



兴业银行股份有限公司
INDUSTRIAL BANK CO.,LTD.

2023 Semi-annual Report (Excerpt)

Chapter V Environmental and Social Responsibilities

I. Environment-related Performance and Policies

1. ESG-Related Risk Management Policies

IB actively integrates itself into and serves a new development paradigm, and responds to the national policy guidance and market changes with new concepts, new momentum and new tools. During the reporting period, it continued to strengthen the integration of credit policies and the ESG by implementing the *Credit Policy of the Industrial Bank (2023)* and *Notice of the Industrial Bank on Issuing ESG-Related Credit Policies*. The above policies are applicable to the businesses incorporated into the unified credit management, which includes investment, financing and credit in various businesses such as customers' traditional credit business, interbank and other proprietary investment business, and entrusted asset management business.

IB continuously improves its refined management of environmental and social risks, which requires that all industries comply with the relevant national standards of environmental protection, have not experienced any major environmental pollution accidents or ecological damage events in recent years, and have a sound management system for production safety and occupational health. For projects and enterprises that are explicitly prohibited by the State and do not comply with environmental protection regulations, the Bank would not grant any loans and will recover the loans that have already been granted. In addition, IB requires to continuously increase support for key areas and regions of ecological protection, actively support major projects of biodiversity protection, pay close attention to the impact of project construction on ecological environment and biodiversity, and guide credit resources to invest in business areas with low energy consumption, low emission, low pollution, high efficiency and good market prospects. In the meanwhile, IB has made clear provisions on credit requirements for a total of 23 industries, such as agriculture, forestry, energy, mining, and chemicals. The credit requirements for some industries include:

(1) Agriculture: IB supports customers that save agricultural energy, such as

those using agricultural machinery with high efficiency and low consumption as well as applying the fertilizer, medicine, water, land and energy-saving technologies, and implements the provisions of the Organic Products-Requirement for Production, Processing, Labeling and Management System (GB/T19630.1-GB/T19630.4) and the Measures for the Administration of Green Food Logos issued by the Ministry of Agriculture and Rural Affairs of the People's Republic of China for green organic agriculture.

(2) *Forestry*: IB supports national key fine seed bases for forest and key construction projects of the national forest management plan, actively promotes land afforestation to increase the forest stock volume and enhance the carbon sink capacity, and implements such national and industry standards as the *Regulations on Forest Tending* (GB/T15781) and the *Technical Procedures on Evaluation of Natural Forest Protection & Construction Program* (LY/T1818) in natural forest protection projects.

(3) *Thermal power industry*: IB requires that customers have installed such environmental protection devices as desulfurization, denitrification and dust removal, and implement the requirements of the *Emission Standard of Air Pollutants for Thermal Power Plants* (GB13223-2011) and comply with the relevant national standards of environmental protection and emission. Moreover, the standard coal consumption per unit in the previous year should not be higher than the average level of the domestic industry, and their number of hours of utilization of the power generation equipment of the previous year should not be lower than the average level of industry in the province (or equivalent) where they are located.

(4) *Coal industry*: IB requires that customers meet the *Provision on the Basic Conditions for Production Safety in Coal Mines* and obtain the production safety license, and projects such as high gas, coal and gas outburst mine strictly implement the regulations (No. [2011] 26 of the General Office of the State Council), follow the provisions such as the *Norms of the Energy Consumption Per Unit Product of Coal Underground Mining* (GB29444-2012) or the *Norms of the Energy Consumption Per Unit Product of Coal Surface Mining* (GB29445-2012) in energy consumption, and perform the provisions such as the *Norms of the Power Consumption of Coal Washing*

(GB29446-2012) in the process of dressing coal by washing.

(5) *Other mining industry*: IB requires that customers conduct work within the approved scope of mining, effectively dispose of waste water, noise and dust generated in the production process and achieve the up-to-standard discharge to reduce the impact on the surrounding environment, actively supports green, clean and intelligent mining, prohibits to intervene in customers with significant environmental and climate risks, and in enterprises with non-compliant or backward production capacity that do not comply with the national industrial policy, as well as those that fail to meet the standards of production safety.

(6) *Chemical industry*: IB requires that customers in such industry are in line with the relevant industrial policy requirements such as the *Petrochemical Industry Planning Scheme* and the policy requirements and access standards of various subdivision industries, but are not included in the scope of “No investment in the construction of specific raw materials projects without permission (Item Code 221005)” and “Prohibitions on the production and operation of pesticides whose production is explicitly prohibited by the State, and pesticides that have not obtained registration certificates” in the *Negative List of Market Access* (2019 Version).

2. Investment and Financing Process Management

Relying on its rich practical experience as an Equator Bank, IB comprehensively applies the ESG-related risk assessment system to the process of investment, financing and credit in the three major business lines, namely, corporate finance, retail finance and interbank finance. According to the relevant risk assessment criteria, IB classifies its customers into four categories (Class A, Class B, Class C and Class D), adopts differentiated management strategies and integrates them into all links of the investment, financing and credit process, including due diligence, risk assessment, contract signing, financing issuance and duration management.

