

Hua Xia Bank Co., Limited 2024 Self-Assessment Report on Principles for Responsible Banking

In September 2019, Hua Xia Bank Co., Ltd. (hereinafter referred to as “Hua Xia Bank”, “the Bank”, or “we”) became a signatory of the Principles for Responsible Banking (PRB). Globally, we aim to further align our development strategy with the United Nations Sustainable Development Goals (SDGs) and the *Paris Agreement*. Domestically, we actively respond to national strategies and contribute to advancing high-quality financial development.

This report is prepared in accordance with the Reporting and Self-Assessment Template issued by the United Nations Environment Programme Finance Initiative (UNEP FI). In this report, an AA1000 Type 2 Moderate Assurance for Principle 2 and Principle 5 is delivered by SynTao Green Finance. For more information on the Bank’s sustainability initiatives, please refer to the *2024 Annual Report of Hua Xia Bank Co., Ltd.* (hereinafter referred to as “*2024 Annual Report*”), the *2024 Social Responsibility Report of Hua Xia Bank Co., Ltd.* (hereinafter referred to as “*2024 Social Responsibility Report*”), the *2023 Social Responsibility Report of Hua Xia Bank Co., Ltd.* (hereinafter referred to as “*2023 Social Responsibility Report*”), and the *Environmental Information Disclosure Report 2024 of Hua Xia Bank Co., Ltd.* (hereinafter referred to as “*2024 Environmental Information Disclosure Report*”).

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Hua Xia Bank was established in Beijing in October 1992, completed joint-stock reform in April 1996, and became publicly listed in September 2003 as the fifth listed bank in China. Since 2021, we have been designated as a domestic systemically important bank (D-SIB) in China. By the end of 2024, we had established a nationwide presence with 44 tier-1 branches, 78 tier-2 branches, and 963 outlets across 120 cities at the prefecture level or above, supported by 38,300 employees, forming an institutional network that is "anchored in major economic centers and extending nationwide." We actively implement the five major development philosophies of "innovation, coordination, green, openness, and sharing," focusing on serving the real economy and creating value for our customers and shareholders. For corporate and institutional clients, we provide specialized, distinctive, and comprehensive financial services, including deposits, loans, investment banking, trade finance, technology finance, green finance, pension finance, digital banking, cash management, and industrial digital finance. For individual clients, we offer diversified financial products and services such as deposits, loans, debit cards, credit cards, wealth management, private banking, e-banking, and pension finance etc, offering holistic financial services to cover all their needs. Guided by compliance and innovation, we continue to promote the coordinated and robust development of financial markets, asset management, and asset custody, constantly enhancing our capabilities to serve the real economy and our customers. In 2024, Hua Xia Bank achieved a revenue of RMB 97.146 billion, with net interest revenue accounting for 63.89%, net fee and commission revenue for 5.6%, and other net revenue for 30.51%. Among the Top 1000 World Banks published by The Banker (UK) in July 2024, the Company ranked 49th by tier-1 capital and 57th by total assets.

As of the end of 2024, the Group¹ reported total assets of RMB 4,376.491 billion. In 2024, the Group achieved a total profit of RMB 35.879 billion.

We actively implement China's regional development strategies, adhering to the regional development strategy of "Three Regions, Two Lines, Multiple Points"². Based on thorough assessments of regional economic & financial environment and the risk management capabilities of our branches, we have enhanced tiered branch management mechanism and promoted integrated

For more information, please refer to:

- 3.1 Business Overview of the Company, 2024 Annual Report, Page 22

- 3.3.2 Overview of the Bank's operating results, 2024 Annual Report, Page 24

- 3.8.4 Distribution of loans and NPLs by geographical area, 2024 Annual Report, Page 44

- 3.8.3 Distribution of loans and NPLs by industry, 2024 Annual Report, Page 43

- Serving Regional Development Strategies, 2024 Social Responsibility Report, Page 28-30

¹ The Group refers to Hua Xia Bank Co., Ltd. and its subsidiaries.

² "Three Regions" refer to Beijing-Tianjin-Hebei region, Yangtze River Delta, and Guangdong-Hong Kong-Macao Greater Bay Area; "Two Lines" refer to the Beijing-Guangzhou and Beijing-Shanghai railway lines; "Multiple Points" refer to other key regions.

development with the “Three Regions” as the core driver and “Two Lines and Multiple Points” as supports. By the end of 2024, the Group’s loan balance totaled at RMB 2,366.317 billion, with the distribution by geographical area as follows: Yangtze River Delta (30.70%), Beijing-Tianjin-Hebei (22.38%), Central and Eastern China (15.32%), Western China (13.06%), Guangdong-Hong Kong-Macao Greater Bay Area (11.43%), Northeast China (2.06%), and affiliates (5.05%). We rigorously implement national economic growth policies and regulatory requirements, steadfastly pursuing high-quality financial development with a focus on serving the real economy. Meanwhile, we have increased support for key areas of the “Five Major Articles” including technology finance, green finance, inclusive finance, pension finance, and digital finance. We refine industry classification management, enhance risk identification, and continuously optimize asset structure while effectively controlling risks.

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☐ UN Guiding Principles on Business and Human Rights

☐ International Labour Organization fundamental conventions

☐ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Guidelines on Green Finance for the Banking and Insurance Sectors (Issued by the former China Banking and Insurance Regulatory Commission) , Guidelines for Financial Institutions Environmental Information Disclosure (Issued by the People's Bank of China) , Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (Issued by the Financial Stability Board)

☐ None of the above

Response

Guided by our vision to build a modern financial group that is “large and strong, stable yet excellent,” we have aligned our practices with the United Nations Sustainable Development Goals (SDGs). Through assessments of materiality and significance, we have identified 9 core goals and 8 relevant goals, concentrating our resources and leveraging our strengths in the core goals to advance the SDGs. Our core goals include: no poverty (SDG 1); good health and well-being (SDG 3); affordable and clean energy (SDG 7); decent work and economic growth (SDG 8); industry, innovation and infrastructure (SDG 9); sustainable cities and communities (SDG 11); responsible consumption and production (SDG 12); climate action (SDG 13); and partnerships for the goals (SDG 17). Our relevant goals comprise: zero hunger (SDG 2); quality education (SDG 4); gender equality (SDG 5); clean water and sanitation (SDG 6); reduced inequalities (SDG 10); life below water (SDG 14); life on land (SDG 15); peace, justice and strong institutions (SDG 16).

We maintain alignment with the *Paris Agreement* and China’s carbon peak and neutrality goals, actively addressing climate change to support the carbon peak and neutrality goals and develop ourselves as a “climate-friendly bank in China.” At the strategic level, we first identified “advancing green finance as a specialized business” as one of six strategic priorities in the *Outline of Hua Xia Bank Development Plan 2017-2020*. Later in the *Outline of Hua Xia Bank Development Plan 2021-2025*, we were explicitly committed to “deepening our green finance strategy to align with green and low-carbon development trends under the carbon peak and neutrality goals” and “increasing support for green and low-carbon industries while continuously raising the proportion of Green Loans business and expanding the business scale to enhance our green finance branding.” *Outline of Hua Xia Bank Development Plan 2021-2025 (Revised Edition)* further established key objectives including “creating distinctive green finance features, making green loan ratio rank among the highest of joint-stock commercial banks, and building differentiated competitiveness in green finance.” We formulated the guiding document, the *Green Finance Management Rules of Hua Xia Bank*, to steer and advance business model transformation and management reforms. We also developed the *Hua Xia Bank Carbon Peaking Action Plan* to integrate carbon peak efforts into our overall development strategy with clear targets and implementation roadmap.

