-commerce, agricultural wholesale, grain processing, and fertilizer & pesticide production through the One Entire Bank for One Customer (全行服务一家) business model. This provides financial solutions for core enterprises across the country, extending financial services to the fields and helping rural areas increase income, production, and employment.
 - In Zhejiang Wenzhou, launched agricultural house mortgage loans, revitalizing the real estate such as farmers' houses in their hands, effectively broadening the financing channels for the farmer community, and precisely directing credit resources to the agriculture, rural areas, and farmers field.
 - Specifically for the *Artemisia annua* industry chain in Qi Chun County, Huanggang, Hubei, including *Artemisia* farmers, processing enterprises, and the local impoverished population, innovatively launched the *Artemisia Farmer Loan* (艾农贷), *Artemisia Enterprise Loan* (艾企贷), and *Zhao Artemisia Loan* (招艾贷) as part of the rural revitalization series of products with the characteristics of pure credit, low interest rates, flexible use of funds.
-



Artemisia Farmer Loan (艾农贷), Artemisia Enterprise Loan (艾企贷), and Zhao Artemisia Loan (招艾贷) and other rural revitalization series products.

(IV) Protecting Rights and Interests of Consumers

The Company deeply values the protection of consumer interests, weaving this commitment into our governance and corporate culture. We've crafted robust systems for

safeguarding consumer rights, employing various strategies to bolster management and ensure accountability in upholding these rights.

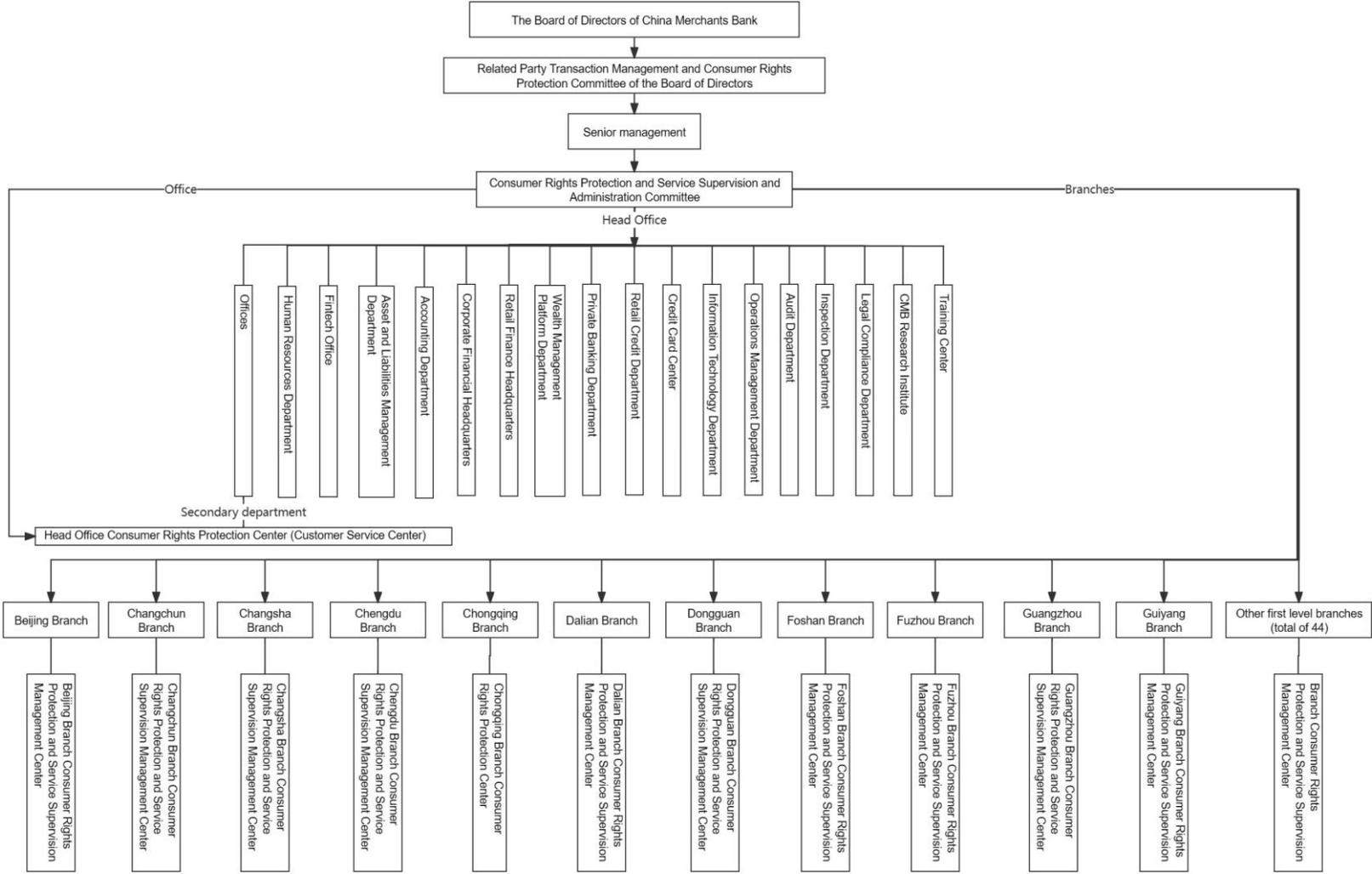
1.Framework for Consumer Rights Protection

In 2023, the Company fully implemented the three-year work plan for consumer rights protection and satisfactorily completed

the target tasks.

Baseline Year	Target Year	Target	Progress Status
2022	2024	To maintain a leading advantage in service, with a Customer Net Promoter Score (NPS) not less than 70 points	By the end of 2023, the Customer Net Promoter Score was 73.68 points, an increase of 4.81 points from 2022.
		Customer complaint response rate within one hour not less than 96%	Throughout 2023, the customer complaint response rate within one hour was 99.16%, a year-on-year increase of 0.72 percentage points.
		Consumer rights protection review coverage rate reaches 100%	In 2023, there were 144,500 consumer rights protection reviews, with a coverage rate of 100%.
		Financial education outreach exceeds 500 million people	In 2023, financial education outreach reached 555 million people, a year-on-year increase of 9.18%.

1.1 Organization Framework



Board of Directors and Special Committees of the Board

- The Board of Directors considers the protection and maintenance of the legitimate rights and interests of financial consumers as one of its key responsibilities. It has established a Related Party Transactions Management and Consumer Rights Protection Committee responsible for supervising and reviewing the work on consumer rights protection and ensuring that the senior management effectively fulfills their corresponding duties.
- In 2023, the Board of Directors and the Related Party Transactions Management and Consumer Rights Protection Committee diligently performed their primary responsibilities for consumer rights protection. The Board of Directors overall planned and guided the work on consumer rights protection, deliberated on seven consumer rights protection-related reports including the *2022 Annual Consumer Rights Protection Work Report*, and urged the management to seriously implement regulatory requirements; the Related Party Transactions Management and Consumer Rights Protection Committee heard 17 reports including the *2022 Annual Consumer Rights Protection Work Report*, covering consumer rights protection work planning, policy revision, internal audit, and internal assessment.

Supervisory Board

- Oversees the performance of the Board of Directors and senior management in consumer rights protection work.
- In 2023, the Supervisory Board listened to four consumer rights-related reports including the *2022 Annual Consumer Rights Protection Work Report*, promoting the improvement of consumer rights protection mechanism construction, staff training, and complaint resolution; in the 2022 annual performance evaluation work of the Board of Directors and senior management, it focused on the content of consumer rights protection and reported to the shareholders' meeting and regulatory departments.

Senior Management

- Guide the establishment of a consumer rights protection management system that is clear in objectives, reasonable in
-

structure, fully safeguarded, and effective in execution. Develop, review, and coordinate the Company's consumer rights protection work plans, programs, and tasks to ensure the effective implementation of consumer rights protection strategic objectives and policies.

- Set up a Consumer Rights Protection and Service Supervision Management Committee composed of senior managers and heads of relevant departments, responsible for planning and deploying consumer rights protection work.
 - In 2023, the senior management team deployed the annual consumer rights protection work plan, promoting the implementation of budget support, employee training, complaint handling, financial knowledge popularization, and personnel management as key tasks. Throughout the year, the Consumer Rights Protection and Service Supervision Management Committee held 2 meetings, and the Consumer Rights Protection Coordination Meeting was held 3 times, covering the head office and 44 domestic first-level branches.
-

1.2 Policy Framework

The Company has established a consumer rights protection system framework that includes the *China Merchants Bank Co., Ltd. Board of Directors Meeting Rules* and the *Implementation Details for Special Committees of the China Merchants Bank Board of Directors* as the top-level design. It is guided by the *Work Procedures of the China Merchants Bank Consumer Rights Protection Committee* established by the senior management, centered on the *China Merchants Bank Consumer Rights Protection Work Management Methods*, and supplemented by a series of systems covering pre-event review, in-process monitoring, financial marketing and promotion

management, personal information protection, product and service information disclosure, etc.

In 2023, the Company improved the consumer rights protection-related systems, updated the *China Merchants Bank Consumer Rights Protection Review Key Points*, which includes new review key points for financial products such as precious metals, government bonds, structured deposits, and clarifies the review key points for partner institution access. At the same time, it issued the *China Merchants Bank Customer Complaint Management Methods (Seventh Edition)*, the *China Merchants*

Bank Consumer Rights Protection Information Disclosure Management Methods (Second Edition), the *China Merchants Bank Agency Insurance Business Management Methods (Second Edition)*, the *China Merchants Bank Retail Agency Sales Business Management Regulations (Third Edition)*, the

1.3 Operational Mechanisms

The Company has established a relatively comprehensive framework to ensure consumer rights through various mechanisms, including scrutinizing our products and services, conducting internal evaluations, disclosing information transparently, protecting personal data, and managing

China Merchants Bank Wealth Management Business Operation Emergency Plan, etc., to solidify the institutional foundation for ensuring business operations are standard and regulated.

suitability. These procedures are regularly updated to align with evolving regulatory standards, business growth, and market shifts, ensuring our operational practices are responsibly managed.

Mechanism for Reviewing Products and Services

- Under the authorization of the Board of Directors, the Related Party Transactions Management and Consumer Rights Protection Committee is responsible for guiding and urging the construction of a consumer rights protection review system and supervision mechanism, achieving strict control over all aspects of products and services and business operation processes.
- The senior management reports to the Board of Directors and its Related Party Transactions Management and Consumer Rights Protection Committee, responsible for guiding planning, coordinating the deployment of the consumer rights protection review system establishment, and providing sufficient resource support.
- The Head Office Consumer Rights Protection Center reports to the senior management, responsible for leading the consumer rights protection review work:
 - Integrating consumer rights protection review into the design and development of products and services, pricing management, and agreement formulation, moving risk control forward.
 - Establishing a consumer rights protection review system, introducing text extraction technology, creating a sensitive word

library, machine-assisted review, automatic statistical analysis, product mapping, identifying high-risk products, and interfacing with business systems to prevent infringements of consumers' legitimate rights from the source.

- According to the *China Merchants Bank Consumer Rights Protection Review Management Methods* and the *China Merchants Bank Consumer Rights Protection Review Key Points*, clarifying the division of labor and responsibilities, conducting a comprehensive and accurate evaluation and review of policies, systems, business rules, fee pricing, agreement terms, promotional materials, etc., that may affect consumers, and timely identifying related risks. In 2023, 144,500 consumer rights protection reviews were completed, an increase of 88.97% year-on-year; 32,200 substantial review comments were made, effectively reducing the risk of infringing consumers' legitimate rights.

Mechanism for Internal Assessment

- Leveraging the assessment to incentivize and restrain, establishing a one horizontal and four vertical consumer rights protection assessment system. Consumer rights protection indicators are incorporated horizontally into the comprehensive performance assessment of business institutions and vertically into the performance assessments across four major lines: corporate finance, retail finance, operations, and consumer rights protection. This ensures a comprehensive, objective, and fair evaluation of the consumer rights protection work of all business departments and branches.

Mechanism for Information Disclosure

- Adhering to the principles of truthfulness, accuracy, completeness, and timeliness, disclosing key information about products and services throughout the pre-sale, sale, and post-sale processes.

Mechanism for Personal Information Protection

- Enhancing graded authorization approval and internal control measures, implementing full-process graded and classified
-

management and control of consumers' personal information to effectively safeguard consumer personal information security.

Mechanism for Suitability Management

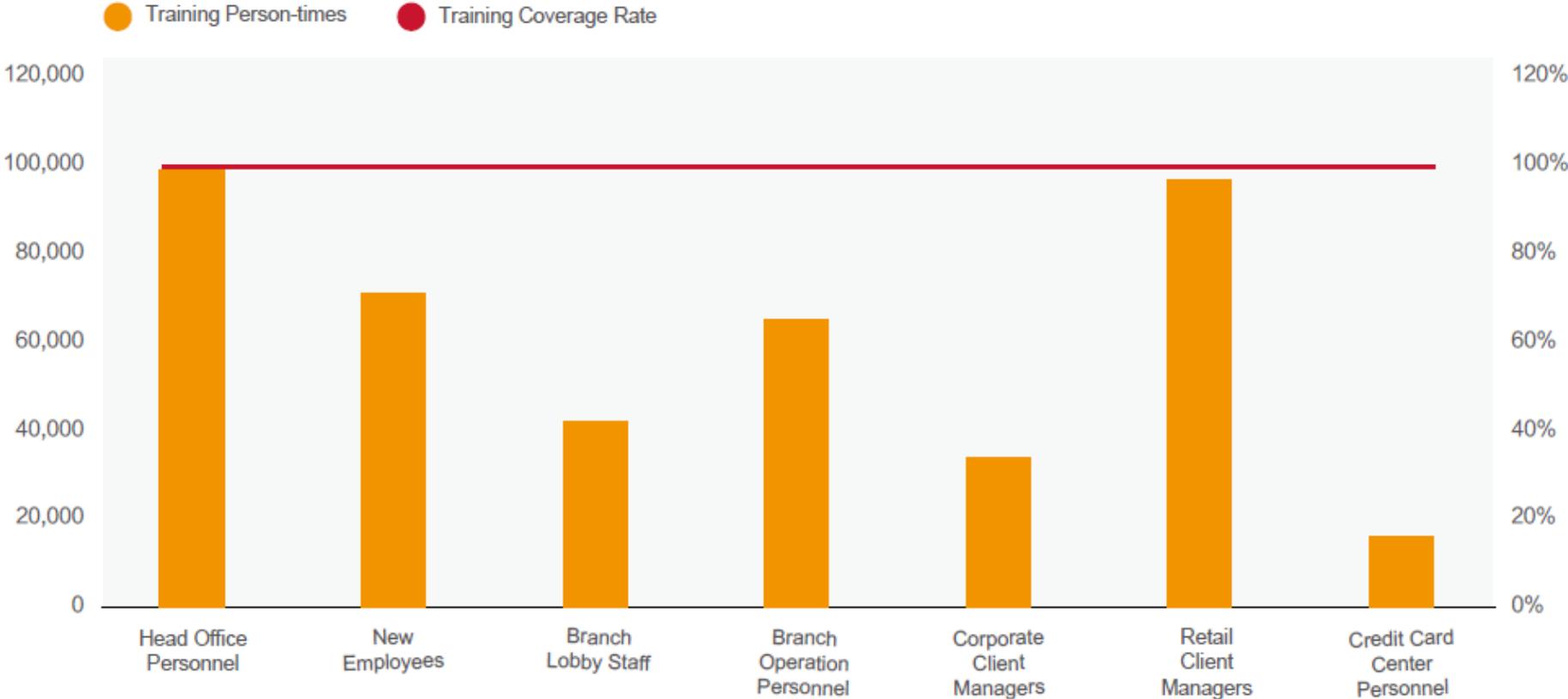
- Standardizing financial product sales and service processes, improving the consumer suitability management mechanism, rigorously conducting consumer risk perception, risk preference, and risk-bearing capacity evaluations, providing suitable products to the right consumers.
-

2.Consumer Rights Protection Training

In 2023, the Company founded the Consumer Rights Protection Training Leadership Group and rolled out the *China Merchants Bank 2023 Financial Consumer Rights Protection Employee Training Plan*, leveraging both online and offline educational methods to bolster the entire workforce's commitment to safeguarding consumer rights. Special emphasis was placed on roles prone to higher volumes of customer complaints and elevated risk, such as customer service managers, retail account managers, branch operations, and lobby staff, by increasing the frequency of targeted training. Throughout the

year, we executed over 400 online training sessions, engaging more than 200,000 participants, alongside more than 300 offline sessions, which attracted over 40,000 attendees.

The training initiatives in 2023 reached a total of 99,797 individuals across the organization, encompassing senior executives, entry-level business personnel, new recruits, and dedicated consumer rights protection staff, ensuring a 100% coverage rate of our training program.



	Training Person-times (in ten thousand)	Training Coverage Rate (%)
Head Office Personnel	9.98	100
New Employees	7.20	100
Branch Lobby Staff	4.23	100
Branch Operation Personnel	6.55	100
Corporate Client Managers	3.40	100
Retail Client Managers	9.76	100
Credit Card Center Personnel	1.68	100

3. Customer Complaint Management

3.1 Complaint Management Structure

The Company has established a vertical complaint management system consisting of the Head Office, branch offices, and sub-branch offices, setting up a dedicated Consumer Rights Protection Department independent of the business departments. This forms a complaint work system where the decision-making is carried out by the Consumer Rights Protection and Service Supervision Management Committees of the head and branch offices, led by the Consumer Rights Protection Centers of the head and branch

offices, with relevant departments fulfilling their primary responsibilities. The Head Office's Consumer Rights Protection Center reports to the senior management and the Board of Directors on complaint management-related work.

The Board's Related Party Transactions Management and Consumer Rights Protection Committee is responsible for supervising the work related to complaint management. It specifically reviews the *Annual Consumer Complaint Analysis*

Report for 2022, listens to reports such as the *Report on the Complaint Situation Notified by the CBIRC in the Fourth Quarter of 2022*, the *Report on the Complaint Notification Situation in the First Quarter and the First Half of 2023 by the National Financial Supervisory Administration*, the *Report on the Banking Industry Consumer Complaint Situation in the First*

3.2 Complaint Management Policies

In 2023, combining the key requirements and actual work of financial consumer complaint handling and management by the National Financial Supervisory Administration (formerly CBIRC), the Company updated and released the *China Merchants Bank Customer Complaint Management Measures (Seventh Edition)*. It refined the requirements for complaint registration,

3.3 Channels and Procedures for Complaint Resolution

The Company ensures smooth online and offline customer complaint channels and prominently displays the complaint channels and handling processes on platforms such as the official website, mobile applications, and business outlets, enabling consumers to promptly express their legitimate concerns.

Three Quarters of 2023, etc., guiding the policy optimization of complaint management in 2023. This includes continuously pushing for the reduction of top customer complaint issues, creating a recognition system, sorting out complaint data, and enhancing employee training policies.

verification, case closure, processing timeliness, and data analysis; improved the internal communication coordination, information sharing, and collaborative processing mechanism for complaints; optimized the grading standards for complaint items, and strengthened the pursuit of complaint responsibility and source tracing and rectification.

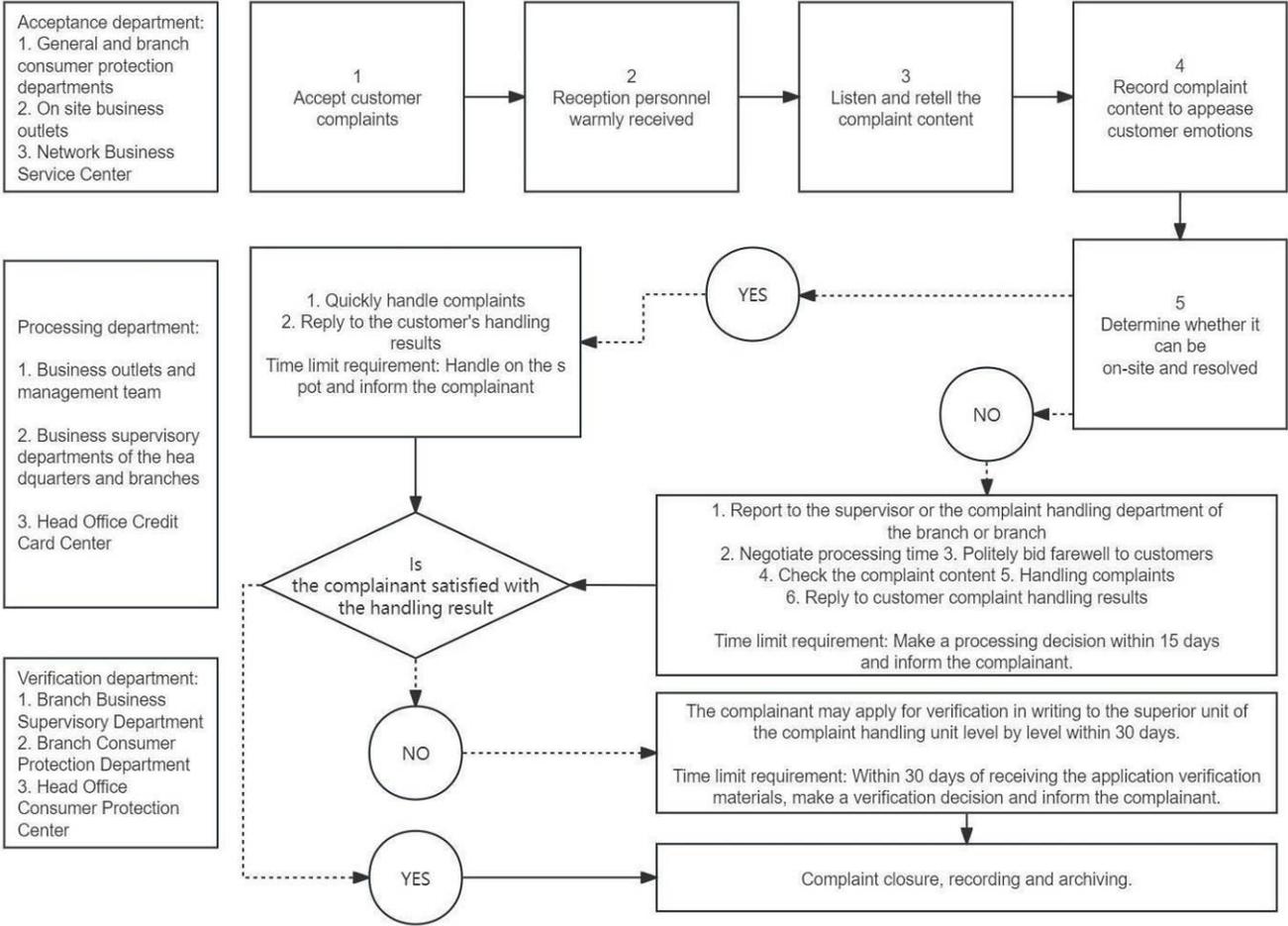
Main Online Complaint Channels

- Complaint entrances on mobile clients such as the CMB App and CMB Life App.
- Customer complaint hotline 95555, dial 7.
- Credit card complaint hotline 4008205555, dial 7.
- Head Office email xfzts@cmbchina.com.

Main Offline Complaint Channels

- Business outlets.

China Merchants Bank Complaint Process



3.4 Complaint Management Mechanism

- **Dealing with Customer Complaints** Adhering to principles of convenience and efficiency, we ensure every customer complaint is recorded accurately and in full detail. Our 1-hour customer complaint quick response protocol mandates categorizing the severity of complaints and communicating outcomes to the complainant within set deadlines.
 - We've implemented a collaborative complaint resolution system across our Head Office, branches, and subsidiaries to facilitate seamless internal communication, information sharing, and joint handling of complaints. This includes defining clear procedures for subsidiaries, enhancing coordination between the head office and subsidiaries, and utilizing a mechanism for collaboratively addressing significant and complex complaints to boost resolution efficiency.
 - Our Complex Complaint Management System anonymizes sensitive information such as complainant identities and contact details. Complaint handlers assigned to a case are selected to ensure no conflict of interest with the complaint subject, facilitating unbiased verification and communication with the complainant. This process safeguards complainant privacy and protects them from any form of retaliation.
-

Resolving Disputes

- We aim for the amicable resolution of disputes, encouraging direct negotiation and settlement between the involved parties. We actively engage with financial dispute mediation services for guidance and partake in mediation processes for relevant cases, aiming for fair and effective dispute resolution.
-

Managing Complaints

- We undertook three reviews to ensure adherence to complaint handling protocols in 2023, encompassing both Head Office audits and unit self-assessments. Identified issues are categorized for focused improvement efforts.
 - Implementing a Turning Complaints into Opportunities strategy, we mandate targeted enhancements and corrective measures
-

in response to identified complaint handling gaps, enhancing root cause resolutions.

- Developed 12 service improvement plans to optimize systemic issues in business processes.
 - A notable achievement in 2023 was a 29.99% decrease in the incidence of customer concerns compared to our goals.
-

Performance Evaluation

- Complaint management metrics are integrated into our annual performance reviews for both head and branch offices. These metrics cover a range of objectives, including reducing customer concerns, managing complaint rates among retail and corporate clients, achieving rapid complaint response times, and fostering diverse dispute resolutions, reinforcing accountability in complaint management.
-

3.5 Overview of Complaints Received

Throughout 2023, the Company processed a total of 160,334 complaints¹, marking a 35.43% reduction compared to the previous year.

¹ The above data excludes complaints related to account control, negotiated repayment, credit reports, and billing standards.