IB has formulated such systems as the *Notice of the Industrial Bank on the Establishment of ESG Indicator System for Customers*, the *ESG-embedded Credit Process Scheme of the Industrial Bank for Corporate Finance Customers*, the *Notice*

of the Industrial Bank on Embedding ESG into the Credit Process for Small and Micro Enterprises, the ESG-embedded Credit Process Scheme of the Industrial Bank for Retail Credit Customers, the Notice of the Industrial Bank on the Issuance of ESG Indicator System for Interbank Customers, and the ESG-embedded Credit Process Scheme for Interbank Finance Customers.

IB conducts targeted due diligence based on the ESG-related requirements to strengthen the collection and verification of basic information and data related to the ESG performance of customers, which covers 39 indicators such as energy consumption, water resource utilization, greenhouse gas emissions, corporate environmental credit evaluation, administrative penalties related to environmental protection, supplier management, customers' complaints, employees' social security data, debt repayment ability, information disclosure and negative news to ensure the authenticity, integrity and validity of the information. Meanwhile, IB formulates special measures and response plans for risk prevention and control, including but not limited to the following: Rectification of violations within a prescribed time limit, signing of special commitment letters, adjustment of credit plans, increase of capital ratios, enhancement of risk mitigation measures, suspension of newly added credit, and compression of stock businesses. In the process of duration management, it also makes efforts to monitor and track the ESG-related risks of customers.

IB incorporates the green credit system, process and implementation into the scope of internal auditing to strengthen the supervision of green finance business. According to the principle of "one coverage in every three years", it also includes the special auditing of green finance into the auditing work plan as well as the institutional auditing project.

3. Support for Low-Carbon Transformation in Key Industries

Based on the principles of "accelerating structural adjustment, optimizing regional layout and promoting green transformation with steady progress in total volume", IB continuously optimizes the index system and strategy of high-carbon control and management, implements the overall requirements for placing equal

emphasis on “energy security” and “green development”, and improves digital management and control in the high-carbon field. Taking the carbon-reduction transformation as the core logic of business, it focuses on supporting green financial businesses such as energy conservation and consumption reduction, carbon reduction and emission reduction in the high-carbon field, and continues to promote the optimization of high-carbon customer structure and the development of green business, and makes efforts to strengthen the credit support for enterprises with advanced environmental protection technology, leading energy efficiency indicators, stable operation and development, and sound financial performance in the high-carbon field. In accordance with the requirements of energy security policies, IB provides phased differentiated management and control strategies for businesses in the energy supply field, so as to implement the social responsibility as a green bank. By the end of the reporting period, 30.73% of IB’s businesses in the loan balances of high-carbon industry were under the framework of green loan provided by the People’s Bank of China. [The framework of high-carbon emitting industries is implemented in accordance with the *Notice on Conducting Well the Developing Plans for Carbon Emission Reporting, Verification and Monitoring in 2018* (Document No. [2019] 71 of the General Office of the Ministry of Ecology and Environment of the People’s Republic of China).

II. Strengthening the Climate Risk Management

1. Enhancement on the Climate Risk Supervision by IB Board of Directors and the Senior Management

In terms of the board of directors, IB has established a Risk Management and Consumer Protection Committee under its Board of Directors responsible for formulating basic risk management strategies and policies, including the climate risk, and supervising their status of implementation. In terms of senior management, IB has formulated the *Sustainable Development (ESG) Policy* to define the climate risk management mechanism, incorporated the ESG and climate risk management into the comprehensive risk management system, and strictly implemented the *Measures on*

Comprehensive Risk Management Report to clarify the ESG and climate risk management responsibilities of the Risk Management Committee of the Head Office, and regularly reported the ESG and climate risks to the senior management and the Board of Directors. Furthermore, IB has set up a working group for promoting the green bank strategy, which is responsible for implementing the green bank strategy, formulating development and operating plans for green financial business, organizing and promoting the implementation and conducting the follow-up, supervision and evaluation work toward them.

2. Analysis of Climate Change Risk

IB actively conducts the climate risk stress testing for customers in high-carbon industries and proactively discloses the status of relevant work. During the reporting period, it carried out the research and exploration on climate risk stress testing, summarized the experience of the work previously completed, produced courses on the climate risk stress testing, incorporated the series of Thematic Courses for Green Financial Talents Plan, and strengthened the training for employees across the whole Group, so as to enhance the Group's capacity in climate risk stress testing.

3. IB's Status in Green Operation

During the reporting period, IB carried out such special work as carbon inspection and carbon verification, comprehensively clarified the current status of carbon emission management and assessed the potential for emission reduction. On this basis, it also formulated a goal of carbon neutrality with a phased timetable: To achieve a 20% reduction in its own carbon emission intensity by 2025 as compared with 2020, and to achieve carbon neutrality in its own operational activities (including carbon emissions in Scope 1 and Scope 2) before 2030.