We continuously strengthen the top-level design of green finance, establishing and improving our green finance governance framework that incorporates climate-related risk management. We refine management responsibilities at all governance levels to enhance management quality and efficiency, aiming to strengthen communication with stakeholders including clients, shareholders, and employees. This promotes our ESG development, helps shape a positive social image, and reinforces our commitment to becoming a responsible, accountable, and socially-conscious state-owned financial institution. Through these efforts, we are exploring our way to become a “climate-friendly bank in China.”

Regulatory documents having significant implications for the Bank	Issued by
<i>Guiding Opinions on Promoting Investment and Financing for Responding to Climate Change</i>	Ministry of Ecology and Environment (MEE) and four other departments
<i>National Climate Change Adaptation Strategy 2035</i>	MEE and 16 other departments
<i>Opinions of the CPC Central Committee and State Council on Fully and Accurately Implementing the New Development Concept and Achieving Carbon Peaking and Carbon Neutrality</i>	The Communist Party of China (CPC) Central Committee and State Council

For more information, please refer to:

- *UN SDGs, 2024 Social Responsibility Report, Page 120*

- *Inclusive Finance, 2024 Social Responsibility Report, Page 15-16*

- *Supporting rural vitalization, 2024 Social Responsibility Report, Page 72-75*

- *Environmental impact, 2024 Environmental Information Disclosure Report, Page 38-51 (Chinese version)*
2023 Environmental Information Disclosure Report (Chinese version), Page 29-36

- *Policy system, 2024 Environmental Information Disclosure Report (Chinese version), Page 19*

2023 Environmental Information Disclosure Report (Chinese version), Page 15-18

- *Strategic goals, 2024 Environmental Information Disclosure Report (Chinese version), Page 11*

- *Response to external principles and initiatives, 2024 Environmental Information Disclosure Report (Chinese version), Page 27*

2023 Environmental Information Disclosure Report (Chinese version), Page 19

- *Spotlight: External engagement and cooperation, 2024 Environmental Information Disclosure Report (Chinese version),*

<i>Guidelines for Establishing the Green Financial System</i>		People's Bank of China (PBoC) and six other ministries	Page 28-31 International engagement and cooperation, 2023 Environmental Information Disclosure Report (Chinese version), Page 20-22
<i>Green Finance Evaluation Plan for Banking financial institutions</i>		PBoC	
<i>Guidelines on Green Finance for the Banking and Insurance Sectors</i>		Former China Banking and Insurance Regulatory Commission (CBIRC, now replaced by National Financial Regulatory Administration, NFRA)	
<i>Guidelines to Comprehensively Promote the Development of a "Beautiful China"</i>		CPC Central Committee and State Council	
<i>Catalogue for Green and Low-Carbon Transition of Industries (2024 Edition)</i>		National Development and Reform Commission (NDRC) and other departments	
<i>Guidelines on Financial Supporting for Green and Low-Carbon Development</i>		PBoC and six other ministries	
<i>Guiding Opinions on the Development of Technology Finance, Green finance, Inclusive finance, Pension Finance and Digital Finance in the Banking and Insurance Industries</i>		NFRA	
<i>Opinion on Accelerating the Comprehensive Green Transition in Social and Economic Development</i>		CPC Central Committee and State Council	
<i>Opinions on Leveraging Green Finance to Support the Beautiful China Initiative</i>		PBoC, MEE, NFRA, and China Securities Regulatory Commission (CSRC)	
Climate change-related Key Points highlights in <i>Outline of Hua Xia Bank Development Plan 2021-2025</i>			
1	We advance green finance strategy, align with the green and low-carbon development trends under China's carbon peak and neutrality goals, and enhance top-level design for green finance to eventually formulate our dedicated action plan for green and low-carbon development.		
2	By deepening and refining our efforts in clean energy, we craft our expertise across energy saving, environment protection, clean production, ecological restoration, and green infrastructure upgrades to develop tailored solutions for key industries.		
3	We improve the innovation mechanisms for green finance products to accelerate low-carbon product innovations and build an integrated green financial system covering green Loans, funds, bonds, leasing and wealth management along with carbon finance.		
4	We optimize business models by exploring approaches like investment-loan linkage and debt-equity combination to finance green projects.		
5	We also explore partnerships with insurers, green investment funds, and specialized institutions to develop professional risk-sharing mechanisms for green initiatives.		
6	We strengthen collaboration with international financial organizations to build ourselves as a "climate-friendly bank in China."		
7	We enhance ESG investment and financing strategies with focused attention on the impacts from rapid low-carbon transition to optimize		

	climate risk management.
8	We accelerate our efforts in digital transformation for green finance and refine the data infrastructure on climate investment and financing, delivering information disclosure appropriately.

Advancing Green Finance to Build a New Distinctive Strength in Green Finance: Hua Xia Bank's Green Finance Action Plan outlines the following development targets for 2025:

“By 2025, we aim to achieve accelerated growth in green financial assets, maintaining our green loan ratio among the highest of comparable joint-stock banks. We will achieve year-on-year growth on the volume of non-credit green businesses, including green investments, underwriting of green debt financing instruments, green leasing, ESG wealth management products, and distribution of green funds and trusts. We will significantly enhance our ESG risk management capabilities for credit business, keeping the non-performing ratio of green loans below the bank-wide average for corporate lending.”

- Align with China's “dual carbon” strategy to enhance capabilities in supporting green and low-carbon transition;
- Build a comprehensive product portfolio to strengthen the Group's competitiveness in integrated financial services;
- Improve ESG risk management systems with enhanced controls over ESG and climate risks;
- Accelerate digital transformation for green finance, inspiring creativity with fintech innovation;
- Elevate brand reputation by demonstrating our presence in corporate social responsibilities.

We have been earnestly following the *Implementation Opinions of the State Council on Promoting the High-Quality Development of Inclusive Finance and the Notice on Promoting Inclusive Lending in 2024* issued by the General Office of NFRA. In line with the requirements of the Central Financial Work Conference for advancing inclusive finance, we continue to brand ourselves as a financial service provider for SMEs in this field by exploring new digital inclusive development models, enhancing product innovation, improving service quality, and helping ease enterprises' burden to support micro and small business development, thereby contributing financial strength to market and entity stability. In the agricultural and rural revitalization sector, we are following the call for building up China's strength in agriculture and adapting to development trends in the new era. For example, we have launched a special campaign to comprehensively improve the quality and efficiency of our initiatives in agriculture and rural revitalization. This includes strengthening the coordination of agricultural loan allocation, and advancing Beijing's paired assistance and support for villages with weak collective economies to fully promote rural revitalization.

Inclusive finance-related Key Points highlights in <i>Outline of Hua Xia Bank Development Plan 2021-2025</i>	
1	We remain committed to our strategic continuity to keep branding ourselves as a financial service provider for SMEs, ensuring full compliance with policy requirements for serving micro and small enterprises. As a state-owned financial institution, we actively fulfill our social responsibilities and strive to become the best partner for SMEs throughout their growth journey.
2	We vigorously support the rural revitalization strategy by deepening financial services for agriculture, rural areas and farmers, actively contributing to their reform and development.