Breakdown of China Merchants Bank Consumer Complaints by Region (in number)

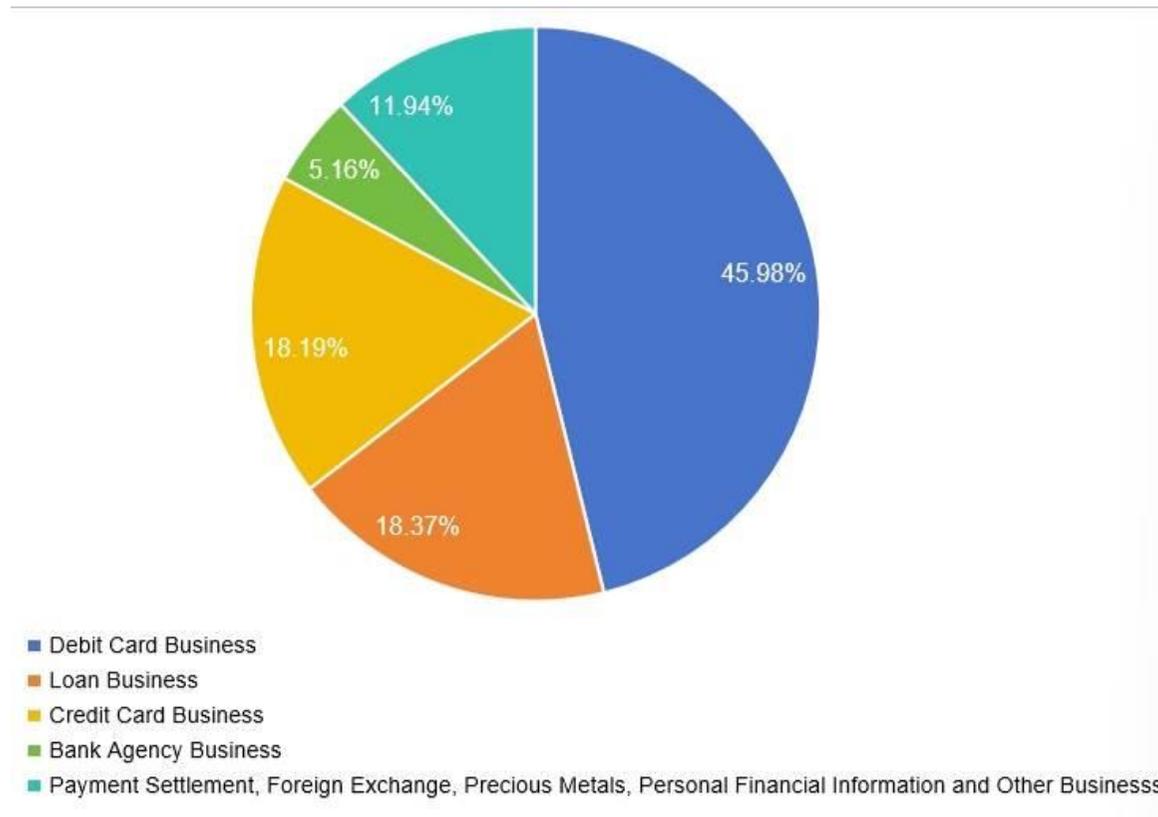
No.	Region	Number of complaints	No.	Region	Number of complaints	No.	Region	Number of complaints
1	Shanghai ¹	38,847	16	Hefei	2,292	31	Urumqi	1,014
2	Shenzhen ²	29,396	17	Changsha	2,065	32	Shijiazhuang	978
3	Beijing	13,943	18	Nanchang	2,054	33	Lanzhou	916
4	Wuhan	7,093	19	Suzhou	2,012	34	Wuxi	762
5	Guangzhou	5,231	20	Zhengzhou	1,997	35	Hohhot	750
6	Nanjing	4,927	21	Dalian	1,905	36	Nanjing	712
7	Hangzhou	4,509	22	Fuzhou	1,494	37	Nantong	552
8	Xi'an	4,353	23	Dongguan	1,388	38	Guiyang	520
9	Tianjin	3,755	24	Ningbo	1,343	39	Yinchuan	439
10	Shenyang	3,130	25	Xiamen	1,268	40	Haikou	391
11	Jinan	3,036	26	Foshan	1,227	41	Quanzhou	374
12	Qiangdao	2,847	27	Kunming	1,221	42	Wenzhou	315
13	Chongqing	2,676	28	Taiyuan	1,169	43	Tangshan	279

¹ Including complaints from credit card users.

² Including complaints from Head Office departments.

14	Chengdu	2,557	29	Changchun	1,067	44	Xining	167
15	Harbin	2,322	30	Yantai	1,041			

Breakdown of Consumer Complaints Across Key Business Categories



3.6 Digitalization of Complaints

The Company has accelerated the digital transformation of consumer rights protection efforts. In 2023, the complaint system underwent more than 130 updates and iterations. The complaint system mainly includes three functional modules: complaint handling, complaint management, and analysis monitoring, containing over 20 sub-functions such as complaint

entry, initial response, communication handling, diversified resolution, case closure notification, complaint inquiry, verification and processing, appeal approval, report statistics and analysis, monitoring and early warning, effectively enhancing the intelligence and refinement of complaint management work.

4. Customer Satisfaction Management

The Company actively listens to customer feedback and has developed the Wind Chime (风铃) digital customer experience platform. It established a monitoring and survey system covering all channels, customer groups, and products within the retail business, collecting a total of 4.5843 million customer service evaluations and 1.2309 million pieces of customer feedback over the year.

The Company uses the Net Promoter Score (NPS)¹ to measure customer satisfaction. In 2023, the NPS was 73.68, an increase of 4.81 points from 2022.

¹ NPS is based on random sampling surveys. The 2023 NPS survey covered a customer sample size of 68,553, which is sufficiently large to meet the needs of the metric measurement

5. Debt Collection Management

Retail Credit Business Debt Collection

- **Debt Collection Policy:** Strictly adhere to relevant laws and regulations such as the Commercial Bank Internet Loan Management Measures and the Management Measures for the Protection of Consumer Rights of Banking and Insurance Institutions regarding debt collection management. Establish debt collection management regulations, clearly requiring that debt collection must comply with relevant laws and regulations. During the debt collection process, it is necessary to maintain the confidentiality of customer information, prevent the disclosure of debtor information to entities unrelated to the loan; prohibit conducting collections through third parties unrelated to the loan; forbid impersonating administrative or judicial bodies for collections; avoid using violence, intimidation, fraud, or other improper methods for collections; and refrain from employing other illegal, irregular, and socially unethical collection methods.
- **Standard Operation Requirements:** Develop standardized collection operation processes and service standards according to laws and regulations, establish a regular monitoring mechanism, enhance the quality control of collection operations through audits, complaint analysis, etc., and promptly rectify and hold accountable for problems found during audits.
- **Collection Personnel Training:** Regularly conduct compliance training for collection personnel, enhance compliance awareness through learning typical cases and regulatory policies.

Credit Card Business Debt Collection

- **Debt Collection Policy:** Strictly follow relevant laws and regulations for debt collection management and requirements of regulatory documents such as the Supervisory and Management Measures for Commercial Bank Credit Card Business and the Credit Card Collection Work Guidelines (Trial) by the China Banking Association.
 - **Debt Collection Methods:** Use telephone collections, SMS, WeChat, email, collection letters, and intelligent voice outbound calls to remind cardholders with overdue payments to repay, and conduct outsourced collections based on the cardholder's
-

overdue situation.

- **Collection Personnel Training:** Regularly conduct compliance training for collection staff, requiring personnel to complete basic pre-employment training and pass an examination before starting work; organize periodic specialized training covering collection policies, service improvement, complaint handling, and compliance operations to strengthen the compliance awareness of collection staff.
-

6. Loan Modification

Retail Credit Business

- We accommodate loan clients wishing to make advance payments by offering flexible options, such as reducing monthly installments without altering the loan term or shortening the loan duration while keeping installments consistent.
 - For clients with existing retail loans seeking modifications, we've established tailored policies and standards that enable changes to crucial loan aspects like the amount, term, interest rates, repayment methods, and collateral. Decisions on these modifications are meticulously made, considering the client's creditworthiness and specific requirements, following a detailed evaluation process.
-

For Credit Card Services

- **Adjusting Credit Limits**
 - Clients can request changes to their credit limits through various channels including the CMB App, CMB Life App, our official WeChat, or the customer service hotline. These requests are carefully reviewed, taking into account the client's credit history, card usage, and potential risks before any adjustments are made.
 - We adopt a proactive approach in managing credit card limits, applying specific measures for clients with diminished
-

repayment capabilities or unusual card activities. These measures range from halting limit increases, reducing the available credit, to implementing account restrictions.

- **Arranging for Negotiated Credit Card Repayments**

- For clients who are behind on payments and encounter exceptional hardships, we offer several avenues for communication, including the CMB Life App and hotline. By assessing the individual's debt burden and capacity to repay, we facilitate suitable financial relief strategies. Such hardships account for situations like major personal or familial crises, serious health issues, or instances involving detention, death, or severe financial distress.

7. Fair Advertising

7.1 Policy Requirements

The Company strictly adheres to laws and regulatory documents such as the *Advertising Law of the People's Republic of China* and the *Notice on Further Standardizing Financial Marketing and Promotional Activities*, developing the *China Merchants Bank Financial Marketing and Promotional Activity Management Regulations*. These regulations clarify the division of responsibilities, basic rules, behavior norms, and

publication processes required during financial marketing and promotion; formulate the *China Merchants Bank Retail Business Recording and Video Management Measures* to enhance the management of sales activities in the Company's retail business, effectively preventing and addressing improper practices such as misleading sales and unauthorized product sales, thus safeguarding consumers' lawful rights and interests.

7.2 Supervision and Management

Each business management department bears the ultimate responsibility for the marketing content of its department. Before releasing any advertisements, they are required to

review the truthfulness and compliance of the marketing content against legal and regulatory requirements. After the review, submissions are made to the brand promotion

management department and the dedicated consumer rights protection department for an examination of the standardization

of promotional content and a review of consumer rights protection.

7.3 Management Measures

Educational Initiatives

- We conduct regular educational programs on compliant marketing practices, utilizing both online and offline resources to foster a strong sense of responsibility towards appropriate management among our employees.
- For our clients, we've created dual recording (audio and video) investor education videos. Specifically for new customers, we've integrated these educational videos into the risk assessment segment of the CMB App. This initiative is designed to enhance our clients' understanding of potential marketing risks.

Managing Risk-Prone Scenarios

- We've updated our dual recording (audio and video) system to include a comprehensive process for handling any anomalies, ensuring a full-circle approach to management. This update mandates branches to enhance their capabilities in managing dual recordings effectively.
 - The risk tolerance questionnaire has been refined, alongside adjustments in the frequency of risk evaluations, to better align with investor suitability management principles, ensuring our practices meet the highest standards of risk assessment and client care.
-

8. Financial Knowledge Popularization

The Company actively fulfills its primary responsibility for the popularization of financial knowledge, solidly carrying out financial education and promotional activities to disseminate financial knowledge to the general financial consumers, raise awareness of financial risks, and advocate for rational consumption and rights protection. These efforts aim to significantly improve the public's financial literacy and help create a harmonious and healthy financial environment. In 2023,

8.1 Online Financial Literacy

Relying on more than 20 official platform accounts, including the CMB App, CMB Life App, official website, WeChat public and video accounts, Weibo, TouTiao.com, Douyin, and Bilibili, the Company extensively reaches nearly 200 million financial consumer groups. It helps the broad masses of financial consumers learn professional and interesting financial knowledge, embracing a beautiful financial life.

Additionally, the Company has developed the "Zhao Xiao Bao" (招小宝) brand project as the main battlefield for knowledge dissemination and consumer rights protection services. Utilizing

a total of 18,256 online and offline activities for financial knowledge popularization and consumer education were conducted, reaching 555 million consumer interactions, producing 2,146 pieces of original promotional material. The financial knowledge popularization and consumer education new media brand "Zhao Xiao Bao (招小宝)" was recognized as an annual typical case of consumer rights protection by the *China Banking and Insurance News*.

the "Zhao Xiao Bao" (招小宝) video account as the primary platform, a team of employees dedicated to original content creation has been formed. This team meticulously produces a series of impactful short videos and micro-movies, expanding the reach and enhancing the effectiveness of financial knowledge dissemination. By the end of 2023, the "Zhao Xiao Bao" (招小宝) video account had accumulated over a hundred million views, with average readership exceeding one million per piece, and the highest single article readership surpassing twenty million times.

8.2 Targeted Financial Knowledge Dissemination

The Company focuses on key demographic groups, including the elderly, youths, new urban residents, individuals with disabilities, and people living in remote areas, conducting educational campaigns that are both informative and engaging.

[Case] Focusing on the Elderly, Safeguarding a Happy Twilight

In collaboration with the Beijing Shijingshan District Financial Services Office and the Shijingshan District Public Security Bureau's Anti-Fraud Center, **the Beijing Branch** ventured into the Bajiao Road community to host a Learn from Cases to Recognize Risks themed promotional event. This initiative aimed at educating the elderly on avoiding counterfeit currency, identifying financial traps, and preventing telecommunications fraud, alongside spreading awareness about common financial schemes targeting the elderly and their potential harms. To make learning more engaging and memorable, the educators composed catchy financial knowledge mnemonics to aid seniors in their financial education journey.

The Dongguan Branch partnered with the University for the Elderly to establish a Financial Knowledge Education and Promotion Site. During the autumn opening ceremony of the University for the Elderly, which also served as the unveiling ceremony for the Financial Knowledge Education and Promotion Site, 80 seniors were introduced to fundamental financial concepts in a straightforward and entertaining manner. They were guided on how to spot financial pitfalls and protect their legitimate rights and interests.



Dongguan Branch organizes the Bringing Financial Knowledge to the University for the Elderly series of events.

[Case] Focusing on Youth and Students, Safeguarding Healthy Development

The Chongqing Branch, during campus recruitment and school opening seasons, hosted Essential Courses for Youth lectures across multiple universities in Chongqing, sharing financial knowledge and organizing a creative financial knowledge exhibition titled Consumer Protection Voyage, Unlimited Joy in Chongqing (消保护航，渝乐无限). Engaging students with prize quizzes, I Love to Memorize Lyrics, and other interactive fun games, these activities helped solidify financial knowledge among the participants.

The Guangzhou Branch collaborated with several universities in Guangdong to conduct campus tours dedicated to financial education, sharing typical examples of illegal financial activities, teaching practical anti-fraud knowledge, and offering a rich feast of knowledge. These efforts aimed to instill a concept of rational consumption and enhance awareness of financial risk prevention among the student body.



Guangzhou Branch providing anti-fraud knowledge lectures for college students and faculty.



Chengdu Branch conducting anti-fraud promotional activities in schools.



Lanzhou Branch collaborating with Lanzhou Public Security Bureau and Northwest Normal University for a live anti-fraud broadcast Anti-Fraud Campus Tour - We Are Off (反诈校园行——我们出发啦), attracting 220,000 online viewers.



Nanjing Branch co-establishing the Nanjing Audit University - China Merchants Bank Nanjing Branch Financial Education Demonstration Base with Nanjing Audit University.



Ningbo Branch building the first Consumer Education Themed Restaurant in collaboration with Ningbo Consumer Rights Protection Committee, Ningbo Financial Consumer Rights Protection Association, and KFC.

[Case] Focusing on New Urban Residents, Creating a Brighter Future

The Shanghai Branch, in partnership with multiple corporations, conducted financial knowledge seminars. Educators detailed card safety, personal credit, anti-money laundering, and other fundamental financial concepts to the employees. Through face-to-face consultations and interactive activities, they addressed employees' concerns about rational investment, highlighting the importance of recognizing investment risks and choosing financial products that match their risk tolerance and liquidity needs.

The Xi'an Branch organized movie screenings and focused talks for employees and their families of partner corporations, themed around Watch Movies, Learn Anti-Fraud, and Talk About Financial Rights. These sessions aimed to educate about the characteristics of financial fraud, common methods, and how to recognize and prevent them, thereby enhancing the employees' awareness of risk prevention.



Shanghai Branch conducting Spreading Financial Knowledge Far and Wide (普及金融知识万里行) financial lecture series.



Xi'an Branch organizing special lectures on financial fraud prevention for new urban residents.

[Case] Reaching Out to Farmers, Delivering Financial Knowledge to Remote Villages

The Kunming branch ventured into Yunnan's Chuxiong Yi Autonomous Prefecture, specifically Wuding and Yongren counties, which the Company is committed to supporting. Employing a unique approach of ethnic-specific promotion + immersive interaction + in-home presentation, they carried out Financial Companion, Happy Life (金融相伴 幸福生活) financial education campaigns. On one hand, traditional Yi embroidery was used as a medium to weave financial knowledge into various embroidered items, allowing villagers to appreciate their culture while deepening their understanding of financial traps and fraud prevention. On the other hand, the branch extended its efforts into fields, farmer households, Hope Schools, etc., delivering fun, interactive, and targeted financial education to local residents, farmers, workers, and school teachers and students.



Kunming Branch staff educating farmers in the fields about financial knowledge.



Jinan Branch staff conducting door-to-door financial education in Zhangqiu Tianjia Liucun village.

[Case] Enhancing Financial Literacy Among the Disabled

- Collaborated with special education schools to create anti-fraud animation videos, featuring sign language translations by special needs students. These videos were made available on the Wuxi Education Bureau's "Xi Hui Online (锡惠在线)" learning platform for students citywide.
- Formed the Angel Volunteers team to offer financial knowledge mini-lectures to autistic children through customized picture books.
- Organized volunteer activities focused on aiding and loving the disabled, including thematic lectures, handicraft making for the disabled, and charity markets, to help people with disabilities acquire basic financial skills.



Wuxi Branch conducting volunteer activities for aiding and loving the disabled, inviting people with disabilities to serve as volunteers.

9. Anti-Fraud

The Company empowers through technology to build digital fraud risk management capabilities. Leveraging the Libra (天秤) intelligent risk control platform, it forms a 7×24-hour real-time transaction monitoring and protection system that covers the entire retail channel for electronic payment scenarios. Combined with a comprehensive identity authentication verification mechanism, it accurately and efficiently identifies potential fraudulent transactions to prevent and reduce

customer financial losses. In 2023, the Company continued to iterate and optimize its risk control models, added robotic call review capabilities, strengthened customer fraud prevention protection, and guarded against impersonation and theft risks across all scenarios. During the year, the Company reduced the proportion of non-cardholder impersonation and theft amounts for retail debit cards to 0.1 per ten million, further enhancing customer security in card usage.

[Case] Iterating the "Credit Card Smart Risk Control System" to Prevent Credit Card Fraud

The Company places a high emphasis on building anti-fraud capabilities for credit card transactions. Since 2019, based on a comprehensive understanding of the telecommunication fraud ecosystem, the goal has been to construct a telecommunication fraud prevention system for credit cards, focusing on prevention before the fact, awakening to stop losses during, and relieving pressure after the fact. In 2023, the Company upgraded its construction of the anti-telecommunication fraud prevention system, protecting nearly 70 million customers and nearly 5 trillion in transaction funds, providing a secure, convenient, and smooth card-using experience.

Strengthened the application of big data, cloud computing, and intelligent interaction to further enhance risk identification capabilities in detailed scenarios, improve risk coverage and accuracy, and build a multi-level customer reach and recovery system to enhance recovery effects and protect customer funds.

Enhanced police-bank cooperation, upgraded joint defense and control mechanisms, and improved the ability to awaken defrauded customers and intercept funds, constructing a comprehensive anti-fraud protection network for customers.

In 2023, the *China Merchants Bank Credit Card Anti-Telecommunication Fraud Prevention System* won the Grand Excellence Award at the 2023 Outstanding Digital Finance Competition hosted by the Financial Digitalization Development Alliance.

(V) Information, Cyber, and Data Security, and Customer Privacy Protection

The Company strictly adheres to the *Personal Information Protection Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*, and other

legal and regulatory requirements, establishing a relatively complete management framework for information, cyber security, and privacy protection.

Board of Directors and Committees under the Board

The Board of Directors places high importance on work related to cyber, information and data security, and privacy protection. The Board and its relevant committees enhance the performance of their duties in strategic guidance and risk management, incorporating these responsibilities into the *Company Charter*.

In 2023, the Risk and Capital Management Committee of the Board strengthened the supervision and management of cyber information security and technological risks, focusing on the privacy protection of customers, employees, shareholders, and partners. They reviewed comprehensive risk reports quarterly, compliance work reports of institutions in the United States semi-annually, and annually reviewed the *2022 Business Continuity Management Work Report*, the *New York Branch Cyber Information Security Situation Report 2022*, among other proposals, fulfilling the information risk control functions including data security and privacy protection comprehensively.

Management

The President is the primary person responsible for information security, with the Chief Information Officer being the direct person responsible.

- **Information Security Management Committee:** Responsible for planning and promoting the Company's network and data

security work, chaired by the President, with the Chief Information Officer serving as the executive deputy chair. In 2023, the Information Security Management Committee held one meeting, listening to reports on data security management mechanisms and cyber security management mechanisms, reviewing and approving resolutions on the permanent data security working group under the Information Security Management Committee, building a three lines of defense management system, and incorporating data security into performance assessments.

- **Information Technology Management Committee:** The decision-making body for the Company's information technology governance, responsible for reviewing the information technology development strategy and its implementation, technology architecture and major changes, and other significant matters of information technology governance, chaired by the Chief Information Officer. In 2023, they listened to reports on information security management work and data security work, reviewing related plans such as information security management framework, data security governance system, and system and mechanism implementation.

Execution

- The Head Office's Information Technology Department is the leading management department for the Company's network security work. Under the guidance of the Information Security Management Committee, it carries out network security management work for the entire group.
- The Head Office's Information Technology Department, Risk Management Department, and Audit Department respectively undertake the responsibilities of the first, second, and third lines of defense for network and data security management.
- The Information Security Management Committee has a Data Security Working Group, led by the Head Office's Information Technology Department, composed of data security leaders and data security administrators from various departments of the Head Office, to coordinate and advance the bank's data security management work.
- The Head Office's personal information protection integrated team is responsible for the overall coordination, guidance, and coordination of the Company's personal information protection management work.

In 2023, the Company extended its audit framework to regularly review and assess cyber, information, and data security. This approach included carrying out IT-focused audits across 26 of its branches within the country. Furthermore, these audits, under the umbrella of the Head Office's IT risk evaluation projects, also scrutinized aspects such as cyber and data security. Emphasizing risk assessment outcomes, these evaluations meticulously covered various domains, including

1. Cyber and Information Security Management

In 2023, the Company developed several cyber and information security-related policy documents, including the *China Merchants Bank Network Security Management Regulations*, the *China Merchants Bank Information Security Incident Emergency Management Measures*, the *China Merchants Bank Internet Threat Defense Management Measures*, and the *China*

office and data security management, data control and disposal procedures, management of secure devices, and comprehensive checks on system, terminal, and cyber security practices.

In 2023, the Company did not experience any significant information, network, or data security incidents, nor did it experience any significant customer privacy breaches.

Merchants Bank Communication Security Management Measures. These policies established a multi-point network security detection and defense system spanning the network layer, host work layer, cloud-native environment layer, application layer, data layer, and user layer.

Cyber Security Incident Alert Handling

- Equip a professional security monitoring team to establish a 24/7 uninterrupted monitoring mechanism, enabling real-time monitoring and handling of network security incident alerts.
- Create a security platform based on big data distribution to ensure that the platform can uniformly respond to and handle alerts from multi-dimensional monitoring.
- Introduce an automated orchestration and response system, combining the expertise of alert event response experts, to standardize the handling processes of various alert events, thereby enhancing the standardization and automation of alert event responses.

Emergency Response Drills

- Emergency plans are formed for various security scenarios, and drills are conducted annually to test the effectiveness of business continuity and emergency plans, with adjustments made based on drill outcomes.

Security and Penetration Testing

- Long-term engagement of external professional security companies to conduct full vulnerability scans of the Company's internet applications weekly, and security testing quarterly.
- Formation of an internal Blue Team attack testing team that conducts regular penetration testing on designated applications weekly, conducts deep red-blue confrontation activities quarterly, and invites professional security companies to participate in full-scale offensive and defensive drills to test the effectiveness of the overall monitoring and protection system and identify application risks.

Third-Party Software Management

- Establishing a full lifecycle control mechanism for third-party software, conducting comprehensive inspections before, during, and after the introduction of third-party outsourced cooperation, with immediate corrections made to any identified issues to eliminate potential security risks.
- Enhanced security control measures are taken for the regularly updated list of third-party software, deploying new security protection measures for the software listed.

Certification and Evaluation of Cybersecurity Measures

- Adhering to the national cybersecurity level protection 2.0 guidelines, the Company undertakes regular evaluations, registrations, and rectifications to ensure compliance with these standards. Each year, we engage with accredited third-party

organizations to perform protection capability evaluations on systems classified at level three or higher. In 2023, evaluations were successfully completed for 27 high-level protection systems and 26 level two protection systems, demonstrating exceptional results in their capability to protect against threats.

Branch Technology Evaluation

- Established a performance evaluation mechanism for assessing the cybersecurity efforts of our branches. This mechanism includes a compliance and security criterion, accounting for 15% of the overall evaluation, and covers technology compliance, risk management, outsourcing management, cyber and data security, and endpoint security management.
-

Incident Reporting

- To facilitate timely reporting of security incidents or anomalies, a dedicated security service hotline is available at the Head Office, and specialized information security roles are in place across our branches. This ensures that all employees have a clear and accessible reporting channel.
-

Professional Certification

- The IT Department at the Head Office has 26 individuals certified in Certification for Information System Security Professional (CISSP), 8 certified as Certified Information Systems Auditor (CISA), 2 certified as Certified Information Security Professional (CISP), and 1 certified as a Certified Cloud Security Professional (CCSP).
-

2. Data Security Management

In 2023, aligning with national and regulatory demands, our company revamped its data security management framework, organizing it around a tiered system encompassing primary policies, secondary directives, and associated regulations.

- **Primary Policies:** The foundational document, the *China Merchants Bank Data Security Management Regulations*, outlines the overarching strategy for data security, including roles and responsibilities, and essential tasks. This policy is applicable across all business units, including domestic and international branches, Head Office departments, and subsidiaries.
- **Secondary Directives:** Composed of a suite of specific guidelines that guide various professional fields in data security management, including the *China Merchants Bank Data Classification Management Method (Second Edition)*, the *China Merchants Bank External Data Management*

Method, the *China Merchants Bank Data Sharing Management Method*, the *China Merchants Bank Algorithm Model Lifecycle Management Method (Second Edition)*, and the *China Merchants Bank Data Exit Security Management Method*.

- **Associated Regulations:** Composed of the *Regulations on Research and Development Security Management of China Merchants Bank* and the *Regulations on the Treatment of Violations and Disciplinary Behaviors of China Merchants Bank Employees*, which clearly define the data security management requirements, data security accountability standards and handling measures related to research and development activities.

The Company implements a blend of proactive and reactive strategies for data security.

Proactive Measures

- **Third-Party Management:** Establish a business outsourcing data management group, requiring the Company to implement data security-related work requirements in activities related to data entrustment processing, joint data processing, and external data provision. In 2023, the Head Office data security work group supervised 44 domestic branches to investigate business activities related to data entrustment processing, joint data processing, and external data provision.
-

- **External Certification:** Achieved certification from the Payment Card Industry Data Security Standard (PCI-DSS), the China Cybersecurity Review Technology and Certification Center (CCRC) for Mobile Internet Application (App) Security Certification, the Beijing National Financial Technology Certification Center Co., Ltd. for fintech product certification, and level protection certification, etc.
- **Performance Assessment:** Data security work is fully integrated into the 2024 annual performance assessment of all departments, branches, and subsidiaries of the Head Office, with assessment indicators including job performance and security incidents.