At present, IB has formulated the *Green Operation Rating Standards* to promote the orderly implementation of green operation, which requires branches at all levels to formulate annual green office targets based on their respective energy consumption characteristics and energy consumption status of the previous year, incorporate the

completion of such targets into the annual performance appraisal system, and take targeted energy saving and emission reduction measures for various types of energy consumption scenarios and equipment. During the reporting period, IB continued to implement the Project of Renovating the Zhangjiang Equipment Room in Shanghai, which could reduce the power utilization efficiency (i.e., the ratio of all energy consumed by the data center to that consumed by the IT load) from 2.0 to less than 1.25 after the completion of such renovation.

III. Product and Service Innovation Related to Sustainable Development

During the reporting period, IB continued to “consolidate the basic business and deploy new areas” in green financial business, on the basis of fully implementing the requirements of the Party Committee of the Head Office and the responsibilities of green development, so as to construct a system of professional green financial products and strengthen the promotion and application of such system, and promote the construction of the Group as a green bank.

1. Business Strategy

In recent years, IB’s green financial business has evolved from water resources and solid waste treatment to such areas as atmospheric management, and then to focus on serving areas related to “lowering carbon emissions, reducing the pollution, expanding green development, and pursuing economic growth”, with business development and policy evolution always in one continuous line. Currently, IB’s focuses of green financial services include: areas related to the reduction of carbon emissions, mainly involving new energy and renewable energy, green transportation, building energy efficiency, and low-carbon transformation of high-carbon industries such as iron and steel, cement, and chemical industry; areas related to reduction of pollution, mainly involving water resource utilization and protection, atmospheric management, and solid waste treatment; areas related to expand green development, mainly involving ecological restoration, forestry, and wetland resource cultivation and protection; and areas related to pursue economic growth mainly involving green inclusion and poverty alleviation through green industry.

2. Policy Support

IB provides its comprehensive policy support for green financial business. In terms of the examination and evaluation, During the reporting period, it improved the examination and evaluation system in green finance in terms of the examination and evaluation, and incorporated green financial indicators into the Group-wide examination and evaluation system (covering all branches, subsidiaries, and relevant departments of the Head Office), having basically realized the full coverage. In terms of resource allocation, IB arranges for risky assets or special scale of green credit every year and grants FTP preferential treatment to green loans, allowing the low-cost funds of carbon-reduction supporting tool provided by the People's Bank of China to fully, timely and directly return to the operating institutions. In terms of the credit and authorization policy, it continuously enhances the support to key areas in such industries as the photovoltaic power generation, wind power generation and hydroelectric power generation, and provides a green approval channel and a professional team to approve green projects in a professional manner.

3. Construction of a Green Banking Group

During the reporting period, IB specified the key work and refined ideas in the construction of a green banking group, clarified the responsibilities of related departments, and formulated the *2023 Arrangements of Key Work for the Group's Transformation of All-Green Development*, so as to earnestly build a "green banking group" comprehensively and achieve positive effects. By the end of the reporting period, the balance of IB's finance business on green supply chain amounted to RMB 30.191 billion, among which the balance of finance business on green supply chain in clean energy was RMB 13.764 billion; the balance of green mortgage and green consumption financing businesses was RMB 15.01 billion, with an increase of RMB 6.315 billion over the end of the previous year; the scale of green bank investment reached RMB 76.529 billion; and the balances of green leasing business, green trust business, green fund business deposited and renewed were RMB 65.1 billion, RMB 19.5 billion and RMB 13.1 billion respectively. During the reporting period, IB's

green and ESG financial products issued are worth of RMB137.9 billion.

IV. Consumer Financial Protection

During the reporting period, IB adhered to the operation concept of “sincere service and accompanying growth”, following the guiding principles of “treating both the symptoms and the root causes, while the symptoms are settled first, and the root causes can be seen as major issues”. Moreover, in light of the regulatory requirements, IB further enhances the organization and coordination of consumer financial protection, promotes and improves the system and mechanism for consumer financial protection, deepens the control and supervision of consumer financial protection in the whole process of products and services, keeps conducting the refinement of complaints management, and further clarifies the main responsibility of relevant departments. In addition, IB has been innovating the publicity and education means and taking various measures to disseminate financial knowledge so as to optimize the quality and effectiveness of consumer financial protection work.