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

We have conducted a detailed and systematic impact analysis of our on-balance lending portfolio using the UNEP FI Portfolio Impact Analysis Tool for Banks (April 2025 version). This tool enables us to identify both positive and negative environmental, social and economic impacts of our portfolio. We then map these impacts with international and domestic priorities and key policies to determine the most material impact areas, which then inform our target-setting and action planning.

In 2024, the Group recorded operating income of RMB 97.146 billion, with net interest income accounting for 63.89%. 69.45% of the total interest income came from the interest of loans and advances, within which corporate lending contributed 60.67%.

Given this composition, conducting impact analysis on our corporate banking segment allows us to identify and assess the most significant impacts generated by our asset portfolio, which will serve as the foundation for establishing our sustainability-related targets.

For more information, please refer to:

- 3.4.1 Operating income, 2024 Annual Report, Page 28
- 3.4.2 Net interest income, 2024 Annual Report, Page 29-32

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

We adjust and optimize our asset structure while maintaining prudent risk control to enhance our capacity for serving the real economy. Through comprehensive industrial analysis, we have identified the top 10 industries holding the largest proportion in our corporate loan portfolio and conducted both positive and negative impact assessments from a sustainability perspective. As of the end of 2024, the analyzed key sectors represented RMB 1,469.875 billion in loan balances, accounting for 62.11% of the Bank's total loans.

Looking at the loan distribution and proportion by industry, as of the end of 2024, industries with a significant share of loans include: leasing and business services (20.36%), manufacturing (10.82%), hydraulic engineering,

For more information, please refer to:

- 3.8.3 Distribution of loans and NPLs by industry, 2024 Annual Report, Page 43

environmental, and public utility management (5.73%), wholesale and retail (5.72%), real estate (4.19%), and construction (3.97%).

Industry	Loan balances at the end of 2024 (million RMB)	Percentage of loan balances at the end of 2024
Leasing and business services	481,803	20.36%
Manufacturing	256,067	10.82%
Hydraulic engineering, environmental, and public utility management	135,604	5.73%
Wholesale and retail	135,387	5.72%
Real estate	99,208	4.19%
Construction	93,858	3.97%
Electricity, heat, gas, and water production & supply	87,989	3.72%
Transportation, storage, and postal services	80,987	3.42%
Finance	62,999	2.66%
Mining	35,973	1.52%
Other	896,442	37.89%
Total	2,366,317	100.00%

Our analysis using the UNEP FI Portfolio Impact Analysis Tool (April 2025 version), including its business identification tool and context module for banking institutions, reveals that our corporate banking operations significantly impact the following high-relevance areas for China: availability, accessibility, affordability, and quality of resources/services; reduction of regional economic disparities; SDG 9 (industry, innovation and infrastructure) and SDG 11 (sustainable cities and communities); as well as circular economy, climate stability, biodiversity, and healthy ecosystems (including SDG 14 - life below water and SDG 15 - life on land). Additionally, our micro and small enterprise banking services positively contribute to SDG 8 (decent work) and SDG 9 (industry, innovation and infrastructure).

Notably, the availability, accessibility, affordability, quality of resources and services and socio-economic convergence align with inclusive finance; while circular economy, climate stability, biodiversity and healthy ecosystems align with national policies.

Beyond the findings from the UNEP FI Portfolio Impact Analysis Tool, we also actively promote climate stability through dedicated products and services including green loans, green leasing and green bonds that support green energy and green transportation.

We have identified the following climate-related risks at the asset level:

Table 1: Environmental and climate risks identified in selected industries

Industry	Physical risks		Transition risks	
	Description	Duration & extent	Description	Duration & extent
Petrochemicals (crude oil processing, ethylene, and ethanol)	Oil and gas extraction impacted by extreme weather events	Short- to medium-term with minimal impact	Policy, technical, and market risks	Short- to medium-term with minimal impact

Chemicals (calcium carbide and synthetic ammonia)	Rising sea levels	Medium- to long-term with minimal impact	Policy and technical risks	Short-term with minimal impact
Building materials (cement clinker and flat glass)	Production disrupted by typhoons, floods, and other extreme weather events	Medium- to long-term with minimal impact	Policy and technical risks	Short-term with minimal impact
Iron & Steel (crude steel)	Production disrupted by Typhoons, floods, and other extreme weather events	Medium- to long-term with minimal impact	Policy and technical risks	Short-term with minimal impact
Non-ferrous metals (electrolytic aluminum and copper smelting)	Production disrupted by Typhoons, floods, and other extreme weather events	Medium- to long-term with minimal impact	Policy and technical risks	Short-term with minimal impact
Paper manufacturing (pulp production, machine-made paper, and paperboard manufacturing)	Deforestation in upstream areas leads to soil erosion, reducing flood resilience	Long-term with minimal impact	Policy risks	Short-term with minimal impact
Electricity (pure power generation, Combined Heat and Power (CHP), and power supply)	Sea level rise and extreme weather (e.g., freezing rain) have high potential to damage power infrastructure	Long-term with minimal impact	Policy risks	Short-term with minimal impact
Aviation (air passenger transport, air cargo transport, and airport operations)	Extreme climate disasters (e.g., typhoons, floods) may significantly impact costs for safe takeoff/landing and operational turnover rates, causing measurable revenue losses	Medium- to long-term with minimal impact	Policy and market risks	Medium- to long-term with minimal impact

See Principle 3 for opportunities identified.

Transition risks by industry

- Petrochemicals (crude oil processing, ethylene, and ethanol)

Policy risks: *China's Action Plan for Industrial Carbon Peaking* mandates that: by 2025, the petrochemical industry must achieve progress in “reducing oil output while increasing chemical production,” with new “refining-chemical integration” projects required to limit refined oil yield to below 40% of crude oil processing volume while improving the output and quality of chemical products like ethylene. Besides, by 2030, short-process synthesis technologies such as one-step conversion of syngas to light olefins and ethanol must achieve scaled application. Additionally, raising carbon prices through national and international programs may substantially increase operational (compliance) costs for specific subsectors. *The Energy Conservation and Carbon Reduction Action Plan for Refining Industry (2024)* issued by five agencies including the NDRC requires to limit China's primary crude processing capacity within 1 billion tons by the end of 2025 and to further improve energy efficiency, ensuring that over 30% of production capacity meets benchmark energy efficiency standards, and that substandard capacity either completes technological upgrades or becomes phased out. To meet these regulatory requirements, enterprises will need to raise investments in facility and technology.

Technical risks: Energy-saving and carbon-reduction policies promote specific technologies including the energy-saving technology of Vacuum Distillation Unit (VDU) overhead system, low-coke formation technology in catalytic cracking, liquid-phase aviation kerosene hydrotreating technology, microchannel technology, and high-efficiency separation technologies. These policies impose higher requirements on the energy-saving and carbon-reduction retrofits of production equipment and the upgrades of energy-consuming devices, necessitating clean and low-carbon energy substitution and greater investment in clean decarbonization technologies. The elimination of regionally implemented electricity price subsidies for energy-intensive industries will further raise operational costs.

Market risks: Demand for refined products will decline as downstream sectors implement bans on virgin/single-use plastics.