Reactive Measures

- Developed the *China Merchants Bank Information Security Incident Emergency Management Methods*, which clearly defines the levels of data security incident handling, categorized as L1 (extremely significant), L2 (significant), and L3 (moderate). For each level of data security incident, corresponding handling steps and emergency response timings are stipulated, and the incident reporting mechanism is clarified.
 - Established a data security incident emergency management organization, including an information security incident emergency leadership group and an information security incident emergency response team, to define related responsibilities for emergency responses.
-

3. Customer Privacy Protection

3.1 Retail Banking Customer Privacy Protection

The Company has established the *China Merchants Bank Retail Banking Personal Information Management Method (Fifth Edition)* for the retail finance business line. This document covers the entire lifecycle of personal information processing, including the collection, storage, use, processing, transmission,

provision, and disclosure of consumer financial information. It also specifies detailed regulations for the use of personal information security assessment and approval processes, emergency handling of personal information events, and personal information protection impact assessments.

Retail Banking Customer Information Collection

- Personal information must not be collected through deceitful, coercive, or misleading means.
- The collection of customer personal information must not exceed the scope necessary.
- Before collecting personal information, customers must be informed in a clear, understandable, and accurate manner about the collection process and other relevant details.

Retail Banking Customer Information Storage

- The retention period for personal information should be the shortest time necessary to achieve the processing objectives.
 - If laws, administrative regulations, government decrees, or regulatory standards specify a different retention period, those regulations shall be followed.
 - For retail banking customer identification, identity documents, and transaction records, the regulations of the People's Bank of China on anti-money laundering supervision shall be applied.
-

Retail Banking Customer Information Transmission and Provision

- External data transmission and provision must undergo a thorough personal information protection impact assessment beforehand. Measures such as encrypted transmission are taken to ensure the security and accuracy of personal information during external transmission, adhering to the minimum necessity principle.

Retail Banking Customer Information Disclosure

- Personal information collected should not be publicly disclosed unless prior individual consent from the customer has been obtained.

Retail Banking Customer Information Leakage Incident Handling

- The Company standardizes personal information event risk levels, reporting responses, event evaluations, and risk handling mechanisms. Upon identifying potential risks of personal information leakage, the Company responds immediately and acts swiftly to ensure the security of cardholders' information and account funds. A personal information protection group is established to provide customers with personal information consultations, typically responding within 15 working days.
- Annual emergency drills for customer information incidents in the retail banking business line are conducted for three consecutive years. Following each drill, experiences are summarized, and issues are reviewed promptly to reduce the risk of personal information security events.

As the two most frequently used online platforms for customer interactions within the retail banking business line, the CMB App and the CMB Life App fully respect the rights and interests

of individuals, adopting multiple measures to protect the privacy rights of retail banking customers while using these primary Apps.

CMB App Customer Privacy Protection Measures

In handling personal information, the CMB App firmly adheres to the principle of minimal necessity, ensuring that customer consent is explicitly sought through distinct authorizations.

- **Transparency of Information:** The *China Merchants Bank Retail Business and App User Privacy Policy* and the *CMB APP Child Personal Information Protection Rules* are publicly disclosed on channels such as the CMB App and the official website. These documents detail the Company's privacy policies regarding the collection and use of personal information, the use of Cookie technology, the public disclosure of personal information, the storage and protection of personal information, the management of personal information, the protection of minors' information, and third-party collection and use of personal information. The *Personal Information Collection List* and the *Third-Party Information Sharing List* are listed within the CMB App. If there are changes to the privacy policy, customers will be reminded to review the latest version of the *Privacy Policy* upon logging into the CMB App.
- **Internal Compliance Assessment:** Regular privacy compliance assessments are conducted on the CMB App to ensure that the *China Merchants Bank Retail Business and App User Privacy Policy* and business practices comply with the *Personal Information Protection Law of the People's Republic of China* and related legal and regulatory requirements.
- **External Inspection:** Authoritative institutions are invited to conduct privacy compliance and security inspections on the CMB App, covering aspects such as privacy policy, information collection, vulnerability detection, and data security.

CMB Life App Customer Privacy Protection Measures

Adhering to core principles such as minimal data collection, transparency, data quality, security, and user rights, the CMB Life App takes rigorous steps in managing personal information.

- **Transparency of Information:** On the CMB Life App, the *CMB Life App User Privacy Policy* and the *Usage Instructions for*
-

Third-party SDKs in CMB Life App are publicly available, disclosing the types and purposes of information collected by the Company and cooperative software development kits (SDKs). During the credit card application process within the CMB Life App, customers are proactively shown links to the *Sensitive Personal Information Handling Authorization* and the *Personal Information Sharing Authorization* documents, clearly informing them about the personal information processing rules related to credit card services.

- **Partner Management:** Through agreements with partners, it is specified that partners must take effective technical measures and other necessary steps to ensure customer information security, preventing data leaks, tampering, and loss. Partners are allowed to process personal information within the scope agreed upon by individual customers regarding the purpose, method of processing, and type of personal information. Should partners change the original purpose or method of processing, they must re-obtain consent from both the Company and the individual customers.
- **External Inspection:** The CMB Life App has undergone privacy compliance and security inspections supported by the authorities, and received mobile internet application (App) security certification.

The Company ensures retail banking customers' control over their personal information, including but not limited to access,

correction, deletion, processing restrictions, revocation of authorization, and refusal to process.

3.2 Wholesale Banking Customer Privacy Protection

The Company has developed specific protocols applicable to the wholesale banking customer business line, such as the *Wholesale Customer Relationship Management System User Management Methods*, the *Credit Compliance and Information Security Self-Inspection and Self-Correction Management*

Methods, the *Anti-Money Laundering Information Management Methods*, and the *Corporate Finance Line Internal Control Compliance Management Implementation Rules*, which clearly specify the specific requirements for customer data usage and sharing.

Wholesale Banking Customer Information Usage

- Adhering to the principle of minimal authorization, sensitive information such as customer contact information, account balances, account transactions, and customer marketing trajectories are strictly controlled, with authorization granted on a need-to-know and tiered basis.
- Require wholesale customer relationship management (CRM) system users to properly use customer related information within the system, strictly comply with relevant national laws and regulations and the internal information security management system, and strictly prohibit disclosure to unrelated personnel.
- Rigorous management of business and system permissions, monitoring of validity periods, deletion of permissions, and other processes are enforced. Comprehensive permission clean-ups are regularly conducted to strengthen the management of permissions for departing and on-leave personnel, with immediate closure of business and system permissions as needed.
- Enhanced management of customer credit information is enforced. During the process of credit information collection, organization, storage, processing, submission, dispute resolution, inquiry, and data utilization, risks and abnormal behaviors are monitored and verified.

Wholesale Banking Customer Information Sharing

- It is strictly forbidden to provide customer data to third parties without obtaining customer authorization.
 - Unauthorized access, collection, sale, or disclosure of company customer data and information is strictly prohibited.
 - Wholesale customer business line's outsourced service providers are required to comply with the National Financial Regulatory Administration (formerly the Banking and Insurance Regulatory Commission) Guidelines for Risk Management of Outsourcing by Banking Financial Institutions and *Operating Procedures for Outsourcing Online Business Operations for Corporate Customers*, which includes ensuring the security of customer information. The Company reserves the right to terminate the outsourcing contract at any time if customer information is not secure or customer rights are affected.
-

Wholesale Banking Customer Information Leakage Incident Handling

- Any act of leaking customer information will be punished according to the law or regulations involved by the perpetrator. In the event of a data breach with serious consequences, the responsible party will be punished in accordance with the Company's data management policies, and direct managers will also be held accountable.

The Company ensures wholesale banking customers' control over their personal information, including but not limited to

access, correction, deletion, processing restrictions, revocation of authorization, and refusal to process.

4. Employee Security Awareness Enhancement

The Company has established an information, cyber, and data security as well as customer privacy protection training system that covers all employees, regularly conducting related training

activities to solidify employees' awareness of security and compliance.

For All Employees

- Leveraging the "Zhao Hu (招呼)" subscription account, emails, and other online and offline promotional channels, the Company conducts 8 information security awareness campaigns throughout the year, including topics such as studying typical cases of personal information infringement published by the Supreme People's Procuratorate.
 - From November to December 2023, a month-long campaign on cyber and information security, and data security is conducted across the entire Company. The activities include:
 - Hosting Experts Talk About Security lectures in the form of live training and webcasts, inviting external experts to discuss data security risks, challenges, and industry practices in data security management.
 - Producing a series of course videos on network security, related laws and regulations, and management system interpretation, covering over 100,000 employees across the Company (including contract staff), and organizing employees
-

to participate in information security and personal information protection exams.

For Professionals

- Conducted a pilot course on secure development certification training to help frontline developers deepen their understanding of the secure development process and related tools, enhance the security coding capabilities of developers, and reduce application security risks, with over 390 participants.
 - Organized intermediate qualification certification training for security administrators, covering topics such as security and risk management, security engineering, communication, and network security, with over 50 participants.
 - Held a Personal Information Protection—Personal Information Security Incident Tabletop Emergency Drill and organized all personal information protection liaisons to observe. This helped various functional departments understand the process for reporting personal information incidents, as well as the responsibilities of the personal information management team and individuals in handling these incidents.
-

For New Employees

- Conducted specialized training that includes information security, with 352 participants.
-

(VI) Human Capital Development

The Company is committed to creating an inclusive and diverse working environment for employees, providing a scientifically sound training system, a competitive salary and benefits system, and a fair and open promotion channel. These efforts

meet the needs of employees for growth and talent development, providing ample motivation for the healthy development of their careers.

1. Employee Management

1.1 Equal Employment and Diversity

The Company strictly adheres to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *State Council's Regulations on Prohibiting the Use of Child Labor*, as well as follows international conventions on human rights protection such as the *United Nations Guiding Principles on Business and Human Rights* and the *Equal Remuneration Convention*. Policies such as the *China Merchants Bank Campus Recruitment Management Method (Second Edition)*, the *China Merchants*

Bank Social Recruitment Management Method, and the *China Merchants Bank Employee Overtime and Attendance Management Method (Second Edition)* have been developed. These policies detail the regulations on employee compensation and dismissal, recruitment and promotion, working hours, diversity, anti-discrimination, and other treatments and benefits, aiming to build a positive labor relationship and respect and protect employee rights.

Insisting on Fair Recruitment

- Adhering to selecting people for positions based on fairness and justice, not using irrelevant factors such as the candidate's gender, age, ethnicity, nationality, religion, or family situation as evaluation criteria, and strictly prohibiting discrimination descriptions related to appearance, gender, place of origin, marital and childbearing status in external recruitment announcements.

- Requiring that recruitment announcements and job information are fully filled out, with standardized text and format, and avoiding discriminatory statements that may trigger reputational risks or complaints.
 - Recruitment announcements from the head office and branches must be approved before publication.
-

Protecting Applicants' Privacy

- Strictly prohibiting the disclosure of applicants' private information. Enhancing the awareness of recruitment staff regarding the protection of applicants' privacy information through the *China Merchants Bank Recruitment Personnel Behavioral Compliance Baseline Checklist*, constraining behavior.
-

Strictly Prohibiting Illegal Employment

- Opposing and prohibiting illegal employment practices such as child labor and forced labor. During the resume screening phase, candidates' ages and backgrounds are strictly reviewed, and those who do not meet the relevant legal and regulatory requirements are not allowed to pass the screening. In 2023, the Company did not engage in any illegal activities related to employing child labor or forced labor.
 - Implementing a standard working system, where the working hours per workday do not exceed 8 hours, and the weekly working hours do not exceed 40 hours.
-

Promoting Diversity in Employment

- Adhering to the principle of gender equality in employment and paying attention to employee gender diversity. In recent years, more and more outstanding female talents have emerged through competitive selection, and female senior managers have fully utilized their abilities, becoming the backbone force driving the Company's transformation and development. By the end of 2023, the male-to-female ratio of company employees is 2:3, and the male-to-female ratio of senior management in Head
-

Office departments and branches is close to 3:1.

- Providing employment positions for special groups such as disabled individuals and veterans. By the end of 2023, there are 27 disabled employees.
-

[Case] Innovating Campus Recruitment: An Experiential, Service, and Developmental Approach

The Company places a high priority on promoting employment for college graduates, expanding both online and offline recruitment channels to create an experiential, service-oriented, and developmental campus recruitment system to help college graduates secure employment.

- **Experiential Campus Recruitment:** The Head and branch offices actively carry out intern programs to help students fully understand the workplace through experience, find their career goals through practice, and alleviate the issue of job mismatch caused by asymmetric employment information. In 2023, the Dream Factory (梦工厂) intern program was optimized, and special intern programs like Shui Mu (水木), Bo Ya (博雅), and Qiu Shi (求是) were jointly launched with Tsinghua University, Peking University, and Renmin University of China. The Beijing branch was awarded the Beijing College Graduate Workplace Experience Base by the Beijing Education Commission and the Beijing Municipal Human Resources and Social Security Bureau.
- **Service-Oriented Campus Recruitment:** Expanding students' understanding through campus presentations and exclusive online Q&A services; bringing students the feeling of being needed and valuable through professional and fair written and oral exams, promoting the absorption of more outstanding talents in science, technology, engineering, mathematics (STEM), and non-financial economics majors.
- **Developmental Campus Recruitment:** Hosting the FinTech training camp for seven consecutive years. In 2023, college students were invited to participate in immersive summer camp activities, with tracks in R&D, data, and product, covering

college graduates with different specialties and strengths, giving talents in various FinTech segments the opportunity to showcase their abilities. By the end of 2023, nearly 50,000 people had registered for the FinTech training camp, with over a thousand participants.

Furthermore, the Company continues to explore richer and more in-depth university-enterprise cooperation models. By the end of 2023, the Head and branch offices had established intern bases, participated in or hosted corporate open days, alumni salons, career planning courses, and competitions, engaging in university-enterprise cooperation with 111 domestic and international universities.

1.2 Human Capital Analysis

The Company conducts human capital analysis to precisely analyze the structure and efficiency of its personnel, promoting

Company development with a scientific and rational allocation of human resources.

Total Personnel

- Based on the Company's strategic priorities and operational budget targets, while fully considering factors such as new establishments and regional development differences, a multi-dimensional evaluation model is established to determine the total number of personnel.

Personnel Structure

- Centered on business orientation, taking into account factors such as the number of service customers and customer scale, combined with personnel efficiency, quantitatively calculates the personnel required for key positions, and proposes targeted personnel allocation construction for comprehensive branches and secondary branches.

Personnel Recruitment and Screening

- Through the recruitment data analysis system, real-time monitoring of resume submission volume, candidate school distribution, recruitment source channels, etc., provides an effective basis for optimizing recruitment strategies and expanding recruitment channels.

Employee Turnover Monitoring

- Real-time monitoring of employee turnover rates through HR reports, regularly generating departure data analysis reports. If the employee turnover rate shows a significant abnormal increase year-on-year, relevant responsible persons will be promptly notified to focus on talent retention.
- The Head Office integrates a specific focus on the turnover rates of crucial employees within the performance evaluation frameworks for our first-level branches. This includes setting thresholds for the retention of vital managerial staff, key position holders, and newcomers, ensuring regular assessment and management of turnover within these critical segments.

2. Employee Career Development

The Company has perfected a dual-channel development system for management and professional growth, moving away from the previously singular and narrow promotion pathway for cadre promotion. The Company further optimizes the review process, perfects the six capabilities mechanism that allows for

cadre promotion and demotion, salary increase and decrease, and employee entry and exit, enriches the content of professional capability evaluation, and guides managers at all levels to establish the concept of promoting professional team construction through sequence review.

Management Channel Construction

- **Strengthen the construction of the cadre reserve team.** Enhance the selection of the reserve cadre team for Head and branch offices, selecting the best for the leadership team and reserving cadres for potential development.
- **Optimize the construction of the managerial team at the Head Office and branches level.** Optimize the management rules for manager-level cadres at the Head Office in and branches, so as to achieve echelon development and further growth.
- **Steadily promote cadre exchanges:** Continue to carry out cadre exchange activities to broaden capability boundaries.

Professional Channel Construction

- Launch a full-coverage, differentiated, equal rank, equal pay professional sequence system, establish vertical development channels for employees, fully foster an expert culture, and achieve respect for experts and value creation through professionalism.

Reserve Talent Pool Construction

- Strengthen the reserve and training of international talents, organize overseas reserve talent selection and training, and carry out overseas exchange programs. In 2023, one session of the Seashell Program (海贝计划) for the selection of overseas reserve talents was held, adding 50 new overseas reserve talents, bringing the total to 1,109 in the pool.
- Upgrade the talent exchange program, dispatching outstanding employees from the Head and branch offices to branches for job training, specifically implementing the Seal Program (海豹计划) for management empowered branches, secondary branches, and county-level branches. In 2023, 24 employees from secondary branches and county-level branches, and 38 employees from management empowered branches were dispatched. They participated in exchanges and learning at the Head Office, other outstanding branches, and external institutions through job training to strengthen their professional capabilities.

Job Qualification Certification System Construction

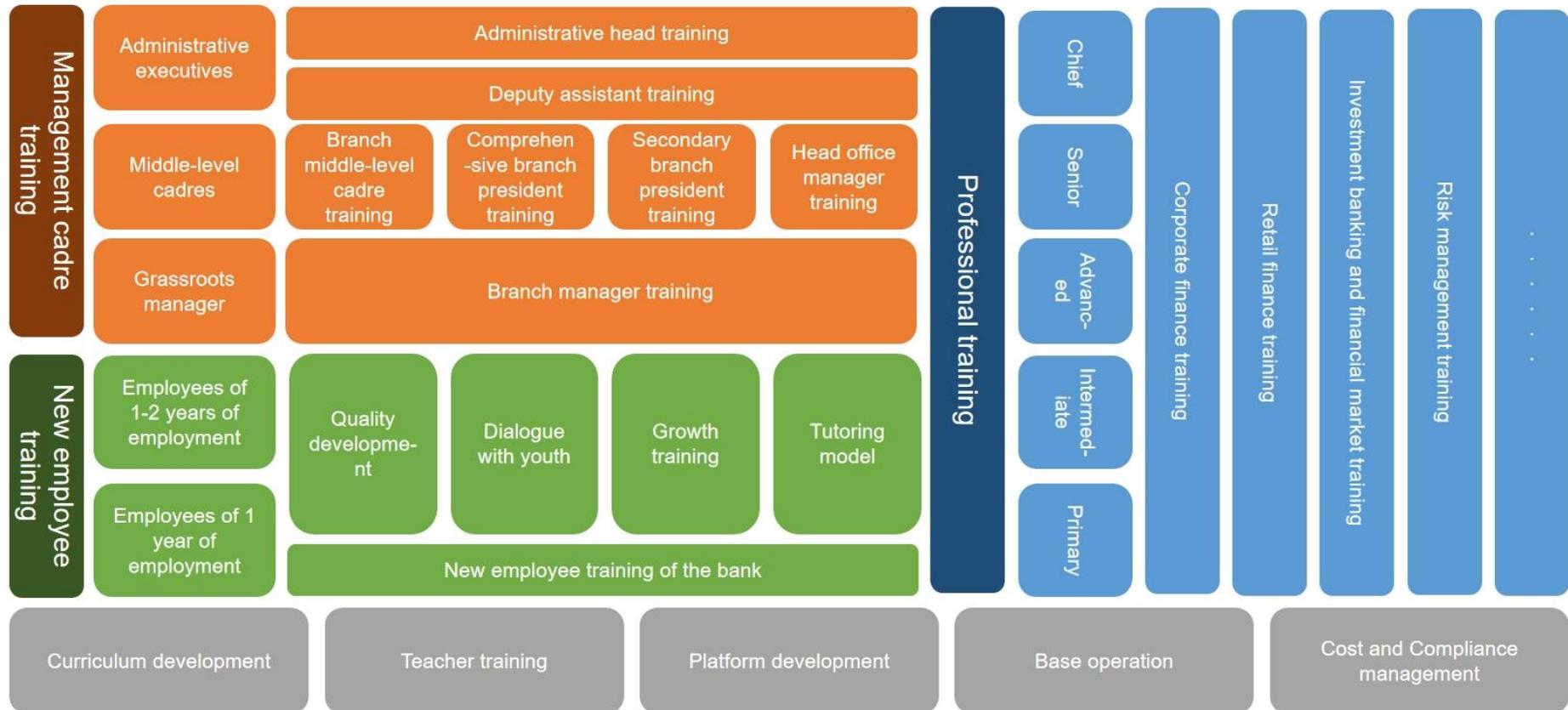
- The Company's job qualification certifications are organized to strongly promote certification for positions, continuously improving the team's professional capabilities. At the same time, through training and other means, the employing institutions' understanding of the capabilities required for positions is strengthened, the job competency model is refined, and job-person fit is promoted.
- Support and encourage employees to independently register for external professional qualification certification exams, reimbursing examination fees for employees who obtain certification qualifications, and expanding the list of external professional qualification certifications. The support range is extended to cover a total of 93 qualification exams, including Chartered Financial Analyst (CFA), Financial Risk Manager (FRM), Certified Public Accountant (CPA), etc.

3. Employee Training

The Company is committed to integrating employees' personal growth and value realization with the development of the enterprise, perfecting a classified, specialized, and digital talent

cultivation system. It adopts a combination of online and offline training methods to meet the career growth needs of employees at different levels.

China Merchants Bank Employee Training System



3.1 New Employee Training

In 2023, the Company added new learning content such as *A Century of Business Practices* and the *New Era China Merchants Creed* to the orientation training for new employees and organized new hires to visit subsidiaries for field learning for the first time, deepening their understanding of the

Company's strategy. At the same time, a new employee empowerment platform was built, launching 11 New Employee Required Courses in 2023, covering topics like Company strategy and culture, customer service, risk compliance, and human resources policies.

[Case] Nantong Branch: Summoning the Future, With You Through (招唤未来, 与你通行) Campus Recruitment Freshman Training Camp

From June to July 2023, the Nantong branch held the Summoning the Future, With You Through (招唤未来, 与你通行) Campus Recruitment Freshman Training Camp. Online pre-learning in culture and values, basic workplace literacy, CMB business, and essential office skills allowed participants to preliminarily adapt to their professional roles before the offline intensive training. The First Lecture by the President led participants to understand the culture of CMB; over 60 courses covering compliance awareness, safety education, business etiquette, and business product skills helped cultivate the business capability literacy of the participants.



At the graduation ceremony, participants reported their learning outcomes and shared their training gains and insights in groups.



Through a variety of training contents, including cultural strategy promotion, professional skills intensive training, quality development activities, and cultural performances, the Qingdao branch helps every new employee make the transition from student to professional.

3.2 Professional Talent Training

The Company focuses on the training of professional talents, establishing training systems for junior, intermediate, senior, senior, chief and other types of employees, as well as corporate finance, retail finance, investment banking and financial

markets, asset management, risk management and other business fields, and focusing on improving the professional ability of the talent team.

[Case] Beijing Branch: Wholesale Banking Line Customer Manager Five-Level Progression Training System

Based on the different career stage development needs of wholesale banking line customer managers, the Beijing branch focuses on systematizing the five basic abilities and eight key special abilities of customer managers. This approach aims to enhance training efficacy and staff productivity, improving customer managers' satisfaction and sense of belonging.

Training Phase	Training Target	Training Content
Newcomer Plan	Newly hired unassigned employees	Aiming at introduction and appreciation, training includes introductions to culture and business systems, business service etiquette, etc., helping employees gain a comprehensive understanding of the Company's financial business and familiarizing them with the career development and growth paths in the line of work.
Integration Plan	Employees in their first year who have been assigned as wholesale customer managers	Targeting a progressive transformation of learning, talking, doing, and mastering products, the focus is on strengthening management and coaching for new employees, helping them familiarize with basic wholesale finance knowledge while enhancing their sense of belonging.
Growth Plan	Wholesale customer managers in their second year	Aiming to broaden customer managers' business horizons and deepen their product business understanding, the plan invites internal senior customer managers and product managers to explain and analyze business, and external instructors for special training on marketing techniques, negotiation strategies, etc., comprehensively improving the quality of young employees.
Enhancement Plan	Wholesale customer managers in their third year	With exchange and sharing and team building as goals, the plan invites internal experts for business experience sharing and interaction, increasing integration between teams and between frontline and middle-office; external experts provide training on emotional management, psychological building, and industry understanding, enhancing cohesion.
Surpassing Plan	Managerial staff of the wholesale management team	Aiming to expand the macro perspective, improve management level, and strengthen the overall awareness, external experts are invited for professional lectures on market analysis, policy interpretation, and industry analysis; departments from the branch's middle and back office share and teach, strengthening the integration among line management cadres, improving the leadership, execution, and professionalism of management cadres.



The Wenzhou Branch, in collaboration with Sun Yat-sen University, offers advanced study classes for outstanding employees.

3.3 Leadership Training

The Company has established a hierarchical and categorized leadership training system. At the Head Office level, training classes are held for branch presidents and general managers of Head Office departments, as well as for deputy and assistant positions in branches and Head Office departments. Training sessions are organized for newly appointed and senior

manager-level personnel at the Head Office; training is also conducted for specific groups such as comprehensive branch presidents and secondary branch presidents according to strategic needs. Branch levels conduct corresponding leadership training work following the Head Office's example.

[Case] Quanzhou Branch: Team Leader Leadership Training Project Pursuing Light Plan (逐光计划)

In 2023, the Quanzhou branch initiated the half-year team leader leadership training project Pursuing Light Plan (逐光计划). This plan integrates various blended learning methods, including lectures by executives, internal expert sharing, ability observation and learning, focusing on hotspots and difficulties in business development, promoting behavior change and capability enhancement in actual work, and improving frontline management cadres' ability to identify and solve problems.

Additionally, the plan breaks away from traditional training assessment methods, integrating 16 assessment indicators to strengthen project operation and process management. Experts record and evaluate each participant's performance in all aspects, achieving a

implementation-assessment-review-optimization iteration closed loop. The assessment results are used for the cultivation of future managers.



Team Leader Leadership Training Project Pursuing Light Plan (逐光计划).

[Case] Yantai Branch: Leadership Training for Middle Management

In 2023, the Yantai Branch, in collaboration with Zhejiang University, hosted a leadership training program for middle management. By developing specialized training courses and inviting professional lecturers, the program aimed to deepen middle managers' understanding of the banking industry's cutting-edge trends and directions, learn more efficient management methods, and enhance team collaboration and innovation capabilities.

Spanning six days, the curriculum covered topics such as green finance, big data, and performance management. Leveraging a wealth of course content, research achievements, and professional resources from prestigious institutions, the program helped participants expand their perspectives and thinking approaches, fostering a spirit of innovation and ability. A group points system was employed during the training to effectively boost participant engagement and facilitate team communication.