1. Product and Service Compliance

IB has established a beforehand, interim and afterward service and supervisory mechanism for the products, strictly controlled the business operation process, elucidated it in a clear and comprehensible manner when providing product information, and ensured that customers are served in a fair and transparent way. During the reporting period, IB revised the *Measures of the Industrial Bank on the Management of Consumer Rights and Interests Protection Work* to further clarify the responsibilities of the departments in the Head Office and branches for consumer rights protection, and ensure to adopt appropriate procedures and measures in the whole process of business operation and protect the legitimate rights and interests of consumers. Moreover, IB revised the *Measures of the Industrial Bank on the Management of Evaluating Branches' Consumer Rights and Interests Protection* to sort out and adjust indicators such as the complaint management and senior officials' performance of duties. Furthermore, IB strengthened the assessment and evaluation of its branches' quality and professional level in the review of consumer financial

protection work, paid attention to the number of such reviews, and implemented the principle that “all cases subject to the review shall be reviewed”. During the reporting period, IB totally conducted the review of 6,380 consumer protection-related cases, covering such aspects as product and service design, pricing management and agreement-making. At the same time, it submitted the semi-annual review of consumer financial protection to its Risk Management Committee, and put such reviews into the *Risk Management Status Evaluation Report* as one of the key issues reported to the Board of Directors, further emphasizing the risk prevention of consumer financial protection from the source by the departments at all levels. In addition, the Risk Management and Consumer Protection Committee established under by the Board of Directors, regularly reviewa and studiea the reports related to consumer financial protection, including IB’s review on consumer financial protection, guides, supervises and evaluates the consumer financial protection work, urges the rectification and implementation of relevant issues identified, and reportes those to the Board of Directors.

2. Privacy and Data Security

During the reporting period, IB carried out comprehensive and in-depth implementation of the *Personal Information Protection Law of the People’s Republic of China*, fully respected and safeguarded customers’ personal information, and did not encounter any serious incidents of cybersecurity or leakage of personal information.

(1) IB strengthens the implementation of personal information protection system. It introduced an external professional consulting team, strictly followed national laws, administrative regulations and financial industry standards when fully sorting out and processing personal information from the dimensions of “governance-management-operation” & “business-channel-information system-data”, conducted an in-depth gap analysis and rectification to effectively safeguard the rights of customers to inquire, copy, correct, delete personal information. Moreover, IB advanced to establish the impact assessment mechanism regarding personal

information protection, practiced the concept of “Privacy by Design”, and embedded privacy protection requirements into its product development, business processes and system design.

(2) IB improves its data security management. It established a responsibility system for the data security work, incorporated it into the comprehensive risk management system, set up a specialized team and posts covering all departments for data security management, and conducted such daily management work as the assessment of data security risks in accordance with the principle that “whoever is in charge of the business shall manage the business data and be responsible for the data security”. Moreover, in terms of data security protection, IB has strengthened its management of suppliers and external third parties fully established a third-party data cooperation ledger, conducted the access assessments of third parties’ data security qualifications, complied with national laws and regulations, handled the data under agreements with individual customers, and put into effect the encryption and de-identification measures in the process of data transmission. It further puts into effect the function of information system security, strictly restricts the inquiring authority of all employees’ access to customers’ personal information, and organizes to carry out special inspections of information system and analysis of abnormal access to personal information, so as to enhance the monitoring and deterrence of query violations. Furthermore, IB has broadened the application of cryptographic algorithm technology in the information system, enhanced the protection of confidentiality and integrity of important data in the transmission and storage of information. The compliance, correctness and effectiveness of IB’s four sets of cryptographic applications including personal Internet banking and digital RMB have been verified by a third-party’s professional evaluation and certification. In 2023, IB’s credit card center was newly awarded the Information Security Management System ukas/cnas dual certification, included in the ISO27001 certification.

(3) IB consolidates its ability to monitor and dispose of cyber-attacks. It has been carrying out the capability building in six aspects, namely, asset management, security-related intelligence management, vulnerability management, defense policy

management, threat management and security situation management, and conducted Internet penetration testing, bug crowd-testing and internal red-blue confrontation regularly, so as to continuously improve its ability in proactive defense and dynamic defense against cyber-attacks. During the reporting period, IB monitored more than 15.6 million high-risk cyber-attack attempts, with a real-time blocked high-risk threats rate of 99.8%, continuously conducted the monitoring and disposal of cybersecurity and suspected data leakage incidents, handled a total of 203 Internet counterfeit application incidents, and changed the bank cards for 1,117 customers subject to the overseas cyber-attacks to safeguard the security of customers' personal information and funds.

(4) IB continuously conducts data security education for its employees. It designed and produced brochures on representative cases of infringement on the rights and interests of personal information, and raised employees' awareness of personal information protection through studying cases to learn the law. It organized thematic studies on cybersecurity, with the participation of 55,966 persons (including labor dispatching employees) completing the studies and passing the test, and the completion rate of the entire workforce was close to 95%. IB focused on employees' self-discipline, established a scoring mechanism for employees to avoid cybersecurity violations, and conducted special registration and education for those who made minor violations including using weak passwords and failing phishing email tests. By doing so, the Bank has nipped violations in the bud.