- Chemicals (calcium carbide and synthetic ammonia)

Policy risks: The NDRC issued *Action Plan for Enforcing Strict Energy Efficiency Standards and Promoting Energy Conservation and Carbon Reduction in Key Petrochemical & Chemical Industries (2021-2025)*, a specialized policy for petrochemical and chemical industries. This plan sets a target for over 30% of production capacity in the synthetic ammonia and calcium carbide sectors to meet benchmark energy efficiency standards by 2025 with energy saving and carbon reduction initiatives. Besides, the NDRC and four other agencies jointly issued the *Special Action Plan for Energy Conservation and Carbon Reduction in the Synthetic Ammonia Industry (2024)*, which further mandates that by the end of 2025, 30% of synthetic ammonia production capacity should achieve benchmark efficiency standards, while all capacity below the standards must undergo technological upgrades or be phased out. To meet these regulatory requirements, enterprises will need to raise investments in facility and technology.

Technical risks: Energy conservation and carbon reduction policies are imposing stricter requirements on the energy-saving and carbon-reduction retrofits of production equipment and the upgrade of energy-consuming devices. Technologies involved in such initiatives include advanced 6.5 MPa and higher-pressure entrained-flow gasification, isothermal shift conversion, three-stage

flash distillation, and CO₂ /NH₃ cascade refrigeration systems, along with enhanced waste heat/pressure recovery and low-carbon substitution of feedstock/fuel. Application of such clean decarbonization technologies require substantially increased investment. Meanwhile, the elimination of regionally implemented electricity price subsidies for energy-intensive industries will lead to higher operational costs.

- Building materials (cement clinker and flat glass)

Policy risks: In accordance with the *Catalogue for Guiding Building Material Industry to Phase Out Outdated Production Capacity* (2019 Edition), cement clinker production lines with capacities of 2,000 t/d or 2,500 t/d will face mandatory phase-out in the near term. The *Action Plan for Building Material Industry to Achieve Carbon Peaking* further stipulates that during the 14th Five-Year Plan period, significant progress must be made in industrial restructuring, with continuous promotion of energy-saving and low-carbon technologies leading to sustained reductions in energy consumption and carbon intensity per unit of key products like cement and glass. The *Specialized Action Plan for Energy Conservation and Carbon Reduction in Cement Industry* jointly issued in 2024 by NDRC and four other agencies requires that by 2025, cement clinker production capacity should be controlled at approximately 1.8 billion tons, with over 30% of capacity meeting energy efficiency benchmark standards while substandard capacity must complete technological upgrades or be phased out, alongside achieving a minimum 3.7% reduction in comprehensive energy consumption per unit of cement clinker compared to the 2020 levels. Consequently, the building material industry will confront increasingly stringent environmental supervision and carbon emission constraints, exposing enterprises to potential penalties including fines, production suspensions, and license revocations that could significantly disrupt normal operations.

Technical risks: Energy conservation and carbon reduction policies are imposing increasingly stringent requirements on the energy-saving and carbon-reduction retrofits of production equipment and the upgrades of energy-consuming devices. To meet China's "dual carbon" goals, the industry must progressively transition to low-carbon fuel alternatives and comprehensively achieve green transformation for both cement production methods and end products. This transition demands substantially increased investment in clean decarbonization technologies.

- Iron & Steel (crude steel)

Policy risks: Steel enterprises face constraints from restrictive policies such as the *14th Five-Year Plan for the Raw Material Industry* and the *Implementation Measures for Capacity Replacement in the Steel Industry*, which mandate to accelerate elimination of outdated capacity and to improve energy efficiency. The *Special Action Plan for Energy Conservation and Carbon Reduction in the Steel Industry* issued in 2024 by NDRC and four other agencies requires that 30% of steel production capacity meet energy efficiency benchmark standards, while substandard capacity must undergo technological upgrades or be phased out, necessitating additional facility and technology investments to ensure compliance. Meanwhile, the steel industry is poised to become the third sector to be included in the national carbon market, following electricity and building materials, exposing steel producers to carbon emission trading costs. The introduction of restrictive policies and the emission trading system may lead to substantial carbon trading costs, thereby impacting corporate finances, increasing operational costs and compliance risks for steel industry clients, and potentially elevating their default risks.

Technical risks: The *Guidelines on Promoting High-Quality Development of the Iron and Steel Industry* jointly issued by Ministry of Industry and Information Technology(MIIT), NDRC, and MEE in 2022 proposed to encourage key regions to raise their elimination standards and phase out inefficient, high-energy-consumption, and high-pollution processes and equipment such as walking beam sintering machines and shaft pellet furnaces. The *Special Action Plan for Energy Conservation and Carbon Reduction in the Steel Industry* requires improving the energy-saving and carbon reduction performance of new projects and accelerating energy-saving and carbon-reduction retrofits and the upgrade of energy-consuming equipment. It aims to promote waste energy recovery throughout the entire production, increase the proportion of short-process steel making with electric arc furnaces, and accelerate the development of new low-carbon smelting models. The application of new technologies carries certain technical risks and requires more costs on technology retrofits.

- Non-ferrous metals (electrolytic aluminum and copper smelting)

Policy risks: The *Implementation Plan for Carbon Peaking in the Nonferrous Metal Industry* issued in 2022 by MIIT, NDRC, and MEE proposed to maintain total capacity constraints for electrolytic aluminum, strictly enforce capacity replacement measures, research differentiated capacity reduction and replacement policies for electrolytic aluminum, raise industry access thresholds, and comply strictly with project registration, environmental impact evaluation, and energy conservation review regulations for new, modified, and expanded smelting projects. Under this stringent regulatory environment, enterprises face increased legal compliance risks from environmental penalties. The *Special Action Plan for Energy Conservation and Carbon Reduction in the Electrolytic Aluminum Industry* issued in 2024 by NDRC and four other agencies requires that by the end of 2025, 30% of electrolytic aluminum production capacity must meet energy efficiency benchmark standards, substandard capacity must complete technological upgrades or be phased out, and the industry's renewable energy utilization ratio must reach at least 25%. Compliance with these regulations necessitates additional facility and technology investments. The policies in this regard also prohibit electricity price subsidies for the electrolytic aluminum industry and require the key energy-consuming enterprises including electrolytic aluminum producers to conduct fossil energy consumption budget management, which will also negatively impact corporate costs.

Technical risks: To achieve low-carbon transition, relevant enterprises must vigorously promote energy-saving and carbon-reduction retrofits, apply non-fossil energy alternatives, advance coordinated green development across industrial chains, and increase investment in decarbonization projects and R&D. All of these initiatives will raise operational costs in the short term.