3.4 Learning Platform Development

CMB iLearning Platform

- **Promoting Key Learning Projects:** Launching learning projects such as the Bank-wide Risk Culture Learning Festival (全行风险文化学习节), Wealth Management Line Set Sail Knowledge Challenge (财富条线“启航”知识挑战赛), and Private Banking Customer Manager Capability Map Learning (私人银行客户经理能力地图学习).
- **Constructing Learning Areas for Specific Lines:** Newly established Comprehensive Branch President Empowerment Zone (综合支行行长赋能专区), Network Operation Service Center Sponge Learning Zone (网经服海绵学习专区), and Asset Custody Operations Learning Zone (资产托管运营学习专区) as three specialized learning areas.
- **Building Learning Communities:** Added three learning communities: Joyful Reading, Office Skills, and Part-time Teacher Empowerment, and around these communities, user-generated content (UGC) creation, regular posting of thematic knowledge tweets, organizing Q&A sessions, etc., are conducted to encourage self-directed learning. In 2023, learning community members posted 263 pieces of knowledge, with 37,100 views, enhancing the overall learning atmosphere among employees.
- In 2023, the CMB iLearning platform launched 8,154 e-courses, accumulating more than 22,300 courses online, with 188 million online learning participants throughout the year and a total annual learning duration reaching 6.9 million hours.

CMB iListen Platform

- Our monthly book club meetings, supported by incentives like check-ins, insights sharing, and rewards for outstanding participants, have successfully stirred up enthusiasm for learning among our employees.
- In 2023, the CMB iListen platform hosted 8 rounds of book club events, added 245 new audio learning resources, and recorded 659,500 learning participants.

3.5 External Training Cooperation

In 2023, the Company strengthens cooperation with third-party professional institutions, focusing on themes such as macro environment and trends, strategy and business models, digitalization and innovation, management and leadership, to select colleges and universities and professional training that

meet training needs. Through the external teacher platform, it is launched online and shares the information of more than 20 training institutions and more than 1,000 external teachers to support various units in the industry to carry out training and teaching activities.

Internal Trainer Teaching Capability Training Classes

To enhance the educational theory foundation and professional quality of the internal trainer team and expand high-quality teaching resources, two sessions of Teaching for the Sake of Learning (学为人师) special teaching capability training classes were organized at Beijing Normal University. These classes relied on theoretical course learning, experiential learning, and practical skills drills to solidify the educational and teaching skills of internal trainers.

Management Personnel and Key Staff Training

Multiple training sessions were held in collaboration with Tsinghua University, Peking University, China Europe International Business School, The Chinese University of Hong Kong (Shenzhen), and research institutions. Senior professors from these universities were invited to teach, enabling participants to gain a deep understanding of the Company's value bank development strategy and promote high-quality development across the bank. The training targeted middle management of the head and branch offices, manager-level personnel at the head office, and key staff, with over 1,100 participants.

4. Compensation and Performance Evaluation

4.1 Employee Compensation and Performance Management

The Company offers competitive compensation and benefits packages to employees, with annual total remuneration comprising regular pay, contingent pay, and benefits.

- **Regular Pay:** This includes base salary and performance-based pay.
- **Contingent Pay:** Beyond the regular salary, these are compensation items arranged according to the Company's operational performance and requirements.
- **Benefits:** Encompassing statutory and supplementary benefits. For statutory benefits, we comply with legal mandates to provide all employees with social security, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing fund contributions. Branches across locations strictly adhere to local maternity leave regulations and proactively implement policies for paternity leave and childcare leave. In terms of supplementary benefits, since 2001, we have established

and operated corporate pensions.

We adhere to a gender equality principle in compensation and benefits, ensuring that gender does not influence the terms of an employee's compensation and benefits. In 2023, there were no discovered instances of gender-based discrepancies in compensation and benefits.

Regarding performance evaluation, we've developed a comprehensive performance management system that encompasses goal setting, process coaching, performance appraisal, and results communication. All employees are regularly assessed from both work performance and personal capabilities perspectives. We scientifically categorize evaluation units and judiciously employ tools such as 360-degree reviews to determine employee performance levels based on scores across both dimensions. The frequency of these evaluations is annual.

4.2 Senior Management Compensation and Performance Evaluation Management

The Company regulates senior management compensation in accordance with the *China Merchants Bank Co., Ltd. Senior Management Compensation Management Methods*, integrating incentive mechanisms with constraints in their compensation management. Assessment indicators are set based on efficiency, risk, and effectiveness, embodying the principles of shared risk, shared benefits, and collective honor, thereby fostering a unified development approach across the Company. The evaluation results for the senior management are verified by a third-party audit annually.

Senior management compensation includes a variable pay system based on short-term and long-term incentive performance. Additionally, sustainability-related indicators are incorporated into the evaluation.

- **Short-term Incentive Performance Indicators:** Weighted average return on risk assets, return on equity, cost-income ratio, non-performing loan ratio, growth rate of risk-weighted assets, etc.
- **Long-term Incentive Performance Indicators:** Wealth management capability, financial technology capability, risk management capability, etc.

- **Sustainability-related Indicators:** Inclusive finance, green credit, anti-money laundering and compliance management, consumer rights protection, etc.

The Company strictly follows the *Guidelines for Prudential Regulation of Commercial Bank Remuneration* issued by the China Banking Regulatory Commission (now the National Financial Regulatory Administration) and implements deferred payment of annual bonuses for senior management personnel (including those who have left the Company), with the deferred payment return linked to risk situations and asset quality. 40% of the annual bonus for senior management is paid within one accounting year after the assessment period, and the remaining 60% is deferred over three years, with the distribution ratio being 20%, 20%, and 20% respectively. At the same time, the payment of deferred bonuses for senior management is linked to risk indicators. If the evaluation is not qualified, the payment of deferred bonuses will be suspended for that year; if major risk events occur within the term of responsibility, the Board's Compensation and Assessment Committee has the right to recover all bonuses paid within the corresponding period and stop all unpaid bonuses.

5. Non-Salary Benefits and Work-Life Balance

5.1 Protecting Employee Health

The Company cherishes the physical and mental health of employees, reinforcing occupational health and safety guarantee services. In August 2023, the Head Office Building, R&D Center, and Pinghu Financial Innovation Building and other Shenzhen Head Office's own office properties received the Occupational Health and Safety Management System ISO45001:2018 (GB/T45001-2020) certification.



The ISO45001:2018 (GB/T45001-2020) certification of the Occupational Health and Safety Management System for the Shenzhen Head Office's own office properties.

Safeguarding Employee Health

- **Workplace Injury Prevention:** Following national guidelines, we ensure all staff are covered by workplace injury insurance and establish a comprehensive injury reporting system linking employees, the Company, and local social security offices. Safety measures, including monitoring systems and regular safety checks, are implemented to identify and mitigate office hazards. Safety training and personal protective equipment are provided to foster a secure workplace, aiming to minimize workplace injuries. We've also installed Automated External Defibrillators (AED) in the main lobby and offer specialized training and certification for their use.
- **Occupational Disease Prevention:** We organize a variety of wellness activities, such as health talks, Traditional Chinese

Medicine sessions, eye testing, application of San Fu patches (三伏贴) and distribution of free medicines box, along with new services for bone setting to alleviate work-related musculoskeletal discomforts.

- **Office Environment Optimization:** We've replaced traditional lighting with softer, glare-reducing LEDs and fitted computers with anti-blue light filters. The office is equipped with ergonomic chairs and healthy water dispensers, with real-time environmental monitoring in shared spaces.
- **Dining Safety Assurance:** We maintain comprehensive food safety and health training records, implementing a food safety education program to ensure the well-being of our staff.
- **Fire Safety Awareness:** We actively promote safety awareness and emergency preparedness through campaigns and training, emphasizing the importance of prevention. Our online fire safety materials have been accessed over 34,000 times, with more than 600 employees participating in interactive learning and quizzes.

Fostering Employee Mental Well-being

- We've set up a 24/7 Care with Love, I have New Ideas (用爱关怀 我有心招) free psychological support hotline, offering constant mental health counseling to all staff members, including contract workers.
 - We've introduced an array of professional, comprehensive online lectures by experts aimed at bolstering employees' mental health awareness.
-



The Nantong Branch hosted a Live Joyfully, Starting with the Heart (乐享生活 从心开始) wellness salon, featuring specialists from Peking Union Medical College Hospital who shared insights on managing workplace mental health and stress.

5.2 Caring for Employees

The Company is committed to creating a humanized, caring work environment. On important holidays such as New Year,

Mid-Autumn Festival, and Dragon Boat Festival, care packages are distributed to employees.



Dragon Boat Festival Care Package.



Mid-Autumn Festival Care Package.

The Company regularly carries out warmth delivery activities for employees in need, providing support and condolences to employees or their family members who suffer from serious illnesses or accidents. In 2023, condolences were extended to 125 employees in need, with a total amount of RMB2.105



The Suzhou Branch held five family open day events, allowing employees and their families to spend relaxing and joyful family time together

In 2023, the Company launched cervical and breast cancer screening programs and Human Papillomavirus (HPV) vaccination campaigns specifically for female employees at the Head Office. In collaboration with the China Finance Trade Union, a special Women Employees' Care Room was

million. At the same time, the Sunny Day Plan (晴天计划) care plan for the families of all bank employees is continued, with a total of RMB691,800 in care funds distributed to the direct family members of employees who suffer from serious diseases or accidental disabilities throughout the year.

established, equipped with comprehensive maternal and infant facilities to fully meet the practical needs of female employees. By the end of 2023, the Company had set up 115 Women Employees' Care Rooms.



Women Employees' Care Room.

The Company has built Staff Homes to provide employees with a cozy space to relax, unwind, and balance work with life. By the end of 2023, there were 23 Staff Homes built by the Company itself and in conjunction with the China Finance Trade Union. In the Head Office Building, the Staff Home and Shenzhen Library's CMB Branch were established, featuring multiple functional areas including a Union School, health and

medical room, immersion room, and mother and infant room, equipped with a book borrowing machine, projector, coffee machine, refrigerator, and a health station. Leveraging the Staff Homes, over 60 cultural activities for employees were organized throughout the year, including traditional Chinese medicine and studies, calligraphy and painting, children's charity lectures, reading salons, and employee birthday parties.



Staff Home in the Head Office Building.



The Hohhot Branch has built a culture-led, service-empowered, and dual-engagement union organization, receiving the Joint Construction of Staff Homes honor from the China Finance Trade Union in 2023.

5.3 Enriching Cultural and Sports Initiative

By the end of 2023, the Company had established 251 cultural and sports clubs for employees, including sports clubs like badminton, basketball, soccer, and eSports, as well as cultural activity clubs like dance, music, calligraphy, ballet, parent-child,

and reading clubs. Throughout the year, a wide variety of cultural and sports activities were organized, with membership exceeding 11,800 participations.



The Harbin Branch holds six employee activities including a Polar World Adventure and Beach Water World.



Outstanding CMB Personnel Talent Contest.



The Wuhan Branch young employees' quality development activities.

6. Employee Democratic Rights and Interests Protection

The Company places great importance on employee feedback, earnestly listening to their voices, and provides channels for feedback on opinions or suggestions through the Workers' Congress, the Eggshell smart feedback collection platform, and others. When their legitimate rights are affected, employees can appeal to the union of their unit or the Head Office through phone, email, or the Eggshell platform, where the union will coordinate to accept and transfer the complaint.

- **Workers' Congress:** The Company maintains a

democratic management system with the Workers' Congress as its foundational form, ensuring employees' rights to be informed about, participate in, express opinions on, and oversee management. In 2023, the Company advanced democratic management by holding the 7th, 8th, and 9th meetings of the Second Workers' Congress of China Merchants Bank, where they reviewed and voted on 7 institutional regulations related to employees' vital interests, including the *China Merchants Bank Labor*

Contract Management Methods (Third Edition).

- **Eggshell Smart Feedback Collection Platform:** The Eggshell smart feedback collection platform encourages employees to freely voice their opinions, offer valuable suggestions, and promote problem-solving and

management enhancement. Eggshell uses an anonymous mechanism to fully protect user information security. In 2023, Eggshell Convention was upgraded to 2.0 version, continuously encouraging high-value discussions and benevolent exchanges.

7. Employee Satisfaction Survey

The Company conducts regular employee satisfaction surveys annually. In 2023, the Company completed the employee satisfaction survey for the year 2022 and formed an employee satisfaction report based on the results from across the Company. This report serves as a reference for further optimizing operational management and improving employee

experience. The content of the 2022 employee satisfaction survey focused on four aspects: management, employee care, employee growth, and work experience. The participation rate of employees was 83%, with an average satisfaction score of 8.61 out of 10, and an average score for employee engagement and identification at 7.91 out of 10.

(VII) Social Public Welfare and Charity

China Merchants Bank returns love to the society, insists on the promotion of targeted assistance efforts, helps Yunnan's Chuxiong Yi Autonomous Prefecture Yongren County and Wuding County to embark on a new journey of rural

1. Targeted Assistance

In 2023, the Company, continuing its overarching approach of “paving the way for education, ensuring medical coverage, supporting industries, and improving living conditions,” formulated the *CMB 2023 Rural Revitalization Assistance Work Plan*, clearly defining the assistance objectives, targets, and measures. Accurate tactics were adopted based on the development plans of Wuding and Yongren (referred to as “the two counties”) Counties in the Chuxiong Yi Autonomous Prefecture in Yunnan, focusing on areas related to the people's livelihood such as education, medical services, industries, culture, and ecology, strengthening hardware and software upgrades, and advancing industrial upgrades and consumption

rejuvenation; with a strong interest in public welfare and charitable causes, it promotes the establishment of public welfare platforms and partners with stakeholders to partake in volunteer and public welfare initiatives.

promotion. According to the principle of virtue and talent, the Company selected and appointed the 23rd batch of point-to-point assistance cadres from the Head Office to county posts and the first Secretary of Chadian Village in Wuding County.

Throughout the year, the Company implemented 65 assistance projects in the two counties, investing a total assistance of RMB54.58 million while introducing an additional RMB3.9697 million of assistance funds to the counties. By the end of 2023, the Company has invested a total of RMB387 million in various assistance funds for the two counties.

Industrial assistance: Continuously enhance “hemopoiesis” abilities

- The introduction of e-commerce platforms, establishment of diverse online and offline sales channels, and creation of a new aid model for two counties' superior fruit industries: “product + platform + cooperative + farmer”. This fosters a higher level of

industrialization for featured brands such as “Sunshine Yongren” and “Luo Wu’s Hometown”, helping high-quality assisted products to go beyond Yunnan Province. Throughout the year, 17 new aid products were added, with the total amount of agricultural products bought and helped in sales from two counties reaching RMB 37,477,500.

- **The introduction of professional equipment and agricultural experts:** Construction of the “CMB Fruit Intelligent Sorting Center”. With intelligent sorting equipment, the sugar content of fruits is classified and fruit quality is strictly traced via QR codes. This fundamentally solves problems restricting fruit sales, such as standard packaging, identity recognition, and quality safety; The establishment of the “CMB Off-season Fruit Technology Expert Workstation” tests and promotes locally suitable high-quality breeds, promoting featured fruits into the high-end market; Construction of the “CMB Seedling Production-Learning-Research-Integration Demo Training Base”, which establishes a school-enterprise cooperation model, meeting the needs of quality seedlings for more than 9,000 fruit farmers.
- **Strengthen the training for those leading the way to prosperity and technical personnel:** In conjunction with two county government departments, RMB 2,255,000 in aid funds were input for the annual training of grassroots cadres, leading private owners, and rural revitalization leaders. This led to the cultivation of 1,343 rural revitalization leaders and 3,114 technical professionals.

Education assistance: Promoting educational level to a new stage

- **Fully improving school facilities:** Throughout the year, 21 campus construction projects, such as “CMB Library”, “CMB Loving Shower Room”, “CMB Cultural Square”, “CMB Children’s Picture Books” have been implemented, with an investment of RMB 13.65 million, providing teachers and students with a better study and living environment.
 - **Establishing diverse incentive mechanisms:** The “CMB Teaching Award” encourages teachers who have made outstanding contributions in the education field, and the “CMB Scholarship” reduces the risk of poverty due to schooling, introduces joint pairing assistance activities with sibling companies, raises the amount of aid, and the total annual aid amount exceeds RMB 4.43 million.
 - **Introducing Teams of Famous Teachers:** Under the drive of the Fujian aid task force and the Yunnan Normal University
-

affiliated middle school management team, the teaching team's abilities and overall status in the two counties have been significantly improved. In 2023, college entrance examination scores of students in the two counties hit a new high, with the number of freshmen exceeding the growth of more than 60% compared to 2022.

Medical aid: Establish and perfect the medical service system

- **Increase infrastructure investment:** By the end of 2023, 147 CMB rural health rooms and 30 CMB smart village health room transformation projects had been implemented in the two counties, 12 CMB ambulances were donated, and the income generated by equipment such as magnetic resonance imaging and hemodialysis was used to support the daily maintenance of rural health rooms according to a certain proportion, effectively alleviating the pain points of grassroots people in seeking medical treatment.
 - **Strengthen the construction of village doctors:** Providing training in basic medical technology and common disease diagnosis for rural medical teams can increase the annual income of rural doctors by RMB 3,000 to 5,000; every year, the institution engages chief and deputy chief physicians from tertiary hospitals to hold academic lectures and lead consultations, improving the “high, refined, and sharp” service skills and capabilities of county-level medical institutions in the two counties.
-

Ecological Aid: Promoting the improvement of rural living environment

- Adopting the matching mode of “CMB funds + rural revitalization fund + village collective fund”, an annual input of RMB2.8 million in assistance funds was made to implement public welfare projects such as illuminating engineering, road construction, public toilet renovation, sewage treatment, and garbage removal in 7 village groups in the two counties. This supports village groups in building “four beauty” rural areas that are “beautiful environment, beautiful countryside, beautiful villages, beautiful courtyards”.
-

[Case] Building the new “CMB Happy Village” model for industrial matching and workers’ services

The forestry and fruit industry is the characteristic industry of Yongren County. Although over 1,000 forestry and fruit farming enterprises are willing to provide jobs, local labor force still generally faces difficulty in obtaining job information, difficulty in finding jobs, and job instability.

To solve the supply-demand contradiction, the Company innovatively built the “Happy Village” industry matching labor service model. By renovating the idle CMB Hope Elementary School, the “Happy Village Community” was built to provide supporting facilities for industrial development and solve workers' worries about concentrated accommodation, meals, and medical care. In addition, the Company developed the “CMB Happy Village” mini-program, allowing workers to look for job information at any time without leaving their homes, greatly improving the efficiency of recruitment.

The “Happy Village” industry matching labor service model not only helps local residents realize employment nearby, but also meets the labor needs of enterprises, and has received widespread attention and affirmation from the local government and authoritative media in Yunnan.

[Case] Educational Aid Helps “Hopeful Teenagers” Venture Out of the Mountains to Soar Freely

There’s no school in the depths of the mountains in Mabatian Village, Yongren County, Yunnan. Born here, Lu Che has to cross several hills and walk for more than two hours every day to attend “CMB Hope Primary School” in the town. Under the careful guidance of the teachers at “CMB Hope Primary School”, Lu Che heard about the “sea” for the first time from the text and made a wish in his heart to “study well, leave the mountains, and go to the sea”.

As he progressed to a higher grade, Lu Che’s family financial situation became increasingly tight, and the question of whether he

should continue to study troubled the young man. In a moment of difficulty, a teacher from “CMB Hope Elementary School” reached out to help Lu Che. The teacher offered Lu Che the opportunity to enter the Bank’s “1+1” pairing assistance project. This program can provide one-on-one financial aid from the bank’s employees to the assisted students, providing a scholarship of RMB 1250 every year until the student goes to university.

With the support of the “1+1” pairing assistance project, Lu Che successfully passed the junior high school examination and entered Yongren Middle School. In his high school career, Lu Che met Principal Zhu, a retired teacher from a key middle school in Fujian, invited by CMB. Under the encouragement and support of Principal Zhu, Lu Che overcame diseases such as allergic purpura and was admitted to East China University of Science and Technology with the third-best result in the county, realizing his dream of leaving the mountains and seeing the sea.

“Along the way, pursuing my dream, I was able to venture out of the mountains because of the lift from CMB.”

——*Lu Che, a student benefiting from the “1+1” pairing assistance project by CMB.*

[Case] Kunming Branch: Blooming Youth Power, Escorting Basketball Dreams

In October 2023, the “CMB Cup·Weyu Star” youth basketball league, exclusively sponsored by the Company, was held in Kunming. At the league venue, the “CMB Sunflower Basketball Team” formed by Wuding County, Yunnan, Xiangshui Primary School, brought a wonderful “timed shooting” competition to the audience. The league invited two members of the Chinese Women’s Basketball Championship Team to provide on-site guidance for the players’ performance and provided a “basketball sports gift package” for each player to encourage them to pave their own “basketball road”, protecting the basketball dreams of children in the aid area with actual actions.

“Today’s activity made me realize the charm of basketball. Thank you, sisters, for your guidance, and thank you, China Merchants

Bank for your help in building schools, playgrounds, and helping us achieve our basketball dreams.”

—A member of the “CMB Sunflower Basketball Team” at Xiangshui Primary School, Wuding County, Yunnan



“CMB Sunflower Basketball Team” in action at their basketball game.



The subsidiary CMB Wealth Management launched the “Grow with You” series of rural revitalization activities through “1+1” pairing, carrying out rural education activities in 12 primary schools in Wuding.



The joint venture company, Merchants Union Consumer Finance, teamed up with students from “Summer Social Practice Group” of Yunnan University to carry out aid activities at CMB Zhili Primary School in Hope Village.

In addition to the two counties in Yunnan that the Company has targeted for assistance, in 2023, the Company carried out a variety of distinctive aid activities in multiple locations.

- Relying on online channels such as the CMB APP and the Pocket Life App, we have opened a special section for rural revitalization recommendations, exploring the new “Bank + E-commerce” model. We have launched agricultural public welfare live shows such as "Three Summers Busy Farming Season, Meet on the Fields of Hope," helping farmers sell their products nationwide. The “Help Farmers' Market” event was launched, with daily browsing users exceeding 30,000.
- **The Chongqing branch** held the rural revitalization public welfare tea project of “Adopt a tea garden, enrich a tea village”, adopting tea-growing acres in partnership with Chongqing Tea Group Ltd, by means of naming tea fields. This has improved the overall income of local tea farmers by about RMB40,000, supporting nearly 100 tea farmers.
- **The Xi'an branch** rural revitalization team has promoted agricultural products for Liu Xiaping Village, Danfeng County, Shangluo, Shaanxi, through innovative forms such as live delivery and online traffic diversion. By the end of 2023, the purchase of agricultural products had surpassed RMB2.4 million.
- **The Nanchang branch**, after launching a leisure vegetable garden project in Lashu Village, Longhua Town, Nankang District, Ganzhou, Jiangxi, has held more than 30 agro-tourism events, attracting over 1,000 participants, accounting for nearly 50% of the year’s visitors to Lashu

Village. This represents a year-on-year increase of 90%, bringing nearly CNY 350,000 in direct benefits to the local catering industry and agricultural product sales.

- **The Shenzhen Branch** has invested a total of CNY 230,000 to support the Bao Harbor Town Zuo Pit Village Re-cultivation Project and the Lian He Village Tea Factory Construction Project in Huidong County, Huizhou, Guangdong. Their efforts contribute to the increased productivity and income of local farmers.
- **The Nanning Branch** donated CNY 196,500 to Jia Long

Village, Jiangcheng Town, Tiandong County, Baise, Guangxi. The donation was used for the village's road hardening and surrounding beautification of the village department. It assisted in the formulation of environmental sanitation control plans and the implementation of a "Do Not Litter" pilot program, which promotes "set-point placement and set-time collection". This supports Jia Long Village's "Three Clean, Five Clean" rural cleanup action, refreshing the local village's appearance.



The Beijing Branch Launches "Chengzi Tomato" Consumption Assistance Project.

2. Philanthropic Platform

For several consecutive years, the Company has been promoting the “More Pleasure from Monthly Donations (月捐悦多)” small amount monthly donation initiative and the credit

card “Points for Micro Charity (小积分·微公益)” project, collaborating with public welfare and charity organizations, mobilizing customers and public participation, to fully support fundraising for public welfare and charity projects.

“More Pleasure from Monthly Donations (月捐悦多)” Donation Plan

China Merchants Bank, in collaboration with several public welfare organizations, launched a small monthly donation plan, advocating public welfare for everyone. Customers can donate to public welfare projects of the monthly donation plan independently through the CMB App or personal online banking, dedicating a caring part every month, providing warmth and assistance for rural schools, left-behind children and other groups that need to be cared for. In 2023, the “More Pleasure from Monthly Donations (月捐悦多)” small monthly donation plan donated RMB3.1168 million.

The Credit Card “Points for Micro Charity (小积分·微公益)” Project

This project combines public welfare and charity with credit card points, mobilizing users to participate in charity using points. It covers several areas including children’s care, green low carbon, and more. Users of this platform can understand the progress of the welfare project, the effectiveness of the donation, the whereabouts of the points, and other information, before making a donation. After the donation, the platform provides users with a personalized electronic certificate with the donation time, project, and score to encourage users to mobilize more people to participate in points charity through social sharing. By the end of 2023, a total of 599 million points had been donated on the platform, with an additional 21,153.6 thousand points donated throughout the year.

3. Public Welfare Activities

Throughout 2023, the Company engaged in a range of charitable activities, donating a total of RMB115 million,

achieving a social contribution value of RMB17.04 per share on a Group basis.

3.1 Cultivating Educational Opportunities

The Company is committed to promoting educational equity, providing education opportunities for young people and

supporting the development of educational endeavors through donations and scholarships.

【 Case 】 Hearts Bloom, Love Radiates (童心绽放, 让爱向阳) - The Sunflower Warmth Blossoming Public Welfare Activity

In partnership with the People's Fine Arts Publishing House, we launched the Sunflower National Children's Art Exhibition in 2023, searching for young artistic talents. This exhibition attracted nearly ten thousand submissions. Experts from the publishing house awarded 48 Art Education Awards, while 30 Popularity Awards were determined through online voting. The Head Office of China Merchants Bank proudly displayed the award-winning pieces.

With a mission filled with love and aspiration, we distributed 5,000 canvas bags adorned with the award-winning artworks and sets of coloring pencils across various rural revitalization areas nationwide. These Sunflower Art Warmth Packs aim to sketch brighter futures alongside the children of remote areas.