(5) IB organizes the information security-related auditing every year. During the reporting period, it carried out special auditing of the Head Office and some of the subsidiaries on the management of information technology risks, which covered such aspects related to information security as the policies, systems, operating environments and management, and improved its management ability of information security.

3. Protection of Customer Funds Security

During the reporting period, IB has been optimizing the rule model of digitalized

corporate intelligent anti-fraud platform to continuously improve the effectiveness of early warning and concurrent control, issued 67 million risk warnings cumulatively, and monitored 5.032 billion of financial business transactions through the platform, covering 12 million of high-risk transactions and having blocked the transactions involved at the amount of RMB 78.786 billion.

4. Trainings on Consumer Financial Protection

During the reporting period, IB issued the *Notice on 2023 Training Plan for Consumer Rights and Interests Protection and Service*, and improved the training quality through such aspects as strengthening the interpretation of policies and cases under the *Measures on the Management of Consumer Rights and Interests Protection by Banking and Insurance Institutions*, optimizing the form of training and providing better guidance and training on the measures for handling complaints in relation to consumer financial protection. For example, IB made use of the “IB Knowledge” online learning platform and released the learning content of the “All IBers’ Study” thematic column on the protection of consumer rights and interests, particularly the leaders’ instructions on the consumer financial protection work and the spirit of special meetings on consumer financial protection. All IB employees logged on to the platform to have learned and passed the test, with a training coverage rate of 100%.

In addition, the Consumer Rights Protection Office of the IB Head Office is dedicated to guiding and supervising the consumer financial protection. It collects and analyzes representative cases of financial marketing and publicity behaviors in the industry that infringe upon the legitimate rights of consumers, and guides the financial marketing and publicity work through various forms such as trainings, notices, and issuance of documents. For example, IB conducted several trainings including the special training on the *Measures on the Management of Consumer Rights and Interests Protection by Banking and Insurance Institutions* and the training on the review of consumer financial protection, through which it combined with eight rights of financial consumers and the requirements of the financial regulatory system to emphasize the key points of attention and representative cases related to consumer

financial protection, such as marketing normative language and risk alerts that are closely related to financial marketing and publicity. The training covered personnel related to the management of consumer financial protection in the Head Office, branches and subsidiaries, and nearly 10,000 persons from the Group participated in the training.

5. Quality of Handling Customer Complaints

During the reporting period, IB received a total of 200,126 consumer complaints across all channels, with a decrease of 54,868 cases or 21.52% compared to the same period of last year. On average, each outlet received 16.14 complaints per month, resulting in a complaint rate of 0.21%, and the satisfaction rate for customer complaint-handling return visits was 99.76%. In the first quarter of 2023, IB received 2,788 complaints from its original banking and insurance regulatory commission channel, with a decrease of 2,018 cases or 41.9% compared to the same period of last year. (Data for the second quarter has not yet been released.) The consumer complaints are mainly outlined below:

(1) Regional distribution of consumer complaints. The Yangtze River Delta region has the highest number of complaints. For example, the number of complaints from Shanghai Municipality was 30,634 cases, 6,874 cases from Jiangsu Province and 6,176 cases from Zhejiang Province respectively, accounting for 15.3%, 3.4% and 3.1% in turn. Moreover, the number of complaints in the Pearl River Delta region (mainly referring to Guangdong Province) accounted for 14,295 cases (7.1%). Furthermore, the number of complaints from Beijing Municipality and Hebei Province in the Beijing-Tianjin-Hebei region was 5,434 cases (2.7%) and 6,923 cases (3.5%) respectively. In addition, the number of complaints from Sichuan Province and Chongqing Municipality in the Chengdu-Chongqing metropolitan circle was 5,642 cases (2.8%) and 3,495 cases (1.7%) separately. In the other key regions, complaints from Fujian Province accounted for 11,933 cases (6.0%), while those from Shandong Province were 13,485 cases (6.7%).

(2) Channels of consumer complaints processed. There were 78,014 cases of

complaints from the reception desk business channel (38.98%) and 122,112 from the intermediate and back-office business channels (61.02%) respectively. Of the reception desk complaints, 16,759 cases (21.48%) were received on-site, while 60,229 cases (77.20%) were received through electronic channels. The remaining 1,026 cases were received through other channels, such as self-service machines and third-party channels, accounting for 1.32%.

(3) Types of consumer complaints. The credit card business accounted for 87.14% of the complaints, while the complaints on debit card-related business and loan business were 5.49% and 4.14% separately. What's more, the complaints about self-operated financial management and banking agency business, payment and settlement business, RMB savings business and RMB management, and other businesses such as foreign exchange, precious metals and personal financial information accounted for 1.24%, 0.26%, 0.12% and 1.61% respectively.

