



兴业银行股份有限公司
INDUSTRIAL BANK CO.,LTD.

Summary of the ESG Policy

In 2009, IB became the first domestic bank in Chinese Mainland to formulate and release the *Policy of the Industrial Bank on Environmental and Social Risk Management* (“Policy”). This Policy serves as a comprehensive document outlining IB’s environmental and social risk management concept, system and measures, which is also the foundation for the Bank to construct its environmental and social risk management system. After the implementation for 14 years, the Policy has fundamentally improved IB’s environmental and social risk management capabilities.

In August 2023, IB conducted a thorough review, revision and supplementation of the Policy in response to the evolving internal and external environments, policies, standards and practices, and expanded its focus from E&S management to ESG management and formulated the ESG Policy of the Industrial Bank Co., Ltd. (“ESG Policy”). As a roadmap for IB’s sustainable development, this Policy has transformed the ESG evaluation system into a reference standard and implementation tool in improving the business management capabilities, changed ESG management requirements into behavioral habits and working modes, and created an ESG management system with IB characteristics to serve the high-quality development and value enhancement.

The *ESG Policy*, comprising of nine chapters and 54 articles, has been thoroughly researched and formulated by the Strategy and ESG Committee of the IB Board of Directors, which was approved at the 19th Meeting of the 10th Session of the Board of Directors, printed and released by IB for implementation. It applies to all levels of institutions and subsidiaries of the Bank, both domestically and internationally.

I. Goals & Direction

IB advocates the concept of sustainable development in corporate governance and is dedicated to enhancing its understanding of the relationship between corporate social responsibility and corporate sustainable development. It actively explores diverse approaches to promote the practice of the Bank’s social responsibility and strives to develop a positive relationship of harmonious coexistence between humanity and nature, between humanity and environment as well as between humanity and society.

II. Principles of the Development

IB is mindful of promoting great development of the country, and responds to the strategy of carbon neutrality and carbon peaking, the goal of common prosperity, and the mission of technological innovation. It pays attention to the rights and interests of all stakeholders, and integrates ESG factors into development and business strategies while promoting the sustainable development. IB upholds the philosophy of “Integrating Righteousness into Profitability”, and fulfills the role of a responsible citizen by enhancing stakeholders’ capabilities in improving life quality and sustainable development, such as employees, consumers, suppliers and the community.

III. Action Strategies

IB promotes the implementation of the ESG Policy that aligns with the environmental, social, and corporate governance dimensions. Its action strategies include:

- (1) To improve corporate governance;
- (2) To establish the ESG and climate-related risk management system;
- (3) To promote sustainable operation;
- (4) To safeguard employees’ rights and interests;
- (5) To protect rights and interests of financial consumers;
- (6) To promote social integration; and
- (7) To strengthen the ESG information disclosure.

IV. Improvement of Corporate Governance

The IB Board of Directors is responsible for making strategic plans, major policies, and basic systems for the Bank’s sustainable development and ESG-related matters, which bears the ultimate responsibility for corporate ESG management and establishes the Strategy and ESG Committee, consisting of five to seven directors with the Chairman of the Board as the Committee Head. The IB’s senior management regularly reports important ESG issues to the Board, such as green finance, inclusive finance, ESG and climate-related risks, protection of consumers’ rights and interests, human capital development, privacy and data protection, ESG performance management, and information disclosure. To coordinate and lead its ESG management and implementation, IB has set up an ESG Work Leading Group, with the Chairman of the Board of Directors and the President of the Bank acting as the leader and the

deputy leader respectively. The leading group has an office attached to the Office of the Board of Directors and the Board of Supervisors.

IB continuously strengthens the diversity and independence of its Board of Directors, improves the scientific and professional composition of members of specialized committees of the Board. Additionally, it aims to enhance the supervision and evaluation of the Board of Directors and other specialized committees on corporate sustainability-related issues. IB continuously improves its ESG policies, systems, mechanisms and processes, and effectively implements an auditing supervision mechanism for important ESG matters. It integrates the ESG policies with the employee performance appraisal system, and establishes a clear and effective reward and punishment mechanism, thus enhancing its overall corporate governance level.

V. Construction of the ESG and Climate-related Risk Management System

IB incorporates the ESG and climate risk management into the comprehensive risk management system, and clarifies the responsibilities of the Risk Management Committee of the Head Office for the ESG and climate risk management. The Committee regularly reports the ESG and climate risks to the IB's senior management and Board of Directors, adjusts and improves the credit and investment policies.

IB effectively promotes the ESG-embedded credit granting process and strengthens the whole process management of investment and financing, such as due diligence, compliance review, approval management, contract terms, fund allocation management and post-loan (post-investment) management. It focuses on accelerating the process construction and tool development of climate risk management, strengthening the identification, assessment, calculation, management and application of carbon assets, establishing and improving eco-friendly credit granting policies, establishing and improving the financial service capabilities for biodiversity protection.

IB establishes a working mechanism conducive to ESG investment and financing products and green finance innovation, and continues the innovation on the R&D and promotion. On the premises of compliance with laws and regulations, effective risk control

and commercial sustainability, it promotes the process, product and service innovation of ESG and green finance. Through the financial influence, IB provides customers with diversified, sustainable and thematic financial products, and assists them to improve the ESG management performance so as to promote sustainable corporate development.