- Paper manufacturing (pulp production, machine-made paper, and paperboard manufacturing)

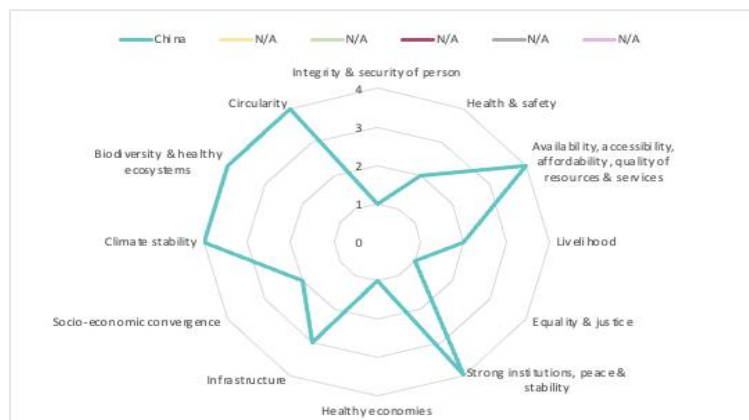
Policy risks: *Action Plan for Industrial Carbon Peaking* clearly requires that the paper manufacturing industry should establish collection, storage and transportation systems for agricultural and forestry biomass residues; develop and apply technologies for biomass substitution of fossil fuels; and promote low-carbon practices including energy-efficient pulping, oxygen delignification, wide-nip pressing, and sludge drying. With the tightening of environmental regulations, the paper industry will face constraints on production capacity and pressures from capacity replacement, which will increase operational costs for some SMEs.

<p>- Electricity (pure power generation, CHP, and power supply)</p> <p>Policy risks: The electricity sector was the first industry included in China's national carbon market. According to the <i>Interim Regulations on the Administration of Carbon Emission Trading</i> and the calculations on the national carbon market prices, corporate carbon emission costs will gradually increase. Meanwhile, the government is implementing restrictive measures on coal-fired power units and promoting the transition of the electricity system by increasing the proportion of renewable energy in the grid. These measures will significantly reduce the annual utilization rates and economic benefits of existing thermal power units, severely impacting corporate revenues and profits.</p> <p>- Aviation (air passenger transport, air cargo transport, and airport operations)</p> <p>Policy risks: The aviation industry, now with high emissions, will face stringent environmental regulations, but in the post-pandemic period, supportive policies remain dominant to facilitate the sector's gradual recovery.</p> <p>Market risks: The aviation industry currently relies primarily on carbon offsets for emission reduction, requiring participants to purchase emission reduction units generated from recognized programs, which will increase operational costs for enterprises.</p>	
<p>c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p><i>This step aims to put your bank's portfolio impacts into the context of society's needs.</i></p>	
<p>Response</p> <p>Utilizing the context module of the UNEP FI Portfolio Impact Analysis Tool (April 2025 version), we have conducted a comprehensive background analysis of our operating locations. This analysis is based on China's 14th Five-Year Plan, the 2024 Report on the Work of the Government, and key policies including the <i>Guidelines on Financial Supporting for Green and Low-Carbon Development</i>, the <i>Guiding Opinions on the Development of Technology Finance</i>, <i>Green finance</i>, <i>Inclusive finance</i>, <i>Pension Finance and Digital Finance in the Banking and Insurance Industries</i>, the <i>Opinion on Accelerating the Comprehensive Green Transition in Social and Economic Development</i>, and the <i>Opinions on Leveraging Green Finance to Support the Beautiful China Initiative</i>. In combination with the results from stakeholder communication and the analysis on material issues, we have eventually identified the following primary challenges and key policy directions about sustainability in our operating regions, including:</p> <ul style="list-style-type: none"> • Climate stability, biodiversity&healthy ecosystems, and circular economy (align with green finance) • Availability, accessibility, affordability, quality of resources and services (align with inclusive finance) 	<p><i>For more information, please refer to:</i></p> <ul style="list-style-type: none"> - <i>Stakeholder Communication, 2024 Social Responsibility Report, Page 11</i> - <i>2023 Social Responsibility Report, Page 21</i> - <i>Materiality Analysis, 2024 Social Responsibility Report, Page 10</i> - <i>2023 Social Responsibility Report, Page 19</i>

a. Level of need by country and locations (if applicable)

country:
locations:

China
N/A;N/A;N/A;N/A;N/A



Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2) ? Please disclose.

Response

With a comprehensive analysis on China's priority topics in environmental, social, and economic area, key policy directions, the proportion of bank assets involved in relevant impact areas, and stakeholder concerns, we have identified climate change mitigation and inclusive finance as the two most critical impact areas, giving them priority in our target-setting process.

For more information, please refer to:

- Inclusive Finance, 2024 Social Responsibility Report, Page 15-16
- Supporting rural vitalization, 2024 Social Responsibility Report, Page 72-75
- Addressing Climate Change, 2024 Social Responsibility Report, Page 50-57
- 2023 Social Responsibility Report, Page 86-91
- Environment-related risk management, 2024 Environmental Information Disclosure Report (Chinese version), Page 33-36

d) For these (min. two prioritized impact areas): **Performance measurement:** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