(4) Reasons for consumer complaints. The consumer complaints can be mainly categorized as follows: 69,259 cases (34.61%) arose from the management system, business rules and process of financial institutions, 107,045 cases (53.49%) from the debt collection means and methods, 17,666 cases (8.83%) from the marketing means and methods, 2,557 cases (1.28%) from the service attitude and quality, 1,841 cases (0.92%) from service facilities, equipment, and business system, 684 cases (0.34%) from the safety of consumer funds, 456 cases (0.23%) from the pricing and charges, and 130 cases (0.06%) from the information disclosure, and 488 cases (0.24%) from other reasons such as the right to make one's own choices, product benefits, information security, and the terms of the contract respectively.

IB will continue to pay attention to consumer complaints, standardize the complaint handling process to protect the financial rights of complainants, and effectively take consumer complaints as a valuable source of information for improving its business and services. Moreover, it will keep optimizing its products, business, processes, systems and services, actively communicate with consumers, and make efforts to enhance their overall experience with the Bank.

6. Focus on Financial Education

In terms of financial education, IB focuses on key population such as “the elderly, the youth and the newcomers” and key areas such as the countryside and ethnic minority settlements. Through continuous introduction of innovative, high-quality and multi-level education and publicity content, it has fully concentrated resources and played the roles of various channels in guiding consumers to learn financial knowledge urgently in need and enhance their abilities to identify and prevent financial risks. For example, IB Head Office worked with Minjiang University in Fujian Province to set up a special course on consumer financial protection, and the Deputy Director of the IB’s Consumer Rights Protection Office taught the students relevant financial knowledge about consumer rights protection, building a solid “firewall” for students to prevent campus financial fraud. Moreover, the Head Office encouraged all branches to actively establish their systematic, professional and regular financial education demonstration bases, smoothly promoted the construction of a long-term mechanism for popularizing financial knowledge, guided Fuzhou Branch to cooperate with Fujian University for the Elderly to jointly build the first “Financial Education Publicity Base for the Elderly” in Fujian Province, and set up financial education and study parks to carry out the education and publicity activities loved by elderly population. Furthermore, IB took the opportunity of the “March 15” Event, and launched the “2023 Series of Activities for Consumer Rights Protection with the Consumer-centered Risk Warning”, covering all branches, business outlets and Head Office departments. The activities included ten series of major thematic activities, such as a series of offline activities, online “IB Consumer Rights Protection and IB Education” financial knowledge quiz with prizes, publicity and education on consumer financial protection displayed on the computer screen, training on protecting consumer financial rights, and comprehensive investigation of the implementation of financial consumer rights protection throughout the Bank, and re-learning the “Fifty Red Lines”, which aimed to uphold the concept of “service and consumer rights protection first”, IB effectively safeguard the legitimate financial rights of consumers. During the reporting period, there were a total of 7,359 online

and offline activities on financial education and 1,831 copies of publicity materials, including original brochures, posters, graphic posts, and press releases, with the content related to various financial knowledge and risk warnings. IB distributed a total of approximately 4.6163 million copies of materials to consumers, and the original education and publicity content on online channels have received approximately 44.8313 million clicks with an overall consumer outreach of approximately 88.1569 million persons/times.

V. Protection of Employees' Rights and Optimization of Career Platforms

1. Analysis of Human Resources

IB adheres to the core values of rationality, innovation, humanism, and sharing, closely focuses on the Group's business development strategy and the 14th Five-Year Plan for Talent Development, dynamically optimizes the the workforce structure, enhances the input-output ratio of human resources, and continuously promotes the construction of the talent team across the Group.

(1) IB further accelerates the process of human resources digitization. Through the digitization of the whole process of human resource management, it improves business processes and strengthens the technological empowerment of such aspects as employees' introduction and retention, fostering and utilization, evaluation and motivation and service safeguard. IB also improves employees' communication and risk investigation mechanisms, put into effect their personal information protection, and continuously enhances the refinement level of human resource management.

(2) IB further strengthens the ability to analyze human resources data, enhances the governance of human resources data and builds data assets. Based on applications such as the human resources data cockpit, monitoring and early warning platform, talent and position profiles, IB works to achieve real-time display and dynamic monitoring of human resource management indicators at all levels of the institutions in a comprehensive, multi-angle, and three-dimensional manner, timely assesses the human resources issues encountered by the Bank and employees in their

development, proposes corresponding measures, and effectively improves the sustainable development capability to respond to various risks.

2. Employees' Career Development Plan

IB attaches great importance to the career development of its employees, carries out solid employee education and training work, builds a diversified employee career development platform, promoting the growth and success of employees through the practical work.

(1) Focus on the construction of the talent team. IB further promotes the implementation of the 14th Five-Year Plan for Talent Development, continuously strengthens the construction of “seven-type talents” teams, namely, digital, professional, comprehensive, international, complex, high-end and craftsmanship teams, focuses on the goals of such plans as “Ten Thousand-Talents Plan for Science and Technology” and “Ten Thousand-Talents Plan for Green Finance”. It expands the breadth and depth of talent certification training, explores and launches two new areas of user experience and low-code development on the basis of the certification projects for demand analysts and data analysts. Furthermore, IB carries out the pilot on the integrated “production-learning-marketing” mode of training green financial talents, holds workshops on the portraits of green financial posts, and builds a high-quality and high-standard talent team.