- **In Yongren, Yunnan**, we organized an extraordinary Art Education Class in the Mountains for the kids at Zhicu Village Hope Primary School. Artists were invited to guide and engage with the children through a series of captivating activities like Human and Environment - A Lesson on Natural Aesthetics (人与环境——采摘园里的自然美学课), The Search for Heritage Beauty - Exploring Ancient Architecture on Zhonghe Ancient Street (寻找非遗之美——探索中和古街古建筑), and Gazing at the Stars - A

Campfire Night of Dream Sharing (仰望星空——篝火晚会分享人生理想). These sessions encouraged the children to discover the splendors of nature and unleash their creativity through art.

- **In Datong, Shanxi**, our Taiyuan branch's Sunflower Charity Team joined forces with the Taiyuan Welfare Institute, local volunteers, businesses, and families of customers to deliver Sunflower Art Warmth Packs to 17 schools in the Yunzhou District. They also hosted a Sunflower Artwork Charity Sale, engaging our employees and their families in supporting traditional cultural lessons for the welfare institute's children.



The Art Education Class in the Mountains bringing creativity to Yunnan's countryside.

[Case] Joint Industry Scholarship Establishment

The Company, in collaboration with the China Development Bank, Bank of Communications, and Ping An Bank, established a special scholarship fund. They directed donations to the China Education Development Foundation, with the funds allocated to reward full-time undergraduate and specialized students who excel both academically and morally and are recipients of national student loans. In 2023, the special scholarship covered universities in 12 provinces (autonomous regions, municipalities) in the western region, including schools in the Xinjiang Production and Construction Corps, motivating students to study hard, strive for improvement, persevere, and achieve success.

[Case] Beijing Branch: Supporting University Development

In 2023, the Beijing Branch made donations to universities such as the University of Science and Technology Beijing, Beijing University of Chemical Technology, Beijing University of Posts and Telecommunications, and the Central Academy of Fine Arts. The funds were used to support teaching and scientific research, disciplinary development, faculty and student exchanges, various awards and assistance programs, and campus construction at these Beijing universities, providing substantial support for their development.



The Shenzhen Branch collaborates with Shenzhen Charity Association and multiple universities to carry out the Charity Open Class into Campus series of activities, spreading charity culture through community-school co-construction, and inspiring college students' enthusiasm for participating in charity.



The Wenzhou branch collaborates with *Wenzhou Daily* to hold the Caring for Little Migratory Birds public welfare summer camp, leading 300 children of new urban residents into museums and other places, enriching the Little Migratory Birds summer life through a day of professional experience.

3.2 Supporting the Underprivileged

The Company cares for vulnerable groups such as the elderly, the weak, the sick, and the disabled, providing financial support and caring services.

[Case] Paddling with Love, Caring for Children with Autism

In 2023, the Company conducted various loving public welfare activities for children with autism, calling on all sectors of society to pay attention to, understand, and accept this special group, and calling for more social forces to provide assistance and support.

The Lanzhou Branch went to the Lanzhou Fanchen Anxing Special Education Center to hold the Guarding Starlight (守护星光) caring volunteer activity for children with autism, sending warmth and care to children of the stars - children with autism, through financial knowledge popularization, DIY handicrafts, and birthday parties.



Scene of the Guarding Starlight (守护星光) autism children's loving volunteer activity in Lanzhou branch, where branch volunteers celebrate birthdays with the children.

The Changchun Branch, together with the Jilin Provincial Disabled Persons' Federation, the Changchun Municipal Committee for Caring for the Next Generation, and the Lions Clubs International Jilin Representative Office, jointly held the Chasing Dreams Rainbow, Parent-Child Fun Run (逐梦彩虹, 亲子乐跑) event. Fifty families with autism, volunteers, and branch employees participated actively by running, calling for more people to understand and care for children with autism and to provide as much help as possible.



Scene of the Chasing Dreams Rainbow, Parent-Child Fun Run (逐梦彩虹, 亲子乐跑) event in Changchun branch.

The Xi'an Branch's young volunteers went to the Xi'an La La Shou (拉拉手) Special Education Center to carry out the CMB Xi'an Companion, Love Together (招西相伴 爱心共聚) public welfare activity for caring for children with autism. Through activities such as making handcrafted bunny lanterns with the children and delivering love gifts, they brought heartfelt care to children with autism.



Volunteers from the Xi'an branch making Mid-Autumn Festival bunny lanterns with children with autism.

[Case] Wuhan Branch: Micro-Charity, Spreading Great Love – Zhao Zhao Ai (朝朝爱) Micro-charity Fund Continuously Passing on Love

The Wuhan branch, in collaboration with the Hubei Provincial Charity Federation and Wuhan Children's Hospital, established the Zhao Zhao Ai (招招爱) micro-charity fund in 2022, focusing on children with illnesses from disadvantaged families, providing them with free assistance for accommodation, transportation, and psychological support. By the end of 2023, the Zhao Zhao Ai (朝朝爱) micro-charity fund project had delivered 4,685 love meals, 9 love bus/train tickets, and 1,034 little wishes gifts to economically disadvantaged sick children and their families.

[Case] Guangzhou Branch: Launching the Companion in Medical Journey (医路同行) Love Fund to Protect Hearts with Love

In 2023, the Guangzhou Branch, together with the Guangdong Soong Ching Ling Foundation, established the Companion in Medical Journey (医路同行) love fund. It aims to support the Guangzhou Women and Children's Medical Center in leveraging the charity + social work advantage, providing congenital heart disease children with charity medical assistance, medical insurance

policy promotion, social resource linkage, patient medical assistance, and post-operative rehabilitation training. This initiative makes medical services more compassionate and helps children recover sooner.

[Case] Joint Venture CIGNA & CMB Life Insurance: Caring for Children's Health, Warmly Giving Back to the Society

In 2023, the joint venture CIGNA & CMB Life Insurance continued to care for children's health by donating RMB1 million to the Aiyou Charity Foundation. Part of the funds was allocated to the Aiyou Young Heart (爱佑童心) project to subsidize the surgery costs for children with congenital heart diseases from disadvantaged families, and another part was used to donate and establish the Aiyou Ansheng Children's Home (爱佑安生儿童之家), supporting orphans and left-behind children in remote areas. By the end of 2023, CIGNA & CMB Life Insurance had cumulatively donated over RMB3.5 million, spreading love across 23 provinces (municipalities, autonomous regions), assisting 172 children with congenital heart diseases to regain health, and supporting over 7,000 instances of orphaned and left-behind children.

3.3 Advancing Community Growth

The Company actively supports the development and construction of communities in the overseas operational areas, carrying out public welfare and charitable activities to integrate into local communities with practical actions.

[Case] Subsidiary China Merchants Wing Lung Bank and the Hong Kong Branch: Spreading Love, Boosting Community Development

In 2023, subsidiary China Merchants Wing Lung Bank and the Hong Kong Branch organized a Warmth to Grassroots (基层献温暖) mooncake donation activity, donating love-filled mooncakes to 25 kindergartens and 6 children's development centers, allowing over 1,200 families to enjoy the festive delicacy. Moreover, by hosting a Charitable Mooncake Workshop, they cared for children with special educational needs, helping them to better understand traditional festivals.



The Subsidiary China Merchants Wing Lung Bank and the Hong Kong Branch hosting the Charitable Mooncake Workshop.

[Case] Subsidiary CMB International Capital: Painting Hope, Energizing Communities

CMB International Capital collaborated with local social workers to launch the Sunshine·Chasing Light (向阳·逐光) Easter art contest, aimed at empowering the dreams of children from newly settled families and those of employees. By gathering donations from staff, the subsidiary provided essential school supplies to underprivileged children, further fostering engagement and warmth within the community through volunteer programs.

[Case] Sydney Branch: Illuminating Paths, Conveying Hope

In September 2023, the Sydney Branch held an ESG charitable walking event, calling on employees and the community to pay attention to and care for children through charitable donations. The event started at the Sydney Opera House, covering 13.5 kilometers over 3.5 hours. The branch encouraged every employee to participate actively, successfully raising over AUD5,000 for the Sydney Children's Hospitals Foundation (SCHF) to provide charity support for sick children and their families.



The Sydney Branch charity walk event scene.

3.4 Protecting Traditional Culture

The Company vigorously promotes excellent traditional culture, revitalizing traditional culture with new vitality through diverse and distinctive traditional cultural public welfare activities.

The Wuxi Branch carried out the “Charming Intangible Cultural Heritage, Safeguarding has a policy - Little Cat’s Intangible Cultural Heritage Journey” experience activity, helping citizens learn about the origin, development, and innovation of intangible cultural heritage projects, and understand the current status of intangible cultural heritage project inheritance.



Experiencing the “Charm of Intangible Cultural Heritages - Little Cat’s Heritage Journey” Event at the Wuxi Branch.

The Quanzhou Branch hosted the “I’m Refurbishing Lanterns on West Street” activity, before the Mid-Autumn Festival, inviting Li Yao Bao, a national-level inheritor of Quanzhou paper-cutting intangible cultural heritage, and provincial and municipal inheritors of pearl embroidery and golden locust embroidery to lead citizens in lantern repair, giving a new look to old lanterns.



The Quanzhou Branch’s Hosting of the “I’m refurbishing Lanterns on West Street” Event

3.5 Assisting Disaster-Stricken Areas

In the face of natural disasters, the Company gathers the power of love and timely donates money and materials to the disaster-

stricken areas, helping them through the difficulties together.

[Case] Timely Aid to the Earthquake Stricken Area of Jishishan County, Linxia, Gansu

At 23:59 on December 18, 2023, a 6.2 magnitude earthquake occurred in Jishishan County, Linxia, Gansu. Various branches responded quickly and rushed to support the disaster area.

- **The Lanzhou Branch** opened a green passage for earthquake relief services at all outlets, and initiated relevant approval processes for special occasions, and donated CNY 500,000 to aid the disaster area, supporting earthquake relief and post-disaster reconstruction work.
- **The Xining Branch** donated RMB100,000 to the disaster-stricken area of Haidong City, Qinghai Province through the Red Cross Society of Qinghai Province, making a positive contribution to the winter resettlement of people in the disaster-stricken area and post-disaster recovery and reconstruction.



The Lanzhou Branch carries out donation to Gansu Charity Federation.

3.6 Innovating Public Welfare Practices

The Company supports high net worth groups' wealth for good, utilizing the advantage of private banking to provide charitable services for high-net-worth individuals.

- **Charitable trust:** Assisted private banking customers in establishing 19 charitable trusts throughout the year, managing accumulated customer charitable assets of over RMB342 million.
- **Professional charitable consulting services:** Establish a charitable organization evaluation mechanism, screen quality charitable organizations and charitable projects for customers, help customers' wealth for good, and achieve the dual goals of public welfare charity and spiritual inheritance.
- **Release of charitable research report:** Jointly with the China Philanthropy Research Institute of Beijing Normal University, the *2023 High Net Worth Individual Charitable Research Report* was released. By analyzing and studying the charitable cognition and current practices of the high net worth population, the report demonstrated the positive views on wealth and charity of high net worth individuals, provided a new perspective for financial institutions to upgrade their charitable services, and promoted the joint creation of a better society.
- **Operating "Philanthropy Hall" on CMB App:** Throughout the year, the bank worked with charitable organizations to conduct 13 online live broadcasts in the "Philanthropy Hall" of the CMB APP, creating a charitable communication

platform and conveying charitable public welfare concepts to customers. At the same time, it held 13 charitable salons and charity experience activities, building a bridge for

customers to communicate and exchange ideas about charity.

Social Key Performance

1. Financial Performance

Indicator (Unit)	2021	2022	2023
Total assets (RMB million)	9,249,021	10,138,912	11,028,483
Operating income (RMB million)	331,253	344,783	339,123
Total profit (RMB million)	148,173	165,113	176,618
Net profit (RMB million)	120,834	139,294	148,006
Total taxes (RMB 100 million)	568.68	610.04	562.40
Nonperforming loan ratio (%)	0.91	0.96	0.95
Balance of non-performing loans (RMB 100 million)	508.62	580.04	615.79
Allowance coverage ratio of non-performing loans (%)	483.87	450.79	437.70
Leverage ratio (%)	8.00	7.95	8.26

Return on Average Assets Attributable to Shareholders (ROAA) (%)	1.36	1.42	1.39
Return on Average Equity Attributable to Shareholders (ROAE) (%)	16.96	17.06	16.22

2. Service scope

Indicator (Unit)	2021	2022	2023
Number of domestic business outlets	1,913	1,899	1,924
Number of business outlets in rural and county areas ¹	124	126	128
Number of community banks	201	150	134
Number of outlets with barrier-free access	1,913	1,899	1,924
Number of domestic and foreign branches	1,924	1,910	1,935
Number of domestic self-service banks	2,812	2,695	2,226
Number of self-service equipment	6,592	5,855	5,281

Number of visual devices ²	14,746	12,511	7,603
Total retail customers (100 million)	1.73	1.84	1.97
Number of new individual customers (ten thousand)	1,534	1,060	1,282
Number of users of the CMB App (100 million)	1.70	1.88	2.07
Number of monthly active users of CMB App (ten thousand)	6,541.69	6,686.20	7,505.43
Cumulative users of CMB Life (100 million)	1.27	1.37	1.44
Wholesale online channel customer coverage (%)	94.00	94.71	96.21
Number of online corporate banking customers (ten thousand)	212.24	233.38	264.64
Number of CMB corporate App customers (ten thousand)	123.48	148.88	185.02
Transaction volume of CMB corporate App (RMB 100 million)	7,777.87	8,649.25	7,507.15

Note:

1. According to the administrative divisions of the Ministry of Civil Affairs in 2023, statistics were conducted on the branches in county areas, and data for 2021 and 2022 was updated.

2. In 2023, the Company carried out unified integration of visual counter equipment, eliminated and replaced two types of visual counter equipment with lower efficiency, namely low cabinet financial management visual counters and off bank portable visual counters. The number of visual counter equipment decreased compared to the previous year.

3. Service Quality

Indicator (Unit)	2021	2022	2023
Remote online omni-channel customer satisfaction (%)	97.61	98.53	99.10
20-second manual response rate for remote online omni-channel (%)	94.37	94.89	92.52
Average service response time (second)	4.31	3.63	3.70
Customer praise and affirmation (times)	106,521	205,947	162,507

4. Serving the Real Economy

Indicator (Unit)	2021	2022	2023
Balance of loans made to support strategic emerging industries (RMB 100 million)	2,191.54	3,023.23	3,750.97
Supporting the proportion of strategic emerging industries in the total company loans (%)	11.64	14.42	16.16
Supporting the annual disbursement of loans for strategic emerging industries (RMB 100 million)	2,016.90	2,491.24	2,675.68
Number of customers serving technology enterprises (ten thousand)	/	/	14.08
Balance of technology enterprise loans (RMB 100 million)	/	/	4,284.77

5. Inclusive Finance Development

Indicator (Unit)	2021	2022	2023
Balance of loans made to inclusive SMEs (RMB 100 million)	6,011.00	6,783.49	8,042.79
Loan balance growth rate of inclusive SMEs (%)	18.22	12.85	18.56

The amount of new inclusive small and micro enterprise loans issued within the year (RMB 100 million)	4,354.26	4,762.43	6,028.21
Number of inclusive SMEs with loan balance	913,289	990,693	1,004,465
Balance of agriculture-related loans (RMB 100 million)	2,318.32	2,332.81	2,692.82
New loan amount made to affordable housing projects in the current year (RMB 100 million)	254.57	113.95	103.64
Balance of loans made to affordable housing projects (RMB 100 million)	689.40	675.86	456.32

6. Consumer Rights Protection

Indicator (Unit)	2021	2022	2023
Number of new systems, new products and new services reviewed	34,063	76,464	102,983
Number of items of new systems, new products and new services reviewed	34,063	76,464	102,983
Number of people covered by consumer rights protection training	85,895	89,600	99,797
Annual accumulative number of consumer education activities	22,608	14,940	18,256

Number of audiences for consumer education (ten thousand)	64,144.20	50,801.00	55,465.00
Complaint growth rate (%)	/	-22.77%	-35.43%
Number of customer complaints handled ¹	321,548	248,323	160,334
Complaint completion rate (%)	/	/	100

Note:

1. The total number of complaints received by the Company from regulatory authorities, 95555 channel customers, credit card center channel customers, and other channels within the bank (excluding complaints related to account control, negotiated payments, credit reports, and billing standards).

7. Recruitment and Employment

Indicator (Unit)	2021	2022	2023
Employee number ¹	103,669	112,999	116,529
Number of employees by type			
Permanent employees that have signed labor contracts with CMB	98,453	105,419	109,665
Contractors	5,216	7,580	6,864
Number of employees by gender²			
Number of female employees	53,890	59,405	62,085
Number of male employees	44,563	46,014	47,580
Number of employees by age²			
Number of employees aged below 30	43,095	46,066	45,405

Number of employees aged between 31 and 50	52,160	55,861	60,265
Number of employees aged above 50	3,198	3,492	3,995
Number of employees by region¹			
Number of employees in the Yangtze River Delta region	25,495	28,555	29,066
Number of employees in the Bohai Rim region	12,618	13,941	14,471
Number of employees in the Pearl River Delta and West Coast Economic Zone	32,216	35,289	36,176
Number of employees in Northeast China	5,176	5,114	5,217
Number of employees in Central China	11,616	11,691	12,361
Number of employees in West China	13,366	15,332	16,029
Number of overseas employees	3,182	3,077	3,209
Number of new hires²			
New hires in campus recruitment	4,562	6,276	7,113

New hires in social recruitment	5,100	4,363	3,498
Female new hires	/	6,162	6,505
Male new hires	/	4,477	4,106
New hires aged 30 and below	/	9,296	9,422
New hires aged between 31 and 50	/	1,308	1,147
New hires aged above 50	/	35	42

Indicator (Unit)	2021	2022	2023
Employee turnover rate (%) ²	7.18	7.14	6.61
Employee turnover by gender ²			
Female employee turnover rate (%)	6.55	6.65	6.32

Male employee turnover rate (%)	7.93	7.78	6.70
Employee turnover by age ²			
Turnover rate of employees aged below 30 (%)	9.50	10.73	10.22
Turnover rate of employees aged between 31 and 50 (%)	5.44	4.76	4.13
Turnover rate of employees aged above 50	2.77	3.46	1.94
Employee turnover by region ²			
Turnover rate of employees in the Yangtze River Delta region (%)	/	6.75	6.26
Turnover rate of employees in the Bohai Rim region (%)	/	4.14	3.02
Turnover rate of employees in the Pearl River Delta and West Coast Economic Zone (%)	/	9.25	9.47
Turnover rate of employees in Northeast China (%)	/	3.95	2.55
Turnover rate of employees in Central China (%)	/	3.68	3.47

Turnover rate of employees in West China (%)	/	5.67	5.26
--	---	------	------

Note:

1. The statistical caliber includes permanent employees that have signed labor contracts with CMB and contractors.
2. The statistical caliber is for permanent employees that have signed labor contracts with CMB.

8. Diversity and Equal Opportunity

Indicator (Unit)	2021	2022	2023
Number of ethnic minority employees ¹	4,210	4,625	4,942
Percentage of female employees (%) ¹	55	56	57
Percentage of male employees (%) ¹	45	44	43
Percentage of females among middle and senior managers (%) ¹	23	22	23
Percentage of males among middle and senior managers (%) ¹	77	78	77

Note:

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

9. Labor Relations Management

Indicator (Unit)	2021	2022	2023
Percentage of employees signing labor contracts (%) ¹	100	100	100
Coverage of social insurance (%)	100	100	100
Union establishment rate (%)	100	100	100

Note:

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

10. Occupational Health and Safety

Indicator (Unit)	2021	2022	2023
Lost workdays due to work-related injuries (Days) ¹	2,667	1,886	2,310
Deaths due to work	0	0	0

Proportion of work-related deaths (%)	0	0	0
---------------------------------------	---	---	---

Note:

1. The indicator represents all employees' lost workdays due to work-related injuries.

11. Training and Development

Indicator (Unit)	2021	2022	2023
Expenditure on employee training (RMB ten thousand)	54,216	52,683	54,777
Number of training rounds	7,202	6,715	8,596
Number of employees who attended training	76,972	79,603	84,603
Number of employees who participated in training (ten thousand)	45.80	43.00	55.19
Number of employee participations in online study (ten thousand)	9,500	12,259	18,763
Percentage of employees who accepted training (%)	98.00	98.00	98.12
Percentage of male employees who accepted training (%)	98.00	98.00	97.99

Percentage of female employees who accepted training (%)	98.00	98.00	98.20
Percentage of senior managers who accepted training (%)	100	100	100
Percentage of middle-level managers who accepted training (%)	96.70	96.50	99.50
Percentage of grassroots employees who accepted training (%)	99.00	99.00	98.11
Per-capita learning time (hours)	75.36	88.43	113.79
Average learning time of male employees (hours)	76.92	82.61	107.62
Average learning time of female employees (hours)	74.54	92.34	117.91
Average learning time of senior managers (hours)	50.50	69.00	83.10
Average learning time of middle-level managers (hours)	32.92	23.85	86.08
Average learning time of grassroots employees (hours)	75.59	88.78	113.94

12. Charity

Indicator (Unit)	2021	2022	2023
Total external donations (RMB ten thousand)	3,222.92	9,476.06	11,538.09
Total number of credit card “Points for Micro Charity (小积分·微公益)” donation cardholders (ten thousand)	11.59	16.21	24.90
Total points of credit card “Points for Micro Charity (小积分·微公益)” donations	17,528,620	35,438,261	21,153,629

III Governance: Adhere to Prudence and Stability to Achieve Sustainable Value Creation

The robust operation of banking and financial institutions is related to the overall safety of the entire economic and financial system. Constructing a good corporate governance mechanism is not only an important means to prevent and control financial risks and maintain financial stability, but also an inevitable requirement to promote high-quality economic development. China Merchants Bank adheres to prudent operation, solidifies

the foundation of corporate governance, standardizes employee behavior, and ensures the purity of the financial team; builds a fortress-like comprehensive risk and compliance management system to prevent and dissolve all kinds of financial risks; continues to promote the depth development of digital transformation, contributing to the construction of a “Digital China” with “Digital CMB”.

We Support the United Nations Sustainable Development Goals



(I) Corporate Governance

China Merchants Bank continues to optimize the corporate governance framework centered around the Shareholders' Meeting, Board of Directors, Supervisory Board, and senior management, striving to improve the standardization and effectiveness of corporate governance, enhance the

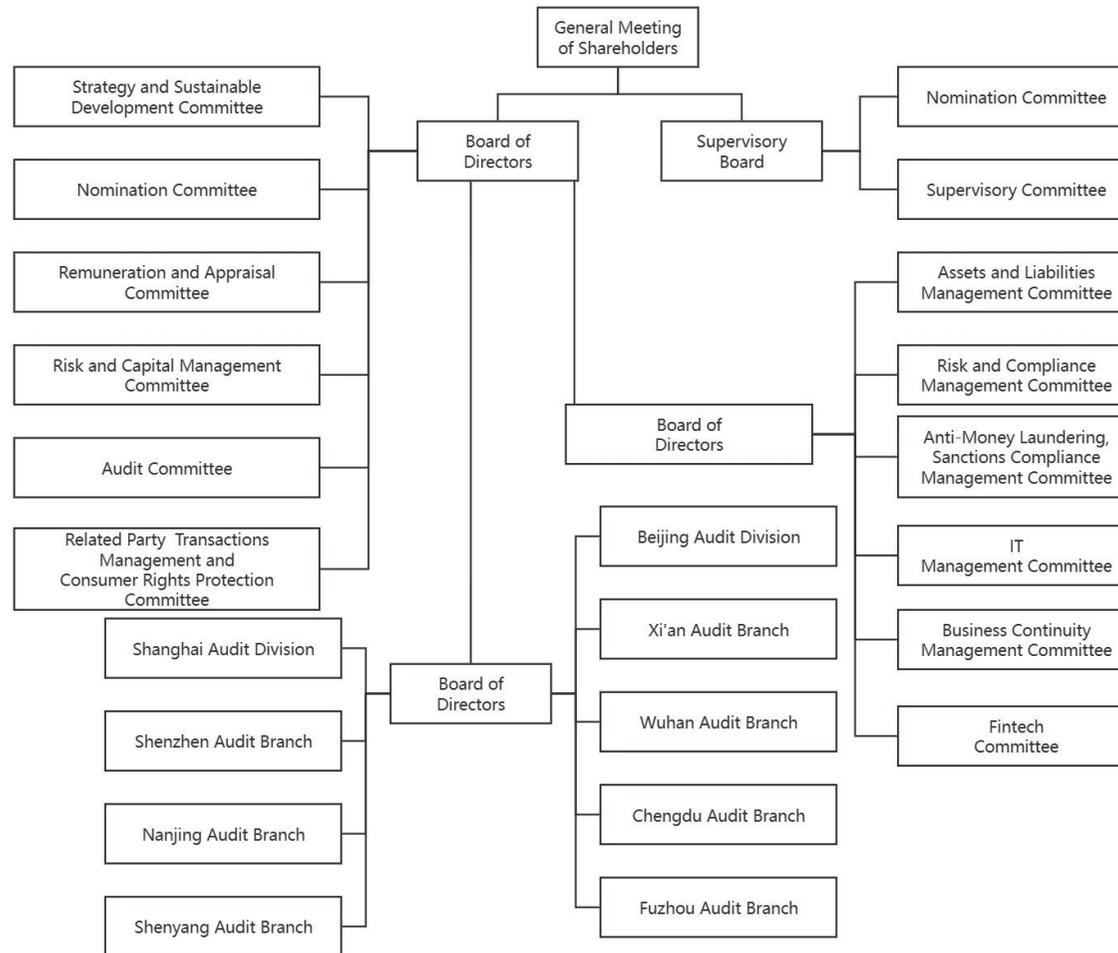
1. Solidifying Governance Foundations

In 2023, the *Articles of Incorporation of China Merchants Bank Co., Ltd. (Revised in 2022)* (hereinafter referred to as the *Articles of Incorporation*) officially came into effect. The *Articles of Incorporation* adjusted and refined many aspects such as the increase and decrease of company shares and buybacks, shareholder rights and obligations, the convening and voting of Shareholders' Meetings, the operation of the Board of Directors

performance quality and effectiveness of the board of directors in ESG, deepen investor communication and exchange, improve the quality and transparency of information disclosure, and promote high-quality sustainable development through high-quality corporate governance.

and the Supervisory Board, and the performance of directors and supervisors. Meanwhile, the *Implementation Rules for the Special Committees of the Board of Directors (Revised in 2023)* was revised, officially renaming the Strategic Committee of the Board of Directors as the Strategic and Sustainable Development Committee of the Board of Directors, and add its coordination of ESG related responsibilities and other content.