<p><i>Response</i></p> <p>We have conducted performance evaluations of industries that generate both positive and negative impacts on climate stability and inclusive finance, identifying those sectors with significant influence on climate change mitigation and inclusive finance.</p> <p>Climate change mitigation</p> <p>- Industries with impact:</p> <p>By analyzing China's emission control policies for high-emission industries and government guidance on green finance, combined with our credit business profile, we have identified the following key sectors in our portfolio that significantly impact climate change mitigation: (1) manufacturing, (2) hydraulic engineering, environmental, and public utility management, (3) construction, (4) real estate, (5) electricity, heat, gas, and water production & supply, (6) transportation, storage, and postal services, and (7) mining.</p> <p>- Client segment</p> <p>We actively address climate change by thoroughly implementing national industrial & environmental policies and financial regulations. We offer strong support for clean, low-carbon, safe, and efficient energy system building; industrial transformation & upgrading and green intelligent manufacturing; green & low-carbon transportation system building; energy-saving & low-carbon transformation in the construction sector; ecological and environmental protection industry development; and transition finance growth.</p> <p>- Performance measurement indicator</p> <p>We have adopted green loan balance as the key indicator to evaluate performance in climate change mitigation.</p> <p>Inclusive finance</p> <p>- Industries with impact</p> <p>The key sectors in our portfolio that significantly impact inclusive finance include: (1) wholesale and retail, and (2) manufacturing.</p> <p>- Client segment</p> <p>We have defined key priority for our inclusive finance business, which is promoting a "Industrial park & commercial area-chain" ecosystem for client acquisition. This approach focuses on extending key corporate chains and industrial chains both upstream and downstream, attracting more quality clients within industrial parks and trade associations, and expanding the market and commercial areas grid by grid to help SMEs acquire large groups of clients by chain. We are also accelerating strategic coverage in specific fields including manufacturing and the specialized, refined, differential and innovative (SRDI) enterprises, with particular support for SRDI enterprises that use special and sophisticated technologies to produce novel and unique products, enterprises awarded with individual manufacturing champion, gazelle enterprises and other high-tech enterprises. We have implemented a rural revitalization action plan that concentrates on key beneficiary groups such as inclusive agriculture-related micro and small enterprises and farming households, contributing to rural revitalization efforts.</p>	<p><i>For more information, please refer to:</i></p> <p>- <i>Addressing Climate Change, 2024 Social Responsibility Report, Page 50-57</i></p> <p>- <i>2023 Social Responsibility Report, Page 86-91</i></p> <p>- <i>Environment-related risk management, 2024 Environmental Information Disclosure Report (Chinese version), Page 33-36</i></p> <p>- <i>Serving Regional Development Strategies, 2024 Social Responsibility Report, Page 22-37</i></p> <p>- <i>2023 Social Responsibility Report, Page 28-31</i></p> <p>- <i>Inclusive Finance, 2024 Social Responsibility Report, Page 15-16</i></p> <p>- <i>Supporting rural vitalization, 2024 Social Responsibility Report, Page 72-75</i></p> <p>- <i>Developing Green Financial Products, Deepening Green Finance Cooperation, 2024 Social Responsibility Report, Page 61-69</i></p> <p>- <i>Appendixes: CSR Performance, 2024 Social Responsibility Report, Page 118-119</i></p>
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<p>- Performance measurement indicator</p> <p>We have adopted balance of inclusive finance loans to micro and small enterprises as the key indicator to evaluate performance in inclusive finance.</p>	
<p>2.2 Target Setting (Key Step 2)</p> <p>Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.</p> <p>The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:</p> <p>a) <u>Alignment:</u> which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.</p> <p><i>You can build upon the context items under 2.1.</i></p>	
<p><i>Response</i></p> <p>Climate change mitigation</p> <p>Our indicators and targets in climate change mitigation align with the SDGs, the <i>Paris Agreement</i>, the <i>Outline of the 14th Five-Year Plan for Economic and Social Development (2021–2025)</i> and <i>Long-Range Objectives through the Year 2035 of the People's Republic of China</i>, and China's green finance development framework. In accordance with policy requirements including the <i>Guidelines for Establishing the Green Financial System</i>, the <i>Guiding Opinions on Promoting Investment and Financing for Responding to Climate Change</i>, and the <i>Guidelines on Green Finance for the Banking and Insurance Sectors</i>, we implement concrete measures across multiple dimensions - system development, business promotion, standard certification, and theoretical research - to advance green and low-carbon development.</p> <p>Inclusive finance</p> <p>Our indicators and targets in inclusive finance align with the <i>Notice on Promoting Inclusive Lending</i> in 2024 issued by the General Office of NFRA , focusing on the credit demand in key areas such as micro and small enterprises, agriculture-related businesses, and key supported groups. We are exploring new models for digital inclusive finance development, innovating featured financial products for micro and small enterprises, and performing solid measures to ease the burden for enterprises. In implementing rural revitalization policy requirements, we are strengthening the coordination of agricultural loan allocation, continuously advancing Beijing's paired assistance and support for villages with weak collective economies to fully promote rural revitalization.</p>	<p><i>For more information, please refer to:</i></p> <p>- <i>Addressing Climate Change, 2024 Social Responsibility Report, Page 50-57</i></p> <p>- <i>2023 Social Responsibility Report, Page 86-91</i></p> <p>- <i>5.2.2 Efforts on poverty alleviation and rural vitalization, 2024 Annual Report, Page 100</i></p> <p>- <i>Inclusive Finance, 2024 Social Responsibility Report, Page 15-16</i></p> <p>- <i>Supporting rural vitalization, 2024 Social Responsibility Report, Page 72-75</i></p> <p>- <i>Policy system, 2024 Environmental Information Disclosure Report (Chinese version), Page 19</i></p> <p>- <i>2023 Environmental Information Disclosure Report (Chinese version), Page 15-16</i></p>
<p>b) <u>Baseline:</u> Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.</p> <p><i>You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.</i></p> <p>In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.</p>	

<p><i>Response</i></p> <p>For baseline, we have drawn upon UNEP FI's Theory of Change for climate mitigation and Theory of Change for financial health & inclusion, applied the Impact Identification Module of the UNEP FI Portfolio Impact Analysis Tool (April 2025 version), and aligned with our development planning cycle and China's regulatory framework adjustments to eventually decide on green loan balance and inclusive loan balance for micro and small enterprises as of year-end 2021 as baselines. By the end of 2021, our green loan balance stood at RMB 208.477 billion, while the balance of inclusive loans for micro and small enterprises reached RMB 138.039 billion.</p>	<p><i>For more information, please refer to:</i></p> <ul style="list-style-type: none"> - <i>Addressing Climate Change, 2024 Social Responsibility Report, Page 50-57</i> - <i>2023 Social Responsibility Report, Page 86-91</i> - <i>Inclusive Finance, 2024 Social Responsibility Report, Page 15-16</i> - <i>Supporting rural vitalization, 2024 Social Responsibility Report, Page 72-75</i> - <i>Environment-related risk management, 2024 Environmental Information Disclosure Report (Chinese version), Page 33-36</i> - <i>Environmental impacts of investment and financing, 2024 Environmental Information Disclosure Report (Chinese version), Page 57-65</i>
<p>c) <i>SMART targets</i>(incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	
<p><i>Response</i></p> <p>Climate change mitigation</p> <p>Our target in climate change mitigation focuses on expanding green loan balance. We set annual growth rate targets for green loans and regularly monitor progress. For 2024, the green loan target was a minimum 6.3% growth rate, while the 2025 target aims to increase the loan balance by RMB 50 billion.</p> <p>Inclusive finance</p> <p>For inclusive finance, our target is to maintain sustained growth in inclusive loans for micro and small enterprises, for which we set up annual plans with a growth rate no less than the overall loan growth rate.</p>	<p><i>For more information, please refer to:</i></p> <ul style="list-style-type: none"> - <i>Addressing Climate Change, 2024 Social Responsibility Report, Page 50-57</i> - <i>2023 Social Responsibility Report, Page 86-91</i> - <i>Inclusive Finance, 2024 Social Responsibility Report, Page 15-16</i> - <i>Supporting rural vitalization, 2024 Social Responsibility Report, Page 72-75</i> - <i>Environment-related risk management, 2024 Environmental Information Disclosure Report (Chinese version), Page 33-36</i>

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

<p><i>Response</i></p> <p>Climate change mitigation</p> <ul style="list-style-type: none"> ● Continuously improve a sustainable green finance development mechanism that ensures controllable risks, economic feasibility, and demonstrable social responsibility. ● Align with China's "dual carbon" strategic framework and enhance service capabilities for green and low-carbon transition. ● Build a full-range product portfolio to strengthen the Group's competitiveness in integrated financial services. ● Enhance the ESG risk management system to reinforce governance over ESG and climate-related risks. ● Accelerate digital transformation in green finance to unlock the innovative potential of fintech. ● Elevate brand reputation to showcase CSR influence. <p>Inclusive finance</p> <ul style="list-style-type: none"> ● We adhere to a "client-oriented" approach by enhancing market acumen and client service insights, driving product innovation and service optimization aligned with client needs. Also, we keep improving the suitability of inclusive financial services to cater to the diversified financial demands of micro and small enterprises. ● We commit to sustainable development, addressing both "policy requirements" and "growth objectives" to advance the quality and efficiency of inclusive finance and secure reasonable returns through high-quality development. ● We embrace systemic thinking by establishing a bank-wide holistic strategy and implementing comprehensive planning. Headquarters shall strengthen mechanisms for strategic coordination, resource allocation, credit policies, and talent development, while branches develop operational models, product innovation, technology and finance integration, risk management, and team-building tailored to local conditions—ensuring our initiatives for inclusive finance are systematic, holistic, and coordinated. ● We pursue digital transformation by holistically advancing digitization across risk control, marketing, business operations, and service delivery. In this regard, we have established an end-to-end digital operational framework for inclusive finance to refine service models, boost service efficiency, reduce operation costs, and consistently elevate client experience as well as financial service quality and efficiency. <p>We are committed to group-wide synergy and leverage the Group's resource advantages to expand the scope and depth of inclusive finance. Guided by integrated services, we intensify cross-business collaboration and bank-subsidiary coordination to innovate financial products and service models and strengthen our integrated financial support for micro and small enterprises.</p>	<p><i>For more information, please refer to:</i></p> <p>- <i>Addressing Climate Change, 2024 Social Responsibility Report, Page 50-57</i></p> <p>- <i>2023 Social Responsibility Report, Page 86-91</i></p> <p>- <i>Inclusive Finance, 2024 Social Responsibility Report, Page 15-16</i></p> <p>- <i>Supporting rural vitalization, 2024 Social Responsibility Report, Page 72-75</i></p> <p>- <i>Environment-related risk management, 2024 Environmental Information Disclosure Report (Chinese version), Page 33-36</i></p>
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2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