(2) Focus on the improvement of practical abilities. IB deepens the exchange mechanism for employees, normalizes the selection and training of talents in the talent pools of “Honghu Plan” and “Kunpeng Plan”, initiates the “Overseas Talent Exchange Program”, and continuously promotes the exchanges between the Head Office and branch offices, parent company and subsidiaries, institutions between the east and the west, between the north and the south, and between China and overseas. Moreover, IB actively promotes the achievements of the “Chain Leader Mechanism” in business management innovation, selects the third batch of main leaders in emerging industrial chains, and forms agile work teams to further enhance the professional abilities of officials and employees in serving the real economy. In

addition, IB also organizes innovation marathon competitions such as “IB Leap” and “IB Fire Engaging More People” to select and train talents.

(3) Focus on the optimization of the incentive mechanism. IB has deepened the reform of the income distribution mechanism, improved the management of professional technical sequences, and established a sound salary management system with value contribution as the core. Moreover, it has improved the mechanism for publicizing and rewarding talents, introduced the *Measures of the Industrial Bank on the Management of Awards and Commendations*, organized the selection of “IB Craftsmen”, and held the award ceremony of “outstanding CPC Party members, exemplary CPC Party workers, and advanced community-level Party organizations”, in an effort to further stimulate the entrepreneurial passion of its officials and employees.

(4) Diversity and equality. IB has been adhering to the people-oriented approach and paying attention to the requirements that every employee is treated equally in their whole career development and committing to eliminate discrimination in such aspects as the gender, age and ethnicity. It continues to made efforts in perfecting the chain of employee recruitment and cultivation, establishing the correct orientation for personnel selection and employment, enhance the business ethics of employees, setting well-conceived performance evaluation indicators, and improving the remuneration and benefit system. Meanwhile, it dedicates to strengthening the work of protecting employees’ rights and interests so as to create a favorable human resources setting.

(5) Focus on career development. During the reporting period, IB took the development of modern and high-quality professional education as its goal, continuously established and improved the “5+N” training system and the “1+N” responsibility system to improve the training operation system, implemented the employee-centered concept, and built a learning organization to help employees enhance their professional abilities and realize personal values. During the reporting period, IB focused on strategic key businesses and key population by actively carrying out the training for “seven-type- talents” (i.e., digital talents, professional

talents, comprehensive talents, international talents, compound talents, high-end talents, and artisan-skilled talents), reviewed the teacher-course system, and promoted the “Ten Thousand Talents Plan” in green finance, the “Talents Multiplication Plan” in investment banking, international talent development projects, talent cultivation and certification programs such as the “Honghu Plan” and the “Kunpeng Plan”. Moreover, IB formulated ESG-related training programs covering all employees of the Group, paid attention to the consumer financial protection, strengthened the training on employees’ ethical standards, and earnestly promoted the ESG information management capacity. It organized the “All IBers Study” program based on the gist of the Bank’s meetings in 2023, covering the knowledge such as strategic reforms that employees should grasp, with the participation of 55,296 persons/times, achieving a participation rate of 99.33%. Furthermore, IB organized the first-half-year professional primary-level examination, encouraging employees to move from “multi-skilled” learning to “multi-skilled” certification and further enhancing their professional level and sustainable employability. In addition, it worked to strengthen the practical training and focus on talent development through activities such as IB Linkage Training Program, Elite Lecturer Challenge Match, and Case Competitions, aiming to build a high-quality financial talent team and empower the high-quality development of the Group.

3. Communication and Feedback

IB attaches great importance to improving the communication and feedback channels for employees, and facilitates information exchange, sharing, and communication among employees through the establishment of internal communication platforms such as internal websites and email boxes. By creating an online platform “IB Voice” for employees to provide suggestions and engage in democratic management, and setting up a public service email for systematic management of employees’ behaviors, IB provides a convenient channel for employees to participate in democratic management and supervision. During the reporting period, the platform has totally received more than 1,100 opinions and

suggestions, covering strategic planning, operational management, human resources, logistics support, Party and mass work, digital transformation, complaints and reports and others (8 categories), with the accumulative reading of nearly 12 million times and comments of more than 240,000 times. Meanwhile, IB ensures employees' participation in democratic management by convening the workers' congress and the congress of the trade union members. During the reporting period, IB organized 4 workers' congresses to deliberate matters such as the *Proposal on the Amendment to the Corporate Superannuation Plan of the Industrial Bank* and the *Proposal on the Election of Directors of the Industrial Bank's Corporate Superannuation Committee* and convened the congress of the trade union members to deliberate the *Proposal on the By-election of Members and Vice Chairman of the Second Session of the Industrial Bank Trade Union Committee*.