China Merchants Bank Corporate Governance Structure



1.1 Effectiveness of the Board of Directors

By the end of 2023, the Company has a total of 15 directors, including 2 executive directors, 6 independent directors, and 7 non-executive (shareholder) directors. All directors actively participate in meetings and diligently perform their duties, with

attendance rates at the Board of Directors and the special committees of the Board of Directors at 96.06% and 94.88%, respectively.

Shareholders' Meeting

- Held 1 meeting
- Reviewed 10 proposals
- Heard 6 report items

Board of Directors

- Held 19 meetings
- Reviewed 99 proposals
- Heard 23 report items

Special Committees of the Board of Directors

- Held 41 meetings, including 6 by the Strategy and Sustainable Development Committee, 7 by the Nomination Committee, 7 by the Compensation and Assessment Committee, 9 by the Risk and Capital Management Committee, 8 by the Audit Committee, and 4 by the Related Party Transactions Management and Consumer Rights Protection Committee
- Reviewed 133 proposals
- Heard 41 report items

Supervisory Board

- Held 16 meetings
- Reviewed 47 proposals
- Heard 25 report items
- Supervisors attended the shareholders' meeting once and attended 20 live meetings of the Board of Directors and its special committees

Special Committees of the Supervisory Board

- Held 10 meetings
- Reviewed 15 proposals

1.2 Director Nomination and Election

The Company nominates and selects directors in accordance with the *Articles of Incorporation*, bringing a broad vision and high-level professional experience to the Company through a diversified board structure, while maintaining the necessary

independent elements within the Board of Directors. This ensures that the board can effectively make independent judgments and scientific decisions when studying and deliberating on major issues.

Director Independence

- By the end of 2023, there are 6 independent non-executive directors on the board, and the qualifications, number, and proportion of independent non-executive directors comply with relevant regulations of the State Administration of Supervision and Management (formerly the Banking and Insurance Regulatory Commission), China Securities Regulatory Commission, and

Shanghai Stock Exchange.

- The *Articles of Incorporation* explicitly stipulate the number of other institution appointments for non-executive directors/independent non-executive directors. The Company's independent non-executive directors have not served as independent non-executive directors in more than 3 listed enterprises at home and abroad, have not held the office of independent director in more than 2 commercial banks at the same time, and executive directors have not served in other listed companies, which comply with relevant regulations of the State Administration of Supervision and Management (formerly the Banking and Insurance Regulatory Commission), China Securities Regulatory Commission, and Shanghai Stock Exchange.

Director Diversity

- The policy of board diversity is incorporated into the *Articles of Incorporation*, which clearly states the nomination committee of the Board of Directors is responsible for promoting the diversity of board members, including but not limited to gender, age, culture, education background, and professional experience, and regularly reviews the implementation of diversity.
- Actively searching for potential female directors, in August 2023, *the proposal for nominating Ms. Li Jian as an independent director* was reviewed and passed, and in March 2024, *the proposal for nominating Ms. Shi Dai as non-executive directors* and *the proposal for nominating Ms. Liu Hui as non-executive directors* was reviewed and passed (the aforementioned director candidates will take effect upon election at the Company's shareholders' meeting and approval of their directorship by the State Administration of Supervision and Management).

Director Professionalism

- The 7 non-executive (shareholder) directors are all senior managers such as Chairmen, General Managers, deputy General Managers, and financial principals of large state-owned enterprises, familiar with the national economic and financial policies and with rich experience in corporate management, finance, and other areas.
 - The 2 executive directors have long worked in commercial banks and have rich financial management experience.
-

- The 6 independent directors include experts and scholars in finance and accounting, experts in the field of finance and economics with an international perspective, and have a deep understanding of the development of the banking industry at home and abroad, including one from Hong Kong, who is familiar with international accounting standards and Hong Kong capital market rules.

1.3 Director Training

The Company directors and supervisors actively participate in training to effectively enhance their performance capabilities. In 2023, the Company's directors attended a total of seven training sessions. The themes covered areas such as

sustainable information disclosure and governance practices of commercial banks and anti-corruption, with an average participation time of 11.27 hours per person.

1.4 Director Performance Evaluation

Internal Evaluation

- The Company has established institutional documents such as the *China Merchants Bank Directors, Supervisors and Senior Management Value Guidelines and Behavior Guidelines* and the *China Merchants Bank Director Supervisor Performance Evaluation Method*, conducting differentiated evaluations of the directors and supervisors' performance from five dimensions: fulfillment of loyalty obligations, fulfillment of diligence obligations, professional performance, independent performance and ethical standards, and compliance performance. This urges directors, supervisors and senior management to adhere to ESG standards and promotes the Company's stable, sustainable, and high-quality development.
- The Supervisory Board conducts an annual performance evaluation of the directors. In 2023, following the principles of "legal compliance, objectivity, uniform standards, scientific effectiveness, and strict accountability", the Supervisory Board comprehensively evaluated the performance of the Board members through various means such as attending meetings, reviewing documents, conducting research and analysis, performance interviews, data statistics, questionnaires, etc. The

Supervisory Board rated the performance of all 13 directors in 2022 as “competent”.

Independent Third-Party Evaluation

- An external audit firm was hired to inspect the working papers of the directors’ performance in 2022 and check the specific data sources and relevant supporting documents. They assessed whether the performance items of the Board of Directors and each special committee, including the minutes of meetings and director research inspections, covered strategic positioning, risk preference, and reasonable control of business development speed and scale. After inspection, the external audit firm confirmed that they had no disagreement with the evaluation results of all directors presented in the *2022 Annual Evaluation Report on Directors’ Performance*.
-

2.Enhancing ESG Performance

In 2023, the Board of Directors and its special committees efficiently operated and made scientific decisions in areas such as strategic leadership, financial technology, green credit, risk control, internal control compliance, related transaction

management, consumer rights protection, incentive and restraint mechanisms, and board construction, providing solid assurance for the Company’s continuous and stable development.

Board of Directors

- Regularly or as needed, deliberates on ESG matters.
 - Reviewed and approved proposals such as the *Company Articles of Association (Amended 2022)*, the *Specific Committees of the Board of Directors Implementation Rules (Amended 2023)*, the *2022 Annual Sustainable Development Report*, the *Full*
-

Text and Summary of the 2022 Annual Report, the Full Text and Summary of the Mid-Year 2023 Report. These annual and semiannual reports contain relevant discussions on the Company's involvement in inclusive finance, green finance, consumer rights protection, village revitalization, and other ESG aspects. These actions strengthen the Company's ESG work foundation and ensures the Board's commitment to planning and fostering growth in ESG, inclusive finance, green finance, human capital optimization, client information safety and rights protection, and community service. Furthermore, this commitment enables the Board to elevate the Company's ESG management and performance standards.

Strategy and Sustainable Development Committee

- Responsible for formulating the Company's operating management goals and long-term development strategy, supervising and inspecting the execution situation of the annual operating plan, investment plan, and data governance and ESG strategy.
- Reviewed and approved the *Sustainable Development Report 2022*, the *Proposal on the Revision of the China Merchants Bank's 14th Five-Year Strategic Plan (2021-2025)*, the *Report on the Development of Inclusive Finance in 2022 and Work Plan for 2023*, the *2022 Annual Report on Human Resources Management and the Implementation of Talent Strategy*, the *Summary of Data Governance Work in 2022 and Work Plan for 2023*, and the *Proposal on Revising the China Merchants Bank's Data Governance Management Method*, thoroughly fulfilling the duties of the Strategic and Sustainable Development Committee in areas such as inclusive finance, human capital, philanthropy, corporate social responsibility, data governance, and strategic execution.

Risk and Capital Management Committee

- The committee is responsible for supervising the senior management team's control over all types of major risks, periodically evaluating the Company's risk policy, risk-bearing capacity, and capital management conditions, and proposing improvements for the Company's risk management and capital management.
 - The review passed the proposals such as the *Comprehensive Risk Report 2022*, the *First Quarter Comprehensive Risk*
-

Report 2023, the First Half Comprehensive Risk Report 2023, the Third Quarter Comprehensive Risk Report 2023, the Risk Preference Execution Report 2022, the Major Asset Allocation Work Execution 2022 and Allocation Plan 2023 and the Business Continuity Management Work Report 2022, advocating for a “quality, benefit, scale” dynamic balanced development philosophy to establish comprehensive risk management system incorporating ESG risk management, ensuring various risk indicators including climate risk align with the Board’s established risk preference. The review also passed the proposals such as the Employee Behavior Evaluation Report 2022, the Development of Internet Loans 2022 and Work Plan 2023, the Anti-Money Laundering and Sanctions Compliance Work Report 2022 and the China Merchants Bank Sanctions Risk Assessment Report, undertaking efforts to strengthen company compliance management, internal control governance, fostering compliant culture, and building a fortified comprehensive risk and compliance management system.

Related Party Transactions Management and Consumer Rights Protection Committee

- The committee is responsible for the inspection, supervision, and audit of the Company’s related transactions, as well as the protection of consumer rights.
 - The review passed the *Proposal to Improve the Fulfillment of the Duty of the Board of Directors’ Related Party Transactions Management and Consumer Rights Protection Committee, the Consumer Rights Protection Work Report 2022, the Report on the Complaints Notified by the People’s Bank of China throughout 2022 and the China Banking and Insurance Regulatory Commission in the Third Quarter, the Consumer Complaint Analysis Report 2022*", and other consumer rights protection-related motions. The committee also listened to the People’s Bank of China’s *Report on the Consumer Rights Protection Regulatory Rating Results of 2022*, the State Administration of Financial Supervision (formerly CBIRC)’s reports such as *Report on Complaints Notified in the Fourth Quarter of 2022, the Report on Special Actions for Service Enhancement 2023, the Presentation of the China Banking and Insurance Regulatory Commission’s Measures for the Management of Consumer Rights Protection in Banking and Insurance Institutions, the Report on the Evaluation of Consumer Rights Protection Supervision in 2022 and our Bank’s Rectification Measures, the Report on the Audit of Consumer Rights Protection Work by the State Administration for Financial Supervision in 2022 and the Progress of Rectification and the Report on Complaints*
-

Announced by the State Administration for Financial Supervision in the First Quarter and First Half of 2023. The Company continues to deepen its understanding of the protection of consumers' rights in finance and strictly implements the primary responsibility of protecting the rights and interests of financial consumers.

3. Protecting Investor Rights

The Company proactively carries out extensive investor communication and participation, promotes shareholder participation in corporate governance, and improves the quality and effectiveness of communication through timely, transparent, and effective information disclosure.

3.1 Equity Policy

The Company strictly adheres to the policy that each share of common stock has equal rights. Common shareholders (including proxy shareholders) and their represented voting shares exercise voting rights, with each share enjoying one vote.

Except for the following situations, the shares held by preferred stock shareholders of the Company do not have voting rights: involved in the issues related to the classification voting of preferred shares (such as the issuance of preferred shares, revising the content related to preferred shares in the Company

Charter, a one-time or cumulative reduction of registered capital over ten percent, etc.); In the period of restoration of the voting rights of preferred shareholders (that is, from the day after the Company's shareholders' meeting approved the Company's cumulative 3 fiscal years or 2 consecutive fiscal years did not pay the preferred stock dividend in accordance with the agreed system to the Company to pay the dividend in full).

In 2023, the Company enriched and perfected the responsibilities of the Board of Directors and related functional departments in the management of equity affairs by implementing the *China Merchants Bank Co., Ltd. Equity Affairs Management Methods (2023 Revised Edition)*. This includes adding binding terms for major shareholders when issuing bonds privately, provisions for major shareholders to entrust or be entrusted to attend the Company's shareholders' meeting, and provisions related to major shareholders holding the Company's shares, thereby strengthening the management of equity.

Simultaneously, the Company strictly regulates the trading of company stocks through systems such as the *Compliance Guidelines for Directors, Supervisors, and Senior Management Buying and Selling China Merchants Bank Stocks* and the *China Merchants Bank Directors and Supervisors Fulfillment*

3.2 Shareholder Participation

The Company actively promotes shareholder participation in corporate governance and provides convenience to shareholders for participating in the annual general meeting through various safe, economical, and convenient methods.

Handbook to ensure that directors, supervisors, and senior management (including non-executive directors) share the Company's risk and that their personal interests align with shareholder and company interests.

The Company genuinely safeguards the rights of all shareholders, especially small and medium shareholders, to participate in corporate governance.

General Meeting of Shareholders and Earnings Release Conference

- Held one annual performance release conference, one mid-term performance communication meeting, and two quarterly performance communication meetings, in the form of on-site exchanges and combined online video participation. Innovated in shareholder registration methods, providing a two-dimensional code channel for shareholder registration authentication in addition to on-site registration, telephone, email registration and others.
- The rights of all investors were fully protected by pre-publicizing the links to performance release conferences, soliciting investor questions in advance, and timely publishing the transcripts of investor exchanges on the official website.

Roadshow

- The senior management and company team conducted roadshow activities both domestically and abroad to deepen the communication with investors.

Investor Meetings

- Throughout the year, the Company participated in the investment strategy meetings of 48 securities brokerages firms, received online research from securities analysts and investors 102 times, and met with over 1,200 institutional investors.
- The Company held ESG-focused meetings with several institutional investors, mainly introducing the Company's progress and measures in green finance, environmental risk management, business ethics, and data security, achieving good communication results.

Daily Communication

- The Company answered investors' questions in detail through the Company's official website, "SSE Interactive (上证e互动)", hotline, and investor email, and responded to investors' concerns.
-

3.3 Information Disclosure

The Company has established and improved the information disclosure management system through systems such as the *China Merchants Bank Co., Ltd. Information Disclosure Affairs Management System* and the *China Merchants Bank Co., Ltd. Insider Information and Insider Management System*. These detailed regulations include internal control procedures and management measures for information disclosure, including insider information, and establish a series of work mechanisms and processes according to specific work needs. This ensures

the efficient, orderly, and confidential transmission of internal and external information, and maximizes the compliance operation of information disclosure.

In 2023, the Company strictly fulfilled its legal obligation to disclose information, truthfully, accurately, completely, promptly, and fairly disclosed all significant matters, and innovated the form of information disclosure, creating annual report videos, effectively enhancing the experience of reading the annual

report. Guided by investor needs, the Company constantly improved the initiative and transparency of information disclosure, and continuously strengthened the disclosure of information and hot issues that investors are concerned about

in regular reports. In the annual assessment of information disclosure work of listed companies on the Shanghai Stock Exchange, the Company has been awarded the highest level A rating for ten consecutive years.

(II) Corporate Behavior and Business Ethics

The Company strengthens compliance risk control, promotes the compliance concept of “compliance first, compliance creates value, compliance starts from the top (合规优先、合规创造价值、合规从高层做起)”, strictly implements various

regulatory policies and requirements, solidifies the responsibilities of the main body of compliance, implements and refines various management measures to ensure high-quality development of the Company.

1. Employee Behavior Management

1.1 Organizational Structure

The Company has constructed a top-down, clear-tiered, and well-structured employee behavior management organizational structure, with clear divisions of labor and mutual cooperation

at all levels, working together to build a robust, long-lasting compliance and internal control management mechanism.

Board of Directors

- Assumes ultimate responsibility for employee behavior management that can delegate some of its duties to the Risk and Capital Management Committee.
- Responsible for fostering a culture of legal compliance and honesty among employees, approving employee behavior codes and their details, and supervising the senior management’s implementation of employee behavior management.

Board of Supervisors

- Responsible for supervising and assessing the performance of the Board of Directors and senior management in terms of
-

employee behavior management.

Senior Management

- Assumes implementation responsibility for employee behavior management and executes resolutions of the Board of Directors.
 - Be responsible for establishing a comprehensive system for managing employee behavior and defining the responsibility scope of related behavior management departments; organizing related departments to formulate employee behavior rules and their details, and ensuring their implementation; reporting the results of employee behavior assessment to the Board of Directors every year; organizing related departments to establish employee behavior management information systems.
-

Key Departments of the Head Office and Branch

- **Legal Compliance Department:** The leading department for employee behavior management. It is responsible for establishing and improving the Company's employee behavior management system, formulating employee behavior rules and details of rules for each business line, carrying out regular internal control compliance education and training, and investigating abnormal employee behaviors and more.
 - **Supervision Department:** The specialized management department for case prevention and accountability for violations. It is responsible for establishing an integrity reporting system, receiving and verifying reports from employees and reporting to the senior management according to the severity of the matter; conducting case investigations, handling, responsibility identification and accountability, and dealing with violations and negligence staff.
 - **Human Resources Department:** It is responsible for assessing the behavior of prospective employees or cadres to be appointed; establishing a performance bonus deferral and claw back system linked to the behavior of senior managers and key personnel; incorporating employee behavior norms and compliance education into the education and training of new employees and newly appointed managers; implementing relevant punishments and handling based on the results of
-

accountability.

- **Risk Management Department:** The leading department for building a risk management culture, responsible for organizing the promotion of risk culture.
- **Audit Department:** The auditing and supervisory department for employee behavior management work.

All Departments and Operational Units at the Head/Branch Office

- The main responsible departments for employee behavior management.
-

1.2 Management Requirements

The Company publicly released the *China Merchants Bank Employee Behavior Compliance Manual* applicable to all employees, formulated the *Prohibition on the Behavior of China Merchants Bank Practitioners* and the *Detailed Rules on the*

Behavior of China Merchants Bank Employees and other policy systems, comprehensively deepening employee compliance awareness and standardizing employee behavior.

Behavior Management Requirements for China Merchants Bank Employees¹

- **Anti-discrimination:** Employees should respect and protect the personal privacy of their colleagues, not use provocative or insulting language to attack colleagues, not fabricate or distort facts to damage the reputation and image of colleagues, and not discriminate against colleagues due to differences in factors such as race, religion, gender, age, and disability.
- **Anti-Money Laundering:** Employees should comply with the relevant regulations on anti-money laundering, and fulfill their respective anti-money laundering responsibilities in the process of product development, marketing and services, operations,

¹ For management requirements on corruption and bribery, confidentiality, conflict of interest, malicious competition, insider trading, and business dealings and reporting, please refer to the China Merchants Bank Employee Behavior Compliance Manual.

and risk management. All employees have the responsibility to report suspicious customer transactions and suspicious behaviors to the anti-money laundering administrator or the legal compliance department of their units. Employees are strictly prohibited from participating in or assisting in money laundering activities in any form.

- **Environment, health and safety:** The Company is committed to building a safe and healthy working environment. If employees discover any management hidden dangers or unsafe factors in their working environment, they should report to their superiors or safety supervisors immediately.

Based on regulatory requirements and internal management needs, the Company organizes employees to sign various types of responsibility agreements for different scenarios from time to time, including *the Ten Iron Rules for Integrity and Rectitude Commitment, Client Information Confidentiality and Prohibition of Insider Trading Compliance Commitment, Party*

Integrity and Anti-Corruption Construction Responsibility Agreement, Integrity Self-Discipline Commitment, Security Responsibility Agreement, Foreign Exchange Business Compliance Commitment, Compliance Commitment Agreement, New Employee Compliance Commitment, etc.

1.3 Anomaly Detection and Monitoring

The Company actively identifies abnormal behaviors of employees, such as illegal business operations, credit card cashing, participation in gambling, etc., and adheres to the

employee violation monitoring mechanism that combines regular anomaly detection with special investigations.

Regular abnormal behavior detection

- Conduct regular detection of employees' abnormal behavior on a quarterly basis. Following the principle of "know your employee", keep a continuous watch on the work and thought trends of employees, and timely discover employees' illegal behaviors to effectively control and eliminate potential risks.
-

Special investigation of abnormal behaviors

- In 2023, conduct special investigations on abnormal behaviors such as employee participation in online gambling and personal investment behaviors, and timely discover and handle relevant employee violations.

Duty of care investigation before departure

- Conduct a due diligence investigation before the departure of asset business personnel who have applied for departure. For employees who have bad assets and have improper performance, negligence, or responsibility, handle the departure procedures only after accountability.

The Company carries out data analysis and model research on related violation characteristics, early identifies, early warns, and early handles employee abnormal behaviors. Employees who have seriously violated the law, regulations, and discipline are included in the “Violation Restriction List”, which clearly defines the specific scope and period of related employees in terms of business qualifications, job promotion, assessment

and evaluation, recruitment restrictions, etc., such as canceling relevant business qualifications during the restriction period, not allowing promotion of positions, professional titles and professional sequences, canceling qualifications for various evaluations and awards of the current year, not allowing to rework in the Company, etc., to ensure the effectiveness of the working mechanism.

1.4 Audit Supervision

Through various audit projects such as routine audits, special audits, economic responsibility audits, and departure audits, the

Company conducts audit supervision on employee behavior guidelines, business ethics and anti-corruption.

1.5 Compliance Consulting

The Company provides consulting services to employees on business ethics and employee behavior management through compliance training Q&A sessions for on-site consulting, public contact information of consultants available to provide consultations to employees in each employee behavior

guideline-related system, and the legal compliance department of the head and branch offices providing consultations on the contents related to the employee behavior guidelines in the issued system of the line.

1.6 Compliance Training and Promotion

The Company ensures that employees' behavior guidelines and compliance-related regulations are effectively conveyed to all employees through forms such as training and promotion,

creating a favorable atmosphere for the construction of internal control compliance culture.

Regular Compliance Training

Managers give compliance lessons to employees

- **Training frequency:** Each institution's leader should train employees at least once a year; Compliance officers must train employees at least once every half year; Compliance supervision must train employees at least once every quarter.
- **Training coverage:** All employees (including contractors)
- **Training form:** Mainly face-to-face teaching
- **Training content:** Regulatory situation and requirements, interpretation of internal and external laws and regulations, advocacy of employee behavior norms, internal control compliance management system and case warning education, etc.

New Employee Compliance Training

- **Training frequency:** Once a year
- **Training coverage:** New employees
- **Training form:** Mainly concentrated off-the-job training
- **Training content:** Basic knowledge of internal control laws and regulations, basic management systems and advocacy of employee behavior norms, case warning education, etc.

Special Compliance Training

- **Training frequency:** Conducted irregularly
 - **Training coverage:** All Employees (including contractors)
 - **Training form:** Concentrated on-site teaching or video training
 - **Training content:** Training content that matches the duties and work content of employees
-

2.Integrity and Anti-corruption

The Company strictly adheres to laws, regulations, and supervisory requirements such as the *Criminal Law of the People's Republic of China* and the *Regulations on the Criteria for Filing and Prosecuting Criminal Cases under the Jurisdiction of Public Security Organs (II)* issued by the Supreme People's Procuratorate and the Ministry of Public Security. We have strengthened the construction of the integrity and anti-

corruption system by formulating the *China Merchants Bank Case Prevention Work Management Measures (Second Edition)* and the *China Merchants Bank Criminal Case Management Measures* as well as the internal identification standards for criminal cases. We jointly promote the construction of the "Three No-Corruption (三不腐)" system mechanism of "Dare Not Corrupt, Can't Corrupt, Don't Want to Corrupt".

2.1 Organizational Structure

The Company's senior management is the main body responsible for the Company's business ethics and anti-corruption work, mainly responsible for the construction of the business ethics and anti-corruption work organization system, improving the system and mechanism, deepening the propaganda and education of business ethics and anti-corruption work, continually improving the working style, strengthening the constraints and supervision of power operation, strictly punishing corruption, and strengthening

system construction and discipline accountability.

The Company has established a perfect integrity and anti-corruption management supervision mechanism, jointly governed by disciplinary inspection and supervision departments, legal compliance department, risk management department, and audit department, timely identifying, assessing, investigating and controlling possible business ethics and corruption risks.

2.2 Routine Supervision

The Company coordinates the use of a "Three Lines of Defense" supervision system, with each department having clear responsibilities and cooperation. They carry out regular

supervision to construct a collaborative mechanism for preventing integrity risks.

First Line of Defense: Operational Supervision

- Responsible Department: Business Supervisor Department
- Strict implementation of operational procedures and supervision, full process supervision involving money, finances, and goods, leveraging professional advantages to improve supervisory measures and strict audit checks, to control integrity risks from the source.

Second Line of Defense: Functional Supervision

- Responsible Department: All functional departments
- Responsible for building a supervision system, supervision regulations, and supervision team in their respective field, and lead the supervision inspection within their scope of responsibility.

Third Line of Defense: Disciplinary Supervision

- Responsible Department: Disciplinary inspection and supervision departments at all levels, inspection groups, and auditing departments
- Play the role of “supervising the supervisor”, supervise business and functional departments to perform their respective supervisory responsibilities, increase the verification intensity of clues of violations and discipline, and strengthen the deterrent of “daring not to be corrupt” through serious disciplinary accountability.

In 2023, the Company carried out 1,667 integrity talks prior to appointment and 10,508 reviews of management personnel,

2.3 Key Supervision

In 2023, the Company continued to strengthen key supervision around key areas.

Special Supervision: Focus on key business areas where assets are concentrated, funds are intensive, and resources are enriched. Pay close attention to credit approval, asset management, wealth management, tender procurement, personnel selection and usage, infrastructure construction, third-party cooperation, and agency product access. Through

effectively implementing daily oversight efforts.

special inspections, targeted supervision, and case investigations, the soil and conditions for corruption are strictly eliminated. In 2023, carried out special supervision work on seven projects including information technology procurement, performance treatment of responsible persons, construction of the global headquarters building, consumer rights protection, and management of gifts and gift money registration.

Supervision of Overseas Institutions: Formulate the *China*

Merchants Bank's Notice on Further Strengthening the Prevention and Control of Integrity Risks of Overseas Institutions, comprehensively strengthen the organizational system and institutional framework for prevention and control integrity risks of overseas institutions, and optimize and improve the mechanism for prevention and control of integrity risks and supervision of overseas institutions and discipline accountability. In 2023, for the first time, compliance inspections were carried out on two overseas institutions, the subsidiary CMB Wing Lung Bank and the subsidiary CMB International Capital, using the patrol linkage method.

2.4 Accountability Management

In 2023, the Company issued the *Regulations on Accountability Management of CMB*, *Regulations on Handling Violations of Disciplinary Acts by Employees of CMB*, *Ten Iron Laws of China Merchants Bank on Improving Conduct and Enforcing Discipline (Third Edition)* and other regulations, and further optimised the system, authority, method and procedure of accountability in light of the Company's actual situation. For employee misconduct, non-performing assets and other violations of discipline, the Company formulated the *Guidelines for Promoting Integration on Not Daring to Be, Not Able to Be and Not Want to Be Corrupt*, and enhanced the prevention and combat of corruption and bribery, maintaining a tough stance to

Petition Supervision: Unified acceptance, disposal, research, judgment, and tracking supervision of disciplinary inspection and supervision, petition reporting, and problem clues; Establish and improve the petition classification and clue disposal meeting system; Carry out counter-investigations of obviously false petition reports, clear the name for the person reported, and deal seriously with the defamers. In 2023, the Company's disciplinary inspection and supervision departments at all levels handled 179 effective petition reports.

corruption and bribery. CMB adopted multiple scientific, accurate and reasonable methods including criticism and education, admonition, and disciplinary action, in accordance with laws and regulations, to investigate and affix the responsibility for such behaviors, giving full play to the role of accountability and deterrence of punishment.