VI. Promotion of Sustainable Corporate Operation

IB strictly adheres to its commitment to the *Immediate Implementation of Climate Neutrality*. It has established and improved the management mechanism of “Net Zero Emission”, and promoted the implementation of the “carbon neutrality” route within the whole Group. IB has adopted several measures, such as green office, green operation, green procurement, green travel, and “clear your plate” actions, to lower the impact of corporate operations on natural environment and human beings, gradually and orderly reduce its carbon footprint, and achieve carbon neutrality of its upstream and downstream activities by 2035.

During the procurement process, IB continues to review suppliers in such areas as environment, safe production, environmental protection certification and labor protection, and establish a sustainable green procurement management mechanism. It is committed to jointly maintaining sustainable development of the environment and society with its suppliers.

VII. Protection of Employees’ Rights and Interests

IB creates an inclusive working environment and a diversified workforce to ensure equal and fair employment and working conditions. It insists on a “zero tolerance” policy for any discrimination and harassment based on such aspects as gender, disability, marital status, pregnancy, lactation, family position, race and religion. IB has established a fair and impartial remuneration mechanism, adhered to equal pay for equal work, and adopted a scientific and diversified performance evaluation system that takes 360-degree comprehensive evaluation opinions into consideration. It fully respects employees’ personal contributions, establishes and improves an open communication and direct participation platform between employees and the management to effectively guarantee employees’ participation in corporate business management and major decisions, reviews and deliberates major issues involving their vital interests.

IB broadens the channels for talent growth through the dual-track development mode of

management and professional sequences. Combined with such mechanism arrangements as job promotion, performance management, salary and welfare, assessment and evaluation, IB has offered its talents a more flexible, rich, diversified, and dynamic path in their promotion and development, and the expectations of stable salary, so as to ensure the stability and sense of security of the talent team.

IB offers a safe and healthy working environment for all employees, reduces risk factors affecting employees' occupational safety and health, and regularly provides education and training related to occupational safety. It also formulates and implements reasonable employee welfare measures, including but not limited to the provision of complete medical insurance (applicable to all employees and their family members), various annual leave, parental leave, marriage leave, personal leave, maternity-related leave, and other holidays (applicable to all employees), and the provision of protection for retired employees.

VIII. Protection on the Rights and Interests of Financial Consumers

IB implements the philosophy of “people-centered” development and the concept of “customer-centered” operation, and is committed to providing consumers with high-quality and convenient financial services. To this end, it incorporates consumer rights protection into the whole process management of products and services, and strengthens the training of employees on consumer rights protection. By integrating online and offline resources, IB continuously improves the product and service quality, establishes a mechanism for consumer complaints and dispute resolution, makes sure the channels for complaints, and deals with them in an appropriate and timely manner.

IB ensures to fairly and transparently serve its customers, and strictly prohibits the sale or provision of controversial products and services. It discloses key product and service information in the pre-sale, sale, and post-sale processes, and prohibits any fraudulent, deceptive, or misleading advertisement. Through the establishment of a consumer suitability management mechanism and a retraceable management mechanism for sales practices, IB has fully safeguarded the rights of the elderly and the disabled to have fair access to financial services. In addition, it strictly prohibits any forced bundling or tie-in sales of any products or services and continues to carry out education and publicity activities on consumer rights

protection.

IB formulates and implements the whole-lifecycle security requirements for the collection, transmission, storage, use, sharing, and deletion of various sensitive data, including personal information. It has established a sound risk assessment, emergency response, supervision and inspection mechanism, and conducted internal and external IT inspections, including privacy and data security protection, as well as special auditing. Meanwhile, it has strengthened the management and supervision of third parties such as the suppliers in the process of external data cooperation. In addition, IB periodically reports the progress of personal information protection work to the Board of Directors, reinforcing the integration of protective measures on customer privacy and data security into the development process of products and services.

IX. Promotion of Social Inclusion

IB enhances its digital transformation capabilities and builds a comprehensive customer ESG data warehouse to improve the adhesion of ESG management to Customer Journey and product adaptation. It sets development goals for financial availability, and actively promotes rural revitalization, which mainly focuses on providing online/mobile channels for vulnerable groups. Through digital means, IB explores the ways to become a leader in China's inclusive finance industry.

Relying on the Bank-Bank platform, IB strengthens its channel construction and innovation in alternative program design. Meanwhile, it maintains continuous attention in its operation to the impact on the community, and enhances the coverage of inclusive finance in underdeveloped areas so as to lead small and medium-sized bank customers to enhance their capabilities for sustainable development.

With the Group's charity brand of "IB CARES", IB continuously improves the long-term three-in-one charity mechanism of "donation for education", "disaster relief", and "helping the poor and needy".

X. Strengthening the ESG Information Disclosure

IB adheres to the principle of treating all stakeholders in a fair, impartial and open manner, and develops an ESG information disclosure system that regulates such content as

the scope of ESG-related disclosure matters, the department responsible for the disclosure as well as the procedures and methods of information disclosure. Such measures have improved IB's policy transparency, promoted the efficiency of ESG disclosure and data analysis, enhanced the ESG management capabilities and realized a dual drive of qualitative management evaluation and quantitative management analysis, which has improved the level of corporate information disclosure.