IB highly stresses on the employee satisfaction. In this regard, it conducts annual surveys on political ecology, and human resources ecology, and carries out employee satisfaction surveys in multiple levels and dimensions, including personnel selection and employment, post system, management mechanism, work environment, corporate culture, remuneration and benefits. Moreover, it also deeply understands the needs of employees in work, learning, and life through methods such as heart-to-heart talks and home visits to effectively help employees solve their practical difficulties.

VI. Consolidating and Expanding the Achievements of Poverty Alleviation and Rural Revitalization

During the reporting period, IB has been insisting on "holding a national vision", putting service for the people as its focus, taking rural revitalization as an important political task and a new space for its strategic development, and continuously giving full play to its own distinctive advantages, so as to build a new mode of financial services for rural revitalization with IB's distinctive features in helping build a strong agricultural country. During the reporting period, IB continuously promoted "IB Inclusive and Smart Agricultural Products Wholesale System" to help the wholesalers solve financing problems and smooth the industrial chain of agricultural products,

utilized the “Biological Asset Supervision Platform” to revitalize the biological assets of the aquaculture industry, and introduced the satellite remote sensing data service to the tea plantation industry. By the end of the reporting period, the balance of IB’s agriculture-related loans amounted to RMB 627.423 billion, representing an increase of RMB 80.704 billion over the beginning of the period; and the balance of inclusive agriculture-related loans amounted to RMB 49.552 billion, representing an increase of RMB 10.231 billion over the beginning of the period.

VII. Continuous Efforts in Strengthening Anti-corruption and Promoting Clean Governance

1.Strengthening Anti-Corruption Construction and Business Ethics Management

During the reporting period, IB earnestly carried out and put into effect major decisions and deployments of the CPC Central Committee on the governance of the Party with strict discipline, the Party’s clean conduct and the fight against corruption, insisted on strict and comprehensive governance of the Bank under the Party’s leadership, and achieved the deterrent effect of not daring to corrupt, being unable to corrupt and not wanting to corrupt. It comprehensively used the “four forms”, catching the problem at the early stage and from the small point, checking the erroneous thing at the outset, and strengthening the supervision and discipline enforcement and accountability. Moreover, IB integrated a supervision system of combing dispatched supervision on site, disciplinary supervision and inspection supervision, and auditing supervision in a coordinated manner, set up disciplinary inspection departments at all levels of the institutions, focused on the “key minority groups” and key areas with high integrity risks, continuously improved the management system, strengthened the supervision of and constraints on the operation of powers, and thus enhanced the hard control of the systems. Furthermore, IB continuously promoted the construction of a “clean and prosperous IB” culture and guided employees to abide by the bottom line of disciplines and laws through various forms such as organizing employees to participate in the “micro-Party class” of clean

governance, visiting the integrity education bases, watching the warning educational videos, writing calligraphy on engaging in online learning and other ways. Meanwhile, IB's auditing department organized and implemented one annual auditing of ethical standards, and conducted two special auditing events on related transactions and one special annual auditing on consumer financial protection, covering all branches and subsidiaries. Through institutional auditing projects, IB also conducted inspections of relevant business ethical contents such as employees' abnormal behaviors and the consumer financial protection so as to strengthen the supervision and management of employees' behaviors and business ethics. In its daily supervision, IB actively develops employees' behavior management models, and uses such methods as digital screening tools and sending the early warning and reminder letter for continuous auditing and supervision work, so as to identify and correct abnormal employee behaviors in a timely manner.

2. Implementation of the Whistleblower Protection Policy

During the reporting period, IB attached great importance to the supervision, complaint letters and visits work, and strictly implemented and put into effect the *Regulations on Complaint Letters and Visits* and the *Rules of Disciplinary Inspection and Supervision Organs on Handling the Reports and Accusations* to standardize the procedures for complaint letters and visits, and protect the legitimate rights and interests of whistleblowers.

IB increased its efforts to investigate and resolve conflicts and disputes, and established a working pattern of unified leadership of the Party Committee, the coordination through joint meetings, the promotion of the administrative department in charge of complaint letters and visits, and the joint management by all parties to prompt proper settlement of complaint letters and visits issues in accordance with the law and in a timely manner at the local level. IB has set up the reception place, the telephone number and the e-mail address for complaint letters and visits, and carried out a strict confidentiality system for the protection of whistleblowers, put the materials of complaint letters and visits in the management of classified documents,

strictly kept the information of whistleblowers confidential, and prohibited the disclosure of such information to the persons or departments subject to the report or accusation, and implemented the withdrawal system for individuals who has a direct conflict of interests in the matter of complaint letters and visits or the whistleblowers.

VIII. For more details on corporate ESG-related information, please refer to the ESG column on the IB's official website. For more information on corporate governance, please refer to Chapter IV "Corporate Governance" in the *2023 Semi-annual Report of the Industrial Bank*.