The *CMB Accountability Management Regulations* specifies appeal procedure. With an effective handling mechanism of accountability and grievance, CMB offers reconsideration results via written replies, face-to-face or online channels to safeguard the legitimate interest of employees.

2.5 Education and Training

The Company held a full staff work conference, continuously carried out ideological education, warning education, and disciplinary and legal education work, edited and published typical case materials of legal violations, promoted reform and construction through cases; innovated preaching methods, deepened the construction of the “Integrity China Merchants

Bank” brand, selected columns content, published 190 articles throughout the year, with more than 80,000 views; promoted the construction of the integrity culture of overseas institutions, and promoted all employees to enhance the ideological consciousness of “daring not to be corrupt, can’t be corrupt, and don’t want to be corrupt”.

2.6 Reporting Management

The Company has established an improved whistleblowing mechanism and cleared the whistleblowing channels, strictly standardized the management process of disciplinary

inspection and supervision reports, and did a good job in protect whistleblowers basing on rules and regulations.

Reporting Channels

- The *China Merchants Bank Discipline Inspection and Supervision Letter and Reporting Work Management Measures* was formulated, and the range of accepting corruption and letter reporting, mailing address, the address of the visit reception office, 7×24-hour reporting phone number, electronic mailbox, and other reporting channels strictly published in accordance with regulations. Regular opening of the reporting mailbox by two persons each month ensures fair and impartial reception of letters and acceptance of reports.
 - Overseas branches have established and improved a system for handling complaints and reports in accordance with local regulations.
-

Report Management Process

- Receipt of letters and visits
- Clues disposal
- Clues concluded

Whistleblower Protection

- Discipline inspection and supervision departments at all levels of the Company accept anonymous reports. They strictly keep the informers' information confidential, including anonymous informants, and prohibit suppressing, discriminating against, making things difficult for, or even beating and retaliating against the informers and their relatives. It is strictly prohibited to transfer the denunciation and accusing materials and related situations to the denounced or irrelevant units, and severely investigate activities that infringe upon the civil rights of the whistleblower.
- In order to protect the legal rights and interests of the whistleblower, the Company carries out related training for whistleblowers' protection for discipline inspection and supervision staff through online and on-site training.

3. Anti-Money Laundering

3.1 Governance Structure

The Company has established a sound organizational structure, a complete framework, and clear responsibilities for anti-money laundering management. It has fully embedded anti-money laundering laws and regulations and regulatory requirements into anti-money laundering management policies, systems, and

processes. The “Three Lines of Defense” work together closely and form a clear hierarchy, coordinated, and effectively cooperative anti-money laundering management operation mechanism, which provides a solid guarantee for anti-money laundering work.

Board of Directors

- Assumed the ultimate responsibility for money laundering risk management, and performed various management duties such as setting up money laundering risk management culture building goals, reviewing or authorizing subsidiary professional committees to review the group's basic policies and procedures for money laundering risk, working reports, risk assessment reports, etc.
- The Risk and Capital Management Committee was established. Based on the authorization of the Board of Directors, it regularly reviewed anti-money laundering work reports, irregularly reviewed major matters on anti-money laundering, and other partial responsibilities for money laundering risk management, and provided professional opinions on money laundering risk management to the Board of Directors.

Board of Supervisors

- The Board of Supervisors assumes the supervisory responsibility for money laundering risk management. It supervises the performance of the Board of Directors and senior management in money laundering risk management and urges rectification. Meanwhile, it provides suggestions and opinions on money laundering risk management.

Senior Management

- The senior management assumes the implementation responsibilities for money laundering risk management, and are responsible for implementing the Board's resolutions. The bank-level leaders heading the money laundering risk management work directly report to the Board on money laundering risk management.
- An Anti-Money Laundering and Sanctions Compliance Management Committee has been established. This professional committee is commissioned with anti-money laundering and sanctions compliance management tasks and headed by the bank-level leaders responsible for money laundering risk management.

Headquarters and Branch (including subsidiaries) two-level anti-money laundering team

- Under the head office's Legal and Compliance Department, the Anti-Money Laundering and Sanctions Compliance Management Center is established, equipped with a professional team responsible for leading the management of anti-money laundering policy and system, anti-money laundering list management and inspection, large amount and suspicious transaction reporting, anti-money laundering investigation, publicity and training, performance evaluation, etc., and a special team responsible for the continuous development and maintenance of the anti-money laundering IT system.
 - Compliance officers have been set up in the various business departments of the headquarters and each branch (including subsidiaries), who are responsible for leading the management of anti-money laundering work within their respective departments or institutions. Anti-Money Laundering and Sanctions Compliance Management Committees/Anti-Money Laundering Working Groups are also established; and designated internal departments or specific posts are assigned to implement the anti-money laundering work.
-

3.2 Policy Requirements

The Company strictly adheres to national anti-money laundering laws and regulations, focusing on key anti-money laundering tasks, and fully embedding anti-money laundering requirements in the policies, systems, and specific business processes of relevant fields such as business, operations, and products.

The *China Merchants Bank Anti-Money Laundering and Sanctions Compliance Policy* suitable for the head office,

domestic and overseas branches, and subsidiaries have been established, stipulating the group's management strategy and cultural building goals for money laundering and sanctions risk preference, organizational structure and responsibilities, risk assessment, suspicious transaction monitoring and list monitoring, sanctions compliance, and data storage, confidentiality and sharing, etc.

- Formulation of the *China Merchants Bank Anti-Money*

Laundering and Sanctions Compliance Management Measures applicable to the head office, domestic and foreign branches. It stipulates the anti-money laundering and sanctions compliance management institutions, positions and responsibilities of China Merchants Bank, customer identification and preservation of customer identification information and transaction records, reporting systems for large-scale and suspicious, terrorism financing transactions, business money laundering risk assessment, institutional money laundering risk assessment, targeted

3.3 Customer Anti-Money Laundering Due Diligence

Adhering to the “risk-based” principle, the Company formulates the *China Merchants Bank Customer Due Diligence and Customer Identity Information and Transaction Records*

sanctions, anti-money laundering investigation and asset freezing, anti-money laundering management and other contents.

- Each branch establishes anti-money laundering specific policy systems in terms of customer due diligence and retention of identity information and transaction records, money laundering risk assessment and classification management, large transaction and suspicious transaction reports

Retention Management Measures, explicitly detailing the timing, process, and methodology of customer due diligence when transacting business for customers.

Due Diligence Scenarios

Due diligence when establishing a business relationship

- Establishing a business relationship with a customer or handling a one-time transaction or business above the specified amount.

Continuous due diligence

- There are anomalies in the behavior or transactions of customers, or changes in the customer’s risk situation.
 - Suspecting the authenticity, validity, or integrity of previously obtained customer identity information.
-

-
- The customer requests to change the name, type of identity document or other identity proof document, identity document number, business scope, legal representative, or beneficial owner.
 - The identity document or other identity proof document previously submitted by the customer has expired.

Enhance Due Diligence

- Customers with high and above-average money laundering risk.
- Customers who actually hit the anti-money laundering list.
- Customers or their significant associates come from high-risk countries or regions prompted by international authoritative organizations such as the Financial Action Task Force on Money Laundering (FATF), as well as countries or regions with serious crimes of terrorist activities, drug crimes, cross-border fraud, smuggling, corruption, etc. suggested by the United Nations, our government, etc.
- Customers suspected by national departments requiring cooperation in investigation or published by national judicial, law enforcement, and supervision authorities as suspects of money laundering and related crimes, and after assessment, it is necessary to conduct enhanced due diligence on customers whose risk situation has significantly changed.
- Foreign political figures, senior managers of international organizations, specific associates of foreign politicians or senior managers of international organizations.

To assist with due diligence, the Company has developed an Anti-Money Laundering (KYC) platform. It raises targeted due diligence questions based on the actual risk situation of customers and determines corresponding approval levels for graded management. The Company strictly follows regulatory rules regarding the retention period for customer identification data and transaction records. Customer identification data must

be kept for at least 5 years after the end of the business relationship or a one-time transaction, and transaction records should be kept for at least 5 years after the transaction ends. If policies and regulations require a longer retention period for customer identification data and transaction records, the relevant provisions are followed.

3.4 Suspicious Transaction Management

The Company actively promotes a compliance culture of “everyone has a responsibility to combat money laundering”. It allows stakeholders such as employees and partners to promptly report suspicious transaction activities. The Company

deepens the application of AI technology in fields such as suspicious transaction monitoring, and timely warns and prevents possible money laundering or terrorism financing risks.

Manual Means

- It is made clear that it is the duty of all employees to report suspicious transactions, and all employees have the authority to report cases in the anti-money laundering monitoring and analysis system.
- Partners are required to legally and compliantly transfer the discovered suspicious transaction and violation behavior clues, and cooperate in carrying out the investigation of related transactions or behaviors and implementing appropriate risk control measures.

Intelligent Means

- Continuously optimize the suspicious transaction monitoring rules, improve the AI model, enhance the application of AI algorithm rules, and improve the quality of suspicious transaction report extraction.

3.5 Anti-Money Laundering Training and Publicity

The Company has improved its anti-money laundering and sanctions compliance training system that covers all employees, adopting targeted teaching methods for different positions and

responsibilities. 1,298 anti-money laundering training sessions were conducted throughout the year, covering 260,000 employee participations.

Training Scope

- All employees, including directors, supervisors, senior management, new employees, anti-money laundering staff, and business line staff, covering headquarters, branches, and affiliated institutions.

Training Format

- On-site centralized training, online centralized training, and online independent training, etc.

Training Frequency

- Anti-money laundering special training for directors, supervisors, and senior management personnel is carried out every year.
- Organizes anti-money laundering business backbone training every year.
- All new employees must receive anti-money laundering training. Organize new employees, anti-money laundering staff, and business line staff to participate in anti-money laundering training in the financial industry regularly.
- Irregularly carry out anti-money laundering characteristic training, special training, and special lectures, etc.

Training Content

- Anti-money laundering and sanctions compliance management, anti-money laundering regulatory situation and dynamics, cross-border business sanctions risk analysis and company sanctions compliance review policy, refined anti-money laundering compliance management, sanctions risk situation analysis and prevention and control strategies, etc.

The Company carries out anti-money laundering publicity activities for the general public and internal employees. In 2023, 446 anti-money laundering publicity events were held, distributing more than 900,000 pieces of anti-money laundering promotional materials, with the publicity audience exceeding 10 million instances.

4. Tax Payment

The Company strictly follows the *Corporate Income Tax Law of the People's Republic of China*, the *Personal Income Tax Law of the People's Republic of China*, the *Tax Collection and Management Law of the People's Republic of China*, the *Interim Regulations on Value-Added Tax of the People's Republic of China*, the *Invoice Management Measures of the People's Republic of China* and other laws and regulations as well as various tax policy requirements. It establishes systems such as the *China Merchants Bank Tax Risk Management Measures*, the *China Merchants Bank Value-Added Tax Management Operating Procedures*, the *China Merchants Bank Consumption Tax Operating Procedures*, the *China Merchants Bank Management Measures for Withholding and*

Paying Taxes on Behalf of Non-residents, the *China Merchants Bank Invoice Management Measures*, and other systems, effectively carrying out tax management.

In 2023, the Company followed the principle of “Honest Operation, Legal Tax Payment”. It continued to strengthen tax compliance construction and tax risk management. A series of measures were introduced in terms of adhering to national tax policies and regulations in accordance with the law, improving the tax compliance management system, advancing the construction of digital tax, and standardizing the operation process of tax-related links, enhancing tax professional capabilities and management practice level in all aspects.

5. Intellectual Property Protection

In accordance with the requirements of the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and other laws and regulations, the Company carried out patent applications and copyright registrations, and implemented regulations and provisions such as *China Merchants Bank Intellectual Property Management Regulations*, *China Merchants Bank Software Legalization Work Management Methods*, *China Merchants Bank notice on*

strengthening copyright management in business operations.

This year, no major intellectual property rights violations occurred within the Company.

The Company encourages invention creation and self-innovation, and pays attention to the application and management of intellectual property rights. In 2023, there were 830 new patent applications, including 9 new invention patent authorizations and 14 appearance design patent authorizations.

(III) Risk Management

The Company takes constructing the “best risk management bank” as one of the strategic goals during the “14th Five-Year Plan” period, adheres to the risk management culture of “prudence, rationality, proactivity, and all-employee involvement”, continues to upgrade risk management tools,

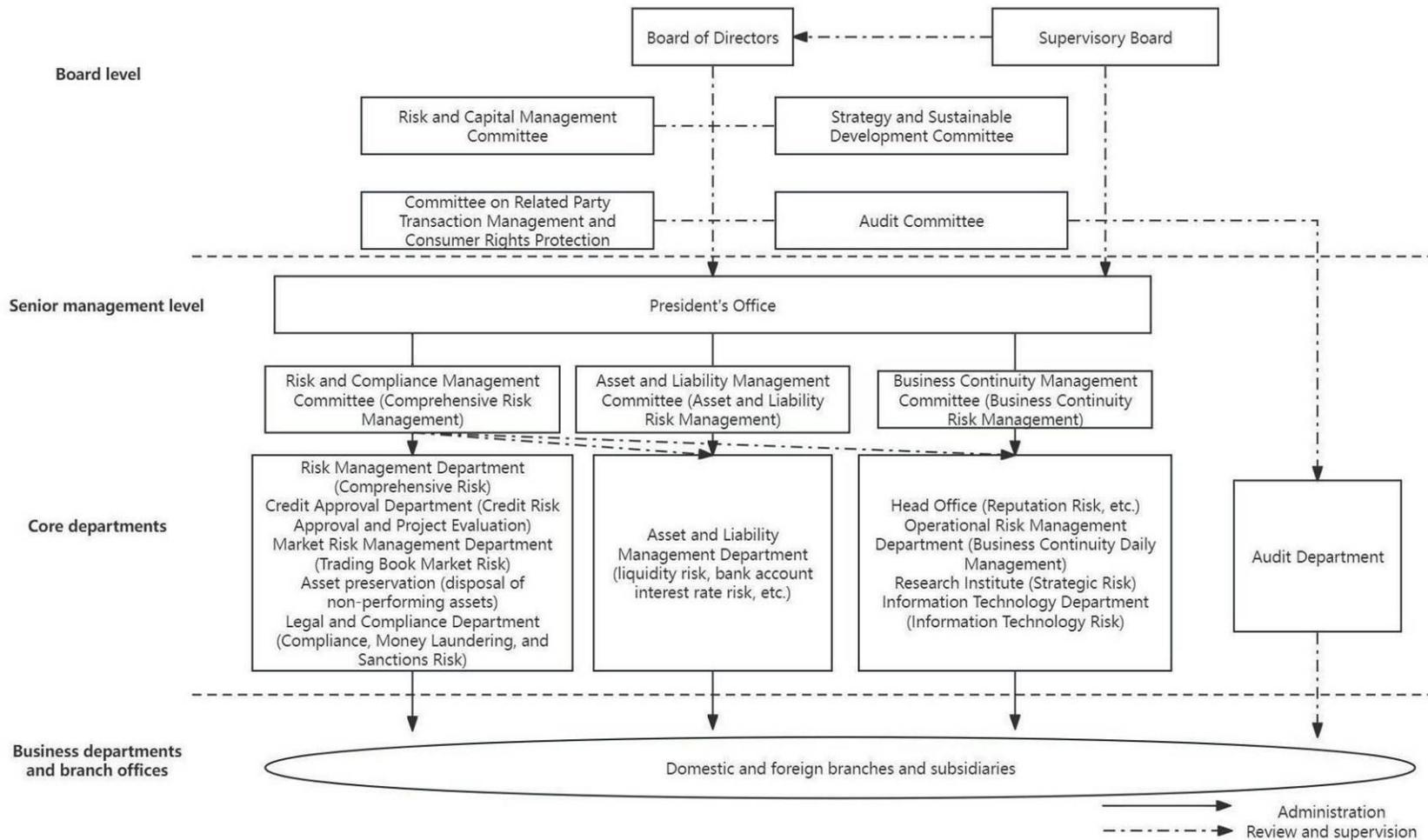
1. Risk Management Organizational Structure

The Company has established a comprehensive risk governance structure covered by all organizations, risks, businesses, and processes, which is ultimately responsible by the Board of Directors, effectively supervised by the Board of Supervisors, directly led by senior management, relies on the risk management department, closely cooperates with business departments, domestic and foreign branches, associated risk companies, and independently audited by the audit department. The Board of Directors and its Risk and Capital Management

comprehensively improves the level of risk management, and strives to create a “six comprehensive” risk management system covering all risks, all institutions, all customers, all assets, all processes, and all elements.

Committee is the highest decision-making body for risk management; The Risk and Compliance Management Committee, set up under the senior management, is the deliberative decision-making body for risk and internal control compliance management, performing its duties through monthly meetings and special meetings, etc. The Company appoints a Chief Risk Officer, who is responsible for leading comprehensive risk management.

CMB Risk Management Structure



2.Risk Management System

The Company continuously upgrades risk management tools and deepens comprehensive risk management. Identifying, measuring, evaluating, analyzing, and reporting the Company's overall risk status and various major risks, and submits a comprehensive risk management report to the Board of

Directors or the Board of Directors' Risk and Capital Management Committee, and senior management on a quarterly basis. In addition, the Company conducts regular and irregular special risk assessments and promptly reports potential risks.

Risk Management Preference	<ul style="list-style-type: none"> Adhere to a prudent risk preference, the content of risk preference includes risk, capital, profit, reputation, compliance, and other aspects. Through precise definition, clear measurement, prudent evaluation and proactive management of all substantial risks faced in daily operations, we ensure various business activities can be effectively implemented within the risk preference framework. It aligns with the bank's risk-bearing capacity and capital adequacy level, and strives to optimize risk-return within the set risk tolerance.
Risk Management Mode	<ul style="list-style-type: none"> The first line of defense: Business operating units and line management departments are responsible for directly handling risk management responsibilities, enhancing risk responsibility awareness, and moving risk management focus forward. The second line of defense: The risk compliance line is responsible for formulating basic risk management institutional systems and policies, analyzing and reporting overall risk management situations. It's responsible for evaluating and monitoring the normativeness and effectiveness of risk management in all departments and institutions at all levels, and fulfilling comprehensive risk reporting duties. The third line of defense: The internal audit department is responsible for promoting the effectiveness of the first and second lines of defense through inspections and supervision.
Risk	<ul style="list-style-type: none"> Internal Audit: The Company conducts audit projects such as routine audits, special audits, and continuous

Management Process Audit	audits to inspect the situation of risk management work related to credit risk, market risk, liquidity risk, operational risk, etc., and evaluate the adequacy and effectiveness of the Company's risk management at the levels of system, process, system, and execution. At the same time, issues are promptly discovered through the audit check of the risk management related system, analyses of the underlying system causes happen back-to-back, and relevant departments are prompted for improvement.
---------------------------------	---

3.Risk Prevention in Key Areas

In 2023, the Company actively guarded against and defused risks in key areas, and firmly held the bottom line of not allowing systemic risks to occur.

Key Areas	Key Measures
Large Customer Business	<ul style="list-style-type: none"> • Deepen the full-scale limit management of large customers, carry out annual risk investigation of large customers and recheck of existing large amount warning customers, adjust specific control measures in combination with actual conditions. • Issue the <i>China Merchants Bank Major Credit Risk Event Monitoring and Rapid Response Management Measures (Second Edition)</i>, to further expand the monitoring scope, investigate major sudden risk events and risk signals of large customers, compile major sudden risk event reports, and clarify control requirements.
Real Estate Business	<ul style="list-style-type: none"> • Dynamically monitor the relevant policy requirements in the real estate field, timely adjust the real estate policy strategy to adapt to the development trend of new urbanization and the changes in the supply and demand relationship of the real estate market, and promote the steady and healthy development of the real estate market.
Local	<ul style="list-style-type: none"> • Resolutely implement the national decision-making deployment and plans on preventing and defusing local

Government Business	debt risks, initiate a package plan for reducing local debt, adhere to the principle of “marketization and legalization”, properly defuse existing debt risks, and strictly guard against new debt risks.
Off-Balance Sheet Business	<ul style="list-style-type: none"> • Implement unified admission and limit management of cooperative organizations, strengthen the centralized management of risks of cooperative organizations. • Optimize the approval authorization process, upgrade approval for non-standard consignment business, strengthen off-balance sheet business risk balance.

4. Risk Management Capability Building

4.1 Risk Management Training

The Company continues to improve the widespread, multi-level, and three-dimensional risk management education and training system, focusing on enhancing the pertinence and professionalization of risk management training.

Training Object	Training Content
Newly-appointed risk leader at branches	Transmit the risk management strategic direction and specific work requirements of the head office through offline training forms such as centralized training and seminar exchanges.
Head of risk management department at newly-appointed branches	Conduct offline training courses, assist managers in quickly grasping the key points and specific requirements of risk management through forms such as centralized training and experience exchange.
Risk Managers	Carry out risk management “One Lesson a Month” wind cloud series training, “Key Influencer Live Show” series of large wealth business risk management training, and online training covering areas such as post-loan management, unified credit, data quality, authorization manual, rating management, and so on, to teach risk managers about the key works in risk

	management in a timely manner.
New Employees	Build the training system to help new employees establish good risk compliance awareness and bottom-line thinking.

4.2 Promoting Risk Management Culture

The Company organized the “Risk Culture Learning Festival”. Through activities such as “Leading Hands-On Risk Lessons”, the “China Merchants Bank Risk Culture” poster series, engaging quizzes on risk knowledge, case-based micro-films,

and audio courses, character story essay contests, and creative risk culture promotion competitions, we firmly established a risk management culture that values “prudence, rationale, initiative, and full-participation”.



China Merchants Bank risk culture poster

(IV) Digital Transformation

The Company formulated the *China Merchants Bank Digital Transformation Three-Year Plan Outline (2023-2025)*, focusing on building a “Digital China Merchants Bank”. In 2023, the Company invested RMB14.126 billion in information technology, accounting for 4.59% of the business income; 558 new fintech

innovation projects were approved, and 612 new projects went online. By the end of 2023, the Company had approved a total of 3,800 fintech innovation projects and launched a total of 3,062 projects, with continuous advancement in capacity building and new model exploration.

1.Strengthen Digital Infrastructure Capabilities

1.1 Build a Leading Cloud for China Merchants Bank

By the end of 2023, the overall availability¹ of the Company’s cloud platform reached 99.999%; the grading and resource pool construction of the hierarchical classification system was completed and the annual migration target was achieved, improving the assurance level of important systems on the cloud; introducing off-line and online hybrid deployment technology, completed pilot cluster deployment, improve the overall utilization rate of cloud resources. The “System-wide Cloud Project” won the first prize of the Financial Technology Development Award of the People’s Bank of China.

¹ Availability refers to the proportion of normal work during a given period of time, and the overall availability of the cloud platform is the arithmetic average of the availability of various important systems running on the cloud platform.

1.2 Promotion of the Construction of two Platforms

The Company fully utilizes the effects of the “two platforms”, namely the data platform and the technology platform. With the technological empowering foundation of “Cloud + Platform”, it is accelerating the promotion of technology development sharing,

improving R&D efficiency, rapidly responding to business demands, strengthening enterprise-level data governance, and making data assets more useful.

Technology Platform

- Strengthen component governance, accelerate the construction and promotion of the low-threshold development platform. By the end of 2023, a total of more than 5,100 components were released, of which 1,254 components passed the internal quality certification, an increase of 146.85% compared to the end of the previous year; 5,646 applications were released under the low-code development system, and business personnel accounted for over 53% of all developers.

Data Platform

- Promote the introduction of external data, enterprise-level data governance and application. By the end of 2023, nearly 400 data sources were introduced, and the ranking of data governance supervision check was among the top national small and medium-sized banks, and big data services had covered about 60% of the staff of the whole bank.

1.3 Strengthening the Promotion of New Technology Applications

The Company increases the application and promotion of new technologies such as large models, Robotic Process Automation (RPA+), blockchain, and privacy computing

platforms, replacing manual labor with new technology and experience with data, to achieve data intelligence-driven, agile and open, and comprehensive leading digital transformation.

Large Models

- Continue to optimize the intelligent service network of CMB App, further integrate artificial intelligence, intelligent customer service, and remote consulting capabilities, and renew the smart wealth assistant Xiao Zhao (小招). Xiao Zhao (小招) has strong conversational interaction ability, which can provide customers with services such as financial analysis, product selection strategy, income analysis and other one-stop wealth management, supporting the consultation of various difficult business scenarios. At the same time, Xiao Zhao (小招) can also connect to remote client managers to provide customized consulting services for customers.
- Strengthen the construction of large models, introduce large models with hundreds of billions of parameters, use proprietary corpora for tuning, training, and adapting to internal scenarios, actively follow up on the Chinese customization of open-source large models, and independently research and develop large models with tens of billions of parameters in professional scenarios; explore the application of large models in retail, wholesale, and middle and back office.
- Build the “AIGC (Artificial Intelligence Generated Content) Experience Platform”, connect to 25 external large models, covering mainstream large models in the market.
- Innovatively launch the intelligent financial audit AI engine, explore the construction of AI intelligent audit system.
- Develop FinGPT Creative Center to improve the work efficiency of employees through various application components such as creative writing and data analysis; develop a new generation of generative intelligent search engine “New Knowledge”, support natural language question-and-answer interaction, and provide a new search experience.

Blockchain

- The “borrow and return among friends” electronic IOU feature was added to the CMB App forming an electronic loan agreement with legal effect, and ensuring the security of users’ funds.
 - The application of Distributed Digital Identity (DID) technology enhances the verification credibility of asset proof, deposit
-

proof, and other business.

- Expand the blockchain ecosystem circle of friends, and establish cooperative relationships with multiple cross-chain institutions and judicial institutions.

RPA+

- By the end of 2023, the robotic process automation tool 'Conch RPA+' had integrated 13,400 scenarios, with 2,379 shared scenario projects.