Climate change mitigation

We actively practice General Secretary Xi Jinping's vision for ecological civilization, uphold the brand philosophy of "Sustainability for a Better Future," and remain firmly committed to the path of ecological conservation and green development. In line with the decisions and plans of the Central Financial Work Conference, we focus on developing green finance to support the "Beautiful China" initiative. Guided by national priorities, leveraging financial capabilities, and drawing on our own unique strengths, we firmly uphold the political and people-oriented nature of finance. We enhance our functional positioning and follow the strategic goal of "Creating a New Feature in Green Finance". We deepen green finance initiatives and strengthen our presence in green financial markets, continuously expanding green financial resource allocation and product innovation, while enhancing environmental risk management capabilities and compliance standards. With a focused commitment to carbon peak and neutrality goals, we leverage green finance as a catalyst to fulfill social responsibilities. Embracing innovation-driven approaches, we are pioneering a new chapter of high-quality development.

- We continue to enhance the top-level design and system building for green finance, optimizing sustainable governance frameworks. We have formulated a group-wide green finance action plan aligned with strategic objectives, leveraging our financial group advantages to strengthen coordinated operations, increase resource allocation, diversify product offerings, enhance professionalism, and build distinctive brand value, providing comprehensive financial support for sustainable development.
- We consistently improve our ESG risk management mechanism, implementing a prudent ESG risk appetite. Adhering to the basic principle of "full coverage, categorized management, and dynamic control," we strengthen risk management transmission. We develop and refine our ESG evaluation model for credit business, employing digital tools to manage ESG risks through identification, classification, early warning, and monitoring of environmental and social risks, thereby elevating risk management standards. We continue to conduct stress testing for climate risks, including newly introduced stress tests for physical risks, expanding both the depth and breadth of risk management.

Strictly following China's "dual carbon" strategic framework and actively supporting the development of a Beautiful China initiative, we have seen a rapid growth in green loans for key sectors including energy conservation, environmental protection, and clean energy.

By the end of 2024, our green loan balance reached RMB 302.799 billion. Through Green Loans operations, we helped save 1.0372 million tons of standard coal, reduce CO₂ emissions by 2.5828 million tons, and conserve 7.8359 million tons of water resources as of the end of 2024.

For more information, please refer to:

- 5.1.2 Green finance, 2024 Annual Report, Page 98-99

- 3.3.3 Inclusive finance, 2024 Annual Report, Page 25

- 3.12.2 Inclusive finance, 2024 Annual Report, Page 57

- Addressing Climate Change, 2024 Social Responsibility Report, Page 50-57

2023 Social Responsibility Report, Page 86-91

- Inclusive Finance, 2024 Social Responsibility Report, Page 15-16

- Supporting rural vitalization, 2024 Social Responsibility Report, Page 72-75

- Environment-related risk management, 2024 Environmental Information Disclosure Report (Chinese version), Page 33-36

In 2024, we supported the development of clean, low-carbon, safe, and efficient energy systems, with green loans to the clean energy sector growing 25.27% year-on-year. We facilitated industrial transformation and green intelligent manufacturing through a 42.18% increase in loans for green equipment manufacturing. For low-carbon transition in construction and transportation, green transportation loans rose 22.7%. We also supported the ecological and environmental sector by providing RMB 46.07 billion in biodiversity protection loans (exceeding 15% of total green loans) and realizing 22.25% growth in pollution control/resource recycling loans.

- We continue to improve our full-range product portfolio and actively explore new business models, having developed innovative green financial products such as “investment-linked loans,” “water rights loans,” “intellectual property-linked loans,” and “carbon reduction loans.” Meanwhile, we have established a complete green financial product and service system encompassing green loans, green investments, green bond underwriting, green leasing, green wealth management, and green consumption. We have consistently enhanced green financial service channels and professionalism, achieving an 18% growth in green investments and a 59% increase in outstanding green-themed public funds under custody; underwriting 54 overseas green, blue, sustainability or social bonds; and launching 8 green supply chain platforms. Furthermore, we have strengthened international cooperation by deepening our partnership with the World Bank in the energy sector and implementing the Asian Development Bank’s “Promoting Industrial Park Green and Low-Carbon Development Project.” Through enhanced domestic and international exchanges and collaboration, we have expanded the influence of our “Green Growth for Beautiful Hua Xia” brand.
- We consistently work to prevent and control risks to biodiversity arising from investment and financing activities by proactively identifying, assessing, and managing biodiversity-related risks, while preventing and addressing financial risks resulting from biodiversity loss. In October 2024, to comprehensively enhance financial support for biodiversity conservation, we formulated and issued the *Hua Xia Bank Guidelines on Financial Support for Biodiversity*, which institutionalize our commitment and capabilities in supporting biodiversity protection. The Guidelines improve the methodologies, tools, and systems for assessing the impact of investment and financing activities on biodiversity. Based on the Guidelines, we consider the sensitivity of involved economic activities (industries) and the ecological vulnerability of project locations, and adopt the evaluation tools to assess the dependencies and impacts of the credit business on biodiversity. Then we investigate whether corporate clients have developed corresponding risk mitigation plans based on ecological impact assessments, and the post-implementation effects on biodiversity. This framework aims to maximize the avoidance, reduction, restoration, and compensation of negative biodiversity impacts from investment and financing activities.
- We have launched an environmental and social risk early-warning module and introduced external data sources to enable automated identification, categorization, alerting, monitoring, and evaluation of such risks. This initiative is able to proactively detect major environmental and social risks, elevating our ESG risk management capabilities through further digital transformation.
- As of the end of 2024, the Group’s total green finance business balance reached RMB 422.236 billion. The Bank’s green loan balance (PBoC-caliber) stood at RMB 302.799 billion, reflecting an increase of RMB 33.526 billion from the beginning of the year, representing 12.45% growth.

Performance measurement indicator	End of 2022	End of 2023	End of 2024
Green loan balance (RMB 100 million)	2,470.35	2,692.73	3,027.99

Inclusive finance

In 2024, we closely aligned with the new wave of technological revolution and industrial transformation, reshaping the inclusive financial services landscape through inclusive digital empowerment. We focused on serving specific groups including micro and small enterprises, agriculture/rural areas/farmers, new urban residents, and workers in emerging employment sectors. By improving our modern financial system with enhanced adaptability, competitiveness and inclusiveness, we continued to polish our distinctive brand as a financial service provider for SMEs.