1.5 Promote the Construction of Five Intelligent Engines

The Company is promoting the construction of five major engines: Intelligent Wealth Engine, Intelligent Marketing Engine, Intelligent Operation Engine, Intelligent Risk Control Engine and Intelligent Customer Service Engine, to build an intelligent application platform for the era of intelligence.

- **Intelligent Wealth Engine:** Completed the construction of basic investment research data and analysis models, formed the scenario solutions for macro analysis, FOF investment research, quantitative investment research, and post-investment analysis, supported the rapid construction of business investment research capabilities in over 20 business systems, and effectively improved the Company's

investment research capabilities in wealth management and asset management.

- **Intelligent Marketing Engine:** By the end of 2023, it has supported 759 main marketing scenarios, with an average daily traffic of 1.315 billion times, a year-on-year increase of 19.55%, and the click-through rate increased by 12.35% year-on-year, effectively improving the business conversion rate and customer experience.
- **Intelligent Operation Engine:** By the end of 2023, the average number of active scene projects per month was 2,759, the intelligent process covered 577 business processes in total, and the average monthly operation

volume reached 186,200 times, effectively improving employee work efficiency.

- **Intelligent Risk Control Engine:** An additional 50 risk control components and 76 risk control scenarios were added throughout the year. The efficiency of risk control scenario access based on data financing was increased by 25.83% through the technical sedimentation of components. The business volume of credit risk and loan risk judgement through the engine significantly increased, effectively reducing the cost of risk prevention and control.

- **Intelligent Customer Service Engine:** Work has been carried out around the application of large model capabilities, the upgrading of customer service product forms, and the external output of intelligent customer service. Among them, in terms of the external output of intelligent customer service, by the end of 2023, AI provident fund customer service had provided services to a total of 74 government agencies.

2.Intensifying the Construction of Key Business Systems

The Company utilizes digital means to empower both internal and external key business areas such as retail finance, corporate finance, investment banking and financial markets,

middle and back platform, and corporate digital services, thereby promoting high-quality development in all business sectors.

[Case] Initiation of the Group Risk Management System (GRS) Construction

In 2023, the Company launched the construction of the Group Risk Management System (GRS). By improving the digital risk control infrastructure, expanding the digital risk control application scenarios, and building a leading, convenient, and effective risk management platform for the entire process of public assets business. By the end of 2023, the first phase of the project was put into production. The efficiency of the newly designed small business due diligence report writing had increased by 38.00%; the credit control center was built, and the efficiency of online financing product access development was increased by 34.15% through componentization and configuration.

3.Cultivating a Digital Talent Team

The Company pays attention to the reserve of digital talents. By the end of 2023, there were a total of 10,650 R&D personnel, accounting for 9.14% of the total number of employees.

The Company provides employees with broad opportunities and platforms, striving to enhance the digital professional skills of information technology (IT) professional line personnel, and strengthen the digital application capabilities of business personnel. During the year, 190 training courses were conducted for IT personnel, covering 15,236 people; 45 digital empowerment training courses were conducted for business

personnel, covering 19,510 person-times, and the digital capability evaluation and certification of business personnel 30,290 person-times.

In 2023, the Company continued to hold the “Craftsman’s Cup” Creativity Competition, encouraging employees to actively submit innovative solutions around the four major themes of Yuanfang Data Analysis, Xin Fu Tong (薪福通), Large Models, and Cloud Transformation. The competition attracted 6,335 participants who submitted 1,891 entries, of which 311 entries won awards.



4. Deepening Industry Exchange and Cooperation

The Company participated in the formulation of industry fintech standards such as *Financial Digitalization Capability Maturity Guidelines* (JR/T 0271-2023), the *Basic Requirements for Financial Office Information Systems* (JR/T 0272-2023), the *Financial Data Center Capability Building Guidelines* (JR/T

0265-2023), the *Digital Bank Card Technical Requirements* (JR/T 0286-2023), and the *Specifications for Digitization Models of Inclusive Financial Services in Banking Industry* (JR/T 0269-2023), aiding the standardized development of digitalization in the financial industry.

[Case] Digital Financial Exhibition Hall CMB LAB

CMB LAB, the digital financial exhibition hall of China Merchants Bank, is the Company's first immersive future technology exhibition hall combining people with digitalization. The exhibition hall presents the Company's advantages in digital resource integration and service characteristics to the public through a combination of online and offline means, using multi-element presentation forms such as sound, light, and electricity, to expand the influence of the "Digital CMB" brand.

By the end of 2023, the Head Office and the Branches of Quanzhou, Taiyuan, Wuhan, Xiamen, Changchun are officially operating offline digital financial exhibition halls. A total of over 50 product projects are displayed in the relevant exhibition halls, with more than 1,000 internal and external visit activities being held, and more than 10,000 people have been received.



(V) Procurement Management

The Company has formulated and issued regulations such as the *China Merchants Bank Procurement Management Regulations*, the *China Merchants Bank Centralized Procurement Management Methods*, the *China Merchants Bank Decentralized Procurement Management Methods*, the *China Merchants Bank Supplier Management Methods*, and the

China Merchants Bank Non-Tendering Method Centralized Procurement Operating Procedures, following the principle of “openness, fairness, impartiality, honesty and credit”, and implementing a procurement management model of “unified standard, hierarchical management, combination of centralized procurement and decentralized procurement”.

1. Construction of Digital Procurement Platform

The Company has established and perfected the functions of the procurement management platform, realizing the digitization management of the entire process of centralized and decentralized procurement, including budget and planning, demand management, sourcing management, supplier management, contract management, e-commerce procurement management, and performance management.

procurement projects; introduced third-party digital certificates and electronic seal solutions, achieving full-process electronics from procurement project initiation, application, planning, negotiation, to contract signing. Throughout the year, 8,430 paperless procurement projects were carried out, saving suppliers approximately RMB5 million per year in paper bidding preparation and express delivery fees.

In 2023, the Company continued to promote the online implementation of centralized procurement projects, and was the first in the financial industry to go live with decentralized

2. Compliant Procurement

The Company strictly controls the admission of suppliers who have a related relationship with employees (both off and on duty), strictly prohibits suppliers with related relationships from participating in the same project competition, and strictly implements the conflict of interest avoidance system, providing all bidders with equal opportunities to inspect the project site. The Company creates a fair and just environment for the procurement process through measures such as determining the order of supplier presentations through drawing lots, recording the entire process of online centralized purchasing presentations, on-site supervision of the bidding process for key projects, etc. Furthermore, the Company guarantees the

security of reply information by using legal third-party digital certificates to encrypt the tender response files of suppliers and have suppliers decrypted within the designated bid opening time.

To better identify risks in the supplier's operations, ethics, and performance, the Company provides 6 online and offline training sessions for procurement-related staff in the head and branch banks. The training includes supplier lifecycle management, procurement compliance promotion, the application of supplier risk identification functions on the procurement management platform, etc.

3. Procurement Environmental and Social Risk Management

The Company monitors the ESG performance of suppliers throughout the procurement process, guides suppliers to fulfill

their environmental and social responsibilities, and expands long-term cooperation space with suppliers.

Environmental Risk Management in Procurement

- **Supplier Admission:** Active collection of relevant qualification certificates such as energy conservation and environmental protection from suppliers.
- **Procurement Project Review:** Attention to the fulfillment of environmental responsibilities by suppliers, with equal conditions, preferential selection of energy-saving and environmentally friendly products, and green development enterprises.
- In 2023, in the scoring rules of procurement projects such as office furniture, desktop computers, laptops, laser printers, electronic parts and consumables, renovation projects, data center construction etc., set up environmental indicators such as

environmental protection and energy saving, and assign score weight; The companies involved in the auction disposal of scrapped electronic equipment are required to have relevant qualifications such as the “Registration Certificate for Recycled Resources Recovery Operator”.

Social Risk Management in Procurement

- Suppliers are required to sign the Anti-Commercial Bribery Commitment online at the time of bidding, strengthening suppliers’ honesty and trustworthiness.
- Actively promote the signing of the Integrity Building Agreement by suppliers. In 2023, the Integrity Building Agreement signing work was launched with 408 suppliers who are included in the head office management’s centralized procurement catalogue project and branch shared project. By the end of 2023, 210 suppliers have completed the signing of the agreement, with a signing rate of more than 51%.
- Suppliers are required to provide proof materials in the bidding documents, including legal representative certificate, legal representative authorization, employee social security certificate, copy of employee ID card and others.
- Suppliers are required to provide tax filing records, whether there have been major violations of law, major economic litigation, administrative penalties by government/national bodies and other related situations in the past three years, and suppliers are required to sign the Anti-Commercial Bribery Commitment at the time of bidding.

In 2023, the Company conducted one online training for part suppliers. The training content included process combing,

compliance advocacy, question and answer sessions, and so on.

Governance Key Performance

1. Corporate Governance

Indicator (Unit)	2021	2022	2023
Number of Directors	16	15	15
Number of Executive Directors	2	1	2
Number of Independent Non-executive Directors	6	6	6
Number of other Non-executive Directors	8	8	7
Number of female Directors	1	1	0
Number of male Directors	15	14	15
Number of Non-executive Directors with industry experience	14	14	13
Average tenure of Board members (years)	6.6	5.6	4.4
Average Board meeting attendance (%)	99.73	97.52	96.06

Training sessions attended by Board members	5	4	7
---	---	---	---

2. Employee Conduct Management

Indicator (Unit)	2021	2022	2023
Number of employees punished for violations ¹	596	514	678

Note:

1. In 2023, regulatory authorities at all levels and various types of supervision and inspection work within the Company have been carried out successively, and the number of employees handling violations has increased compared to previous years.

3. Anti-corruption

Indicator (Unit)	2021	2022	2023
Anti-corruption training times ¹	971	1,500	1,880
Number of people covered by anti-corruption training (ten thousand) ¹	16.28	16.40	19.79

Number of corruption cases brought against CMB or employees and concluded	0	0	0
Number of cadres' integrity talks before taking office	2,204	1,757	1,667

Note:

1. Before 2021, the statistical scope was the Head Office; from 2022, the statistical scope is the whole bank.

4. Anti-money Laundering

Indicator (Unit)	2021	2022	2023
Number of AML training times	1,026	1,268	1,298
Number of people covered by AML training (ten thousand)	26.31	38.62	26.00

5. Procurement Management

Indicator (Unit)	2021	2022	2023
Number of suppliers for centralized procurement projects ¹	637	528	476

Number of suppliers at Chinese mainland	611	498	454
Number of suppliers in overseas regions, HK and Macau	26	30	22
Number of suppliers included in supplier database ²	25,680	29,868	30,252
Number of orders placed through the CMB Cloud Procurement Platform	410,000	390,000	499,724
Number of centralized procurement projects ³	439	282	252
Budget of centralized procurement projects (RMB 100 million) ³	75.06	49.19	25.56
Average cycle of centralized procurement projects (days) ³	20	24	25
Ratio of centralized procurement projects that received assistance for ensuring fulfillment of obligations (%) ⁴	100	100	100
Supplier review coverage (%) ⁵	100	100	100
Number of suppliers implementing hiring practices (ten thousand) ²	/	1.20	1.20

Note:

1. The coverage scope is the selection of suppliers by the headquarters.

2. The coverage scope is the Company's supplier database, including registered and certified suppliers.
3. Refers specifically to centralized procurement projects implemented by the headquarters.
4. The coverage scope includes supplier performance management under the bank wide centralized procurement catalog projects included in the head office management.
5. The coverage scope is the centralized procurement certification database suppliers of the head office.

Independent Assurance Report

Independent Verification Statement



To the management and stakeholders of CMB,

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as "TÜV SÜD") has been engaged by China Merchants Bank CO., LTD. (hereinafter referred to as "CMB" or "the Company") to perform an independent third-party verification on CMB ESG Report for Fiscal Year 2023 (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with CMB and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by CMB and provided to TÜV SÜD. The scope of verification is limited to the given information. CMB shall be held accountable for authenticity and completeness of the provided data and information.

Scope of Verification

Time frame of this verification:

- The Report contains the data disclosed by CMB during the reporting period from January 1st, 2023 to December 31st, 2023, including economic, environmental and social information and data, methods for management of material issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- The on-the-spot verification took place at below listed location:
China Merchants Bank Building, No. 7088 Shennan Avenue, Futian District, Shenzhen, Guangdong

Scope of data and information for the verification:

- The scope of verification is limited to the data and information of CMB covered by the Report.

The following information and data are beyond the scope of this verification:

- Any information and contents beyond the reporting period of this Report; and
- The data and information of CMB's suppliers, partners and other third parties; and
- The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

Limitations

- The verification process is conducted in the above scope and place. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the Company are interviewed; and
- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1st, 2023 are beyond the scope of this verification.

Basis for the Verification

This verification process was conducted by TÜV SÜD's expert team with extensive experience in the economic, environmental, social and other relevant areas and drew the conclusions thereof. The verification conforms to the following standards:

- *AA1000 Assurance Standard v3 (AA1000AS v3), Type 1 Engagement and Moderate Level of Assurance*
- *TÜV SÜD Procedure of Verification on Sustainability Report*

ID: 252713 Revision: 0 - released Effective: 25 Aug 2023

Independent Verification Statement



In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

- Preliminary investigation of the relevant information before the verification;
- Confirmation of the presence of the topics with high level of materiality and performance in the Report;
- On-site review of all supporting documents, data and other information provided by CMB; tracing and verification of key performance information;
- Special interview with the representative of CMB's management; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

Verification Conclusions

According to the verification, we believe that the data and information presented in the Report are objective, factual and reliable, without systematic problems, and can be used by stakeholders.

The verification team has drawn the following conclusions on this Report:

Inclusivity	CMB has fully identified the internal and external stakeholders such as Government & Regulators, Shareholders & Investors, Customers & Consumers, Employees, Suppliers & Partners, etc., and established a stakeholder communication mechanism to collect the demands of stakeholders on a regular basis.
Materiality	CMB has established the prioritization process of material topics determination, identified and assessed the priority of the sustainability topics which are highly related to the industry, the Company disclosed the strategy, management approach as well as sustainability performance in corporate operation, therefore the Report's adherence to materiality principle is guaranteed.
Responsiveness	CMB has disclosed the management approach and performance of key issues that stakeholders concern, such as Green and Sustainable finance, Business Ethics and Compliance Management, Supporting People's Livelihood Improvement, Comprehensive Risk Management, Cyber Security and Personal Privacy Protection, etc., to fully respond to the demands and expectations of stakeholders.
Impact	CMB has identified its positive or negative, actual or potential impacts on the economy, environment and society, and has taken certain mitigation measures to prevent, mitigate and remediate the negative impacts, and disclosed them accordingly in the Report, however, the impact of material topics has not been analyzed from a "double materiality" perspective.

Recommendations on Continuous Improvement

- It is recommended that the economic, environmental and social impacts of each material issue be analyzed from a "double materiality" perspective and disclosed in the next year's Report.

Independent Verification Statement



Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specialises in testing, certification, auditing and advisory services. Since 1866, TÜV SÜD has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. TÜV SÜD has been committed to sustainable development and actively promotes environmental protection related projects. Over the years, TÜV SÜD has been actively expanding its performance in energy management, renewable resources, and electric automobiles, etc., helping its customers meet sustainable development needs.

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences.

TÜV SÜD and CMB are two entities independent of each other and both TÜV SÜD and CMB and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company. The verification is completely neutral. TÜV SÜD is not involved in the preparation of the Report of CMB and its branches.

Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd.

Zhu Wenjun

TÜV SÜD Sustainability Authorized Signatory Officer

March 20th, 2024

Shenzhen, China



Note: In case of any inconsistency or discrepancy, the simplified Chinese version "Independent Verification Statement CN" of this verification statement shall prevail, while the English translation is used for reference only.

ID: 252713 Revision: 0 - released Effective: 25 Aug 2023

TÜV SÜD Certification and Testing
(China) Co., Ltd. Shanghai Branch
No.151 Heng Tong Road,
Shanghai 200070

Page 3 of 3
Tel: +86 21-61410737
Fax: +86 21-61408600
Web: <http://www.tuvsud.cn>

Relevant Content Index

(I) Content Index of HKEx's ESG Reporting Guidelines

Subject Areas, Aspects, General Disclosure and KPIs		Page Number	
<i>A. Environment</i>			
Aspect A1: Emissions	General Disclosure: Information on: (a) the policies and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and on land, and generation of hazardous and non-hazardous waste.	P73-P75	
	KPI A1.1	The types of emissions and respective emissions data.	P93-P96
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P93-P96
	KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P97

	KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P97
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	P73-P75
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P78
Aspect A2: Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.		P73-P75
	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).	P93-P96
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P96-P97
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P73-P90

	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for appropriate purposes, water efficiency target(s) set and steps taken to achieve them.	P96-P97
	KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	P93
Aspect A3: Environment and Natural Resources	General Disclosure: Policies to reduce the significant impact of issuers on the environment and natural resources.		P40-P44, P73- P75
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage relevant impacts.	P45-P90
Aspect A4: Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		P40-P44, P73- P75
	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.	P45-P51
<i>B. Social</i>			

Employment and Labor Practices			
Aspect B1: Employment	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		P182-P185
	KPI B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region.	P235-P236
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	P237-P239
Aspect B2: Health and Safety	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		P182-P184

	KPI B2.1	Number and rate of work-related fatalities occurring in each of the past three years including the reporting year.	P241-P241
	KPI B2.2	Lost days due to work injury.	P240
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P199-P200
Aspect B3: Development and Training	General Disclosure: Policies on improving employee knowledge and skills for discharging duties at work. Description of training activities.		P182-P184, P186-P188
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P241-P242
	KPI B3.2	The average training hours completed per employee by gender and employee category.	P241-P242
Aspect B4: Labor Standards	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.		P182-P184

	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	P182-P184
	KPI B4.2	Description of steps taken to eliminate these practices when discovered.	P182-P184
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.		P291-P293
	KPI B5.1	Number of suppliers by geographical region.	P296-P298
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P291-P293
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P291-P293
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P291-P293

Aspect B6: Product Responsibility	General Disclosure: Information on:		P156-P157
	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.		
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P149-P153
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P276
	KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P175-P181	

Aspect B7: Anti-corruption	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		P260-P264, P271-P273
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and outcomes of the cases.	P295-P296
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P261-P269
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	P268-P269
Community			
Aspect B8: Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure their activities take into consideration the communities' interests.		P207-P214
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P207-P227

	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P243
--	----------	---	------

(II) GRI Content Index

Instructions for use	China Merchants Bank Co., Ltd. reported the information cited in this GRI Content Index with reference to GRI standards from January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure item	Page Number
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	P16-P18
	2-2 Entities included in the organization's sustainability reporting	P4-P6
	2-3 Reporting period, frequency and contact point	P4-P6
	2-4 Restatements of information	P4-P6
	2-5 External assurance	P299-P301
	2-6 Activities, value chain and other business relationships	P16-P17
	2-7 Employees	P182-206, P235-P242
	2-8 Workers who are not employees	P240
	2-9 Governance structure and composition	P244-P257, P294-P295
	2-10 Nomination and selection of the highest governance body	P248-P250
	2-11 Chair of the highest governance body	P7
	2-12 Role of the highest governance body in overseeing the management of impacts	P247-P257
	2-13 Delegation of responsibility for managing impacts	P251-P257

	2-14 Role of the highest governance body in sustainability reporting	P26-P27
	2-15 Conflicts of interest	P260-P263
	2-16 Communication of critical concerns	P31-P33
	2-17 Collective knowledge of the highest governance body	P250-P251
	2-18 Evaluation of the performance of the highest governance body	P250-P251
	2-19 Remuneration policies	P198
	2-20 Process to determine remuneration	P198
	2-22 Statement on sustainable development strategy	P23-P27
	2-23 Policy commitments	P7-P12
	2-24 Embedding policy commitments	P7-P12
	2-26 Mechanisms for seeking advice and raising concerns	P28-P33
	2-27 Compliance with laws and regulations	P266-P269, P295-P298
	2-29 Approach to stakeholder engagement	P71-P80
GRI 3: Material Topics 2021	3-1 Process to determine material topics	P31-P33
	3-2 List of material topics	P28-P30
Material Issues		
Economic performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	P28-P30
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	P228-P230
	201-2 Financial implications and other risks and opportunities due to climate change	P45-P50
	201-3 Defined benefit plan obligations and other retirement plans	P198

Indirect Economic Impacts		
GRI 3: Material Topics 2021	3-3 Management of material topics	P28-P30
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	P99-P110
	203-2 Significant indirect economic impacts	P232-P234
Procurement Practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	P291-P292
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	P296-P298
Anti-corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	P264-P269
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	P264-P269
	205-2 Communication and training about anti-corruption policies and procedures	P266-P269
	205-3 Confirmed incidents of corruption and actions taken	P266-P269, P295-P298
Tax		
GRI 3: Material Topics 2021	3-3 Management of material topics	P276-P277
GRI 207: Tax 2019	207-1 Approach to tax	P276-P277
	207-2 Tax governance, control, and risk management	P276-P277
	207-3 Stakeholder engagement and management of concerns related to tax	P276-P277

Materials		
GRI 3: Material Topics 2021	3-3 Management of material topics	P75-P77
GRI 301: Materials 2016	301-1 Materials used by weight or volume	P91-P9
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	P73-P77
GRI 302: Energy 2016	302-1 Energy consumption within the organization	P93-P97
	302-2 Energy consumption outside of the organization	P93-P97
	302-3 Energy intensity	P93-P97
	302-4 Reduction of energy consumption	P73-P90
	302-5 Reductions in energy requirements of products and services	P60-P62, P73-P90
Water and Effluents		
GRI 3: Material Topics 2021	3-3 Management of material topics	P75-P77
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	P93-P97
	303-2 Management of water discharge-related impacts	P75-P77, P93-P97
	303-5 Water consumption	P93-P97
Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	P85-P90
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	P85-P90
Emissions		

GRI 3: Material Topics 2021	3-3 Management of material topics	P73-P81
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	P93-P97
	305-2 Energy indirect (Scope 2) GHG emissions	P93-P97
	305-4 GHG emissions intensity	P93-P97
	305-5 Reduction of GHG emissions	P93-P97
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	P78
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	P78
	306-2 Management of significant waste-related impacts	P78
	306-3 Waste generated	P97
Supplier Environmental Assessment		
GRI 3: Material Topics 2021	3-3 Management of material topics	P291-P293
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	P296-P298
	308-2 Negative environmental impacts in the supply chain and actions taken	P296-P298
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	P182-P188
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	P236-P239
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P199-P206

Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	P199-P201
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	P199-P201
	403-3 Occupational health services	P199-P201
	403-5 Worker training on occupational health and safety	P199-P201
	403-6 Promotion of worker health	P199-P201
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P199-P201
	403-9 Work-related injuries	P240-P241
	403-10 Work-related ill health	P199-P201
Training and Education		
GRI 3: Material Topics 2021	3-3 Management of material topics	P188-P196
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	P242
	404-2 Programs for upgrading employee skills and transition assistance programs	P188-P196
	404-3 Percentage of employees receiving regular performance and career development reviews	P197-P198
Diversity and Equal Opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	P182-P184
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	P294

Non-discrimination		
GRI 3: Material Topics 2021	3-3 Management of material topics	P260
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	P260
Child Labor		
GRI 3: Material Topics 2021	3-3 Management of material topics	P183
Forced or Compulsory Labor		
GRI 3: Material Topics 2021	3-3 Management of material topics	P183
Local Communities		
GRI 3: Material Topics 2021	3-3 Management of material topics	P216-P227
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	P216-P227
	413-2 Operations with significant actual and potential negative impacts on local communities	P216-P227
Supplier Social Assessment		
GRI 3: Material Topics 2021	3-3 Management of material topics	P291-P293
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	P292-P293
	414-2 Negative social impacts in the supply chain and actions taken	P292-P293
Marketing and Labeling		

GRI 3: Material Topics 2021	3-3 Management of material topics	P156-P157
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	P156-P157
Customer Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	P168-P181

(III) TCFD¹ Recommended Disclosure Index

TCFD Recommended Disclosures	Disclosure page
Governance: Disclosure of organizational governance of climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	P35-P36
b) Describe management's role in assessing and managing climate-related risks and opportunities	P37
Strategy: Disclose actual and potential climate-related impacts on the organization's business, strategic and financial planning	
a) Describe the risks and opportunities associated with climate change identified by the organization in the short, medium and long term	P45-P51
b) Describe the impact of the organization's business, strategic and financial planning on climate-related risks and opportunities	P45-P51
c) Describe the organization's strategic resilience, taking into account different climate-related scenarios (including 2°C or more severe scenarios)	P45

¹ Refers to the disclosure recommendations of the Climate Related Financial Disclosures Working Group (TCFD) of the Financial Stability Board (FSB).

Risk management: Disclosure on how the organization identifies, assesses and manages climate-related risks	
a) Describe the organization's process for identifying and assessing climate-related risks	P45
b) Describe the organization's processes for managing climate-related risks	P52-P57
c) Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management system	P40-P44
Metrics and objectives: For material information, disclose the metrics and targets used to assess and manage climate-related issues	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities following their strategy and risk management processes	P45-P51
b) Disclosure of Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and associated risks	P93-P96
c) Describe the objectives used by the organization to manage climate-related risks and opportunities, and the performance of implementing these objectives	P73-P75

Reader Feedback

Dear readers:

Thank you for reading this report. To continuously improve our ESG work, increase our social responsibility fulfillment ability, level of management, and optimize the quality of preparing social responsibility reports, we sincerely hope you can take time out of your busy schedule to put forth your valuable opinions and suggestions.

Please make assessments by answering the following questions:

1. Do you think the report provided the information you need to know?	Yes ___ Partly___ No ___
2. Do you think the report has fully reflected the economic, social and environmental performance of China Merchants Bank?	Yes ___ Partly ___ No ___
3. Do you think the report can comprehensively respond to the expectations and demands of China Merchants Bank's stakeholders?	Yes ___ Partly ___ No ___
4. Do you think the quantitative information disclosure in the report is positive, true and effective?	Yes ___ Partly ___ No ___
5. Do you think the writing in the report is well organized, uses common language and easy to understand?	Yes ___ Partly ___ No ___
6. Do you think the format design of the report can help you understand relevant information?	Yes ___ Partly ___ No ___
7. If you have a more detailed assessment and/or feedback, please write and let us know: _____	

You can give your suggestions to us through the following ways:

Fax: +86 755 83195555

Tel: +86 755 83198888

Mailing address: ESG Secretariat of the General Office, China Merchants Bank

China Merchants Bank Tower, No. 7088, Shennan Boulevard, Shenzhen, China

E-mail: office@cmbchina.com

The English version is the translation of China Merchants Bank Co., Ltd. Sustainability Report 2023 (Chinese version). Should there be any inconsistencies between Chinese and English versions, the Chinese version shall prevail.