- We optimized our marketing approach and formulated the work plan for promoting high-quality development of inclusive finance to clarify business directions and implementation pathways. By implementing the client acquisition principle of “upstream-downstream combination, park-area-chain promotion and online processing,” we developed tailored financial service solutions for micro and small enterprises with “one industry, one strategy” approach. With these marketing strategies, we were able to enhance proactive marketing capabilities.
- With enhanced digital empowerment, we innovated digital inclusive products tailored for micro and small enterprises, building the “Hua Xia Inclusive Express” digital product brand. Service channels were optimized through mobile banking products like quick business loan, merchant loan, and market loan. Meanwhile, inclusive digital solutions such as remote video interviews and audio-video recording for face-to-face contract signing were also successfully launched.
- We have enhanced support for technological finance. By developing a financial service plan for tech firms, the inclusive finance segment optimized credit access and authorization management for SRDI enterprises. The risk control system for tech firms was improved and the implementation rules for due diligence were revised. The exemption eligibility criteria and scope for micro and small tech enterprises were added to address the problem of “not daring to do business” with them.

As of the end of 2024, the balance of inclusive loans to micro and small enterprises reached RMB 182.633 billion, representing a growth rate of 4.35% compared to the end of the previous year.

Performance measurement indicator	End of 2022	End of 2023	End of 2024
Balance of inclusive loans to micro and small enterprises (RMB 100 million)	1,609.04	1,750.11	1,826.33

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

Climate change mitigation

- Internal Policies

We have established the following climate change mitigation-related Internal policies : *Outline of Hua Xia Bank Development Plan 2021-2025, Hua Xia Bank Carbon Peaking Action Plan, Hua Xia Bank Administrative Measures for Green Finance, Hua Xia Bank Administrative Measures for Carbon Credits- backed Financing Business (Provisional), Guiding Opinions on Environmental, Social and Governance Risk Management of Corporate Credit Business of Hua Xia Bank, and Hua Xia Bank Credit, Investment and Financing Policy for 2024.* These documents clearly define the scope of green finance as economic activities aimed at environmental improvement, climate change mitigation, as well as resource conservation and efficiency. They are financial services for project investment & financing, operations, and risk management in sectors such as environmental protection, energy conservation, clean energy, green transportation, and green building. They enable a more comprehensive, precise, and thorough implementation of the new development philosophy and strengthen support for green, low-carbon, and circular economies.

The *Hua Xia Bank Administrative Measures for Green Finance* clearly define the organizational responsibilities, definitions, and standards for green finance, while establishing requirements for green finance policies, ESG risk management, internal controls, brand management, capacity building, and information disclosure.

The *Comprehensive Risk Management Policy of Hua Xia Bank*, in accordance with the former CBIRC's *Green Finance Guidelines for Banking and Insurance Industries* and the Bank's management needs, refines the definitions of ESG risks and incorporates them as a standalone risk category into the Bank's risk appetite management framework.

For more information, please refer to:

- 5.1.2 Green finance, 2024 Annual Report, Page 98-99

- 3.3.3 Inclusive finance, 2024 Annual Report, Page 25

- 3.12.2 Inclusive finance, 2024 Annual Report, Page 57

- 5.2.2 Efforts on poverty alleviation and rural vitalization, 2024 Annual Report, Page 100

- Environmental, 2024 Social Responsibility Report, Page 46-69

- Environmental, 2023 Social Responsibility Report, Page 84-103

- Inclusive Finance, 2024 Social Responsibility Report, Page 15-16

- Policy system, 2024

The *2024 Risk Management Strategy of Hua Xia Bank* explicitly advocates a “prudent” ESG risk appetite, adhering to the fundamental principles of “full coverage, categorized management, and dynamic control.” It mandates effective risk evaluation, identification, monitoring, and mitigation measures while strengthening process governance to continuously enhance ESG risk management standards for credit clients.

The *Risk Appetite Statement of Hua Xia Bank* emphasizes “upholding sustainability principles and accelerating the ‘Sustainable for Better Future’ branding initiative to proactively address impacts from green and low-carbon transition. We should guard against ESG risks while avoiding credit, reputational, and other risks arising from clients’ and their key related parties’ ESG exposures, thereby improving our own ESG risk management performance.”

The *Guiding Opinions on Environmental, Social and Governance Risk Management of Corporate Credit Business of Hua Xia Bank* integrate ESG risk management (including inclusive finance segment) into the entire credit business process, enhance ESG risk assessment criteria, and improve environmental information disclosure procedures.

The Guidelines aim to evaluate the sustainability of corporate operations and their impact on social values by utilizing clients’ non-financial information to assess their ESG impact. This enables effective identification, monitoring, and mitigation of ESG risks in business operations. Taking into account risk-return balance, policy guidance, and strategic objectives, we have preliminarily established a differentiated internal pricing strategy and mechanism for green loans. Eligible green businesses receive internal transfer pricing incentives to access lower-cost credit funding, thereby scaling up green business operations.

Based on the industrial distribution of investment and financing and the varying environmental sensitivities across different industries, the *Guidelines for Environmental and Social Risk Assessment of Key Industries* identify 10 key industries, including mining, smelting, thermal power, cement, printing and dyeing, and biomass utilization. For each industry, we have developed an environmental risk checklist, credit investigation guidelines for environmental risks, and key post-loan inspection points.

The *Hua Xia Bank Credit, Investment and Financing Policy for 2024* sets annual policy objectives for green finance business, continuing to implement differentiated industry classification management for green finance operations. It designates clean energy, energy-saving retrofits, and carbon emission reduction technologies as key support areas for green finance. Additionally, the Policy emphasizes advancing transition finance by enhancing the capability to identify and serve transition projects for high-carbon clients.

- Product and service system

We enhance our green finance service capabilities through “specialization + efficiency,” continuously improving our full-range product portfolio. We have launched specialized offerings such as energy performance contracting financing, household PV leasing, pooled financing for green projects, carbon emission quota pledge financing, and carbon forward guarantee. We are one of the first national carbon market settlement banks. We actively exploring new business models, and have developed innovative green products such as “investment-linked loans,” “water rights loans,” “intellectual property-linked loans,” and “carbon reduction loans,” establishing a robust green financial product and service system that consists of green loans, green investments, green bond underwriting, green leasing, green wealth management, and green consumption.

Environmental Information Disclosure Report (Chinese version), Page 19

2023 Environmental Information Disclosure Report (Chinese version), Page 15-22

We have also rolled out our self-developed green finance information management platform, standardizing and optimizing green finance business processes while promoting the informatization and digitalization of our green finance operations.

- Implementation

Advancing Green Finance to Build a New Distinctive Strength in Green Finance: Hua Xia Bank's Green Finance Action Plan further clarifies our development targets for green finance: “By 2025, we aim to achieve accelerated growth in green financial assets, maintaining our green loan ratio among the highest of comparable joint-stock banks. We will achieve year-on-year growth on the volume of non-credit green businesses, including green investments, underwriting of green debt financing instruments, green leasing, ESG wealth management products, and distribution of green funds and trusts. We will significantly enhance our ESG risk management capabilities for credit business, keeping the non-performing ratio of green loans below the bank-wide average for corporate lending.”

Inclusive finance

- Internal Policies

As early as 2009, we explicitly proposed the strategy to brand ourselves as a financial service provider for SMEs, establishing a professional, dedicated, and exclusive organizational system with solid financial product and business innovation. Our *Outline of Hua Xia Bank Development Plan 2021-2025* emphasized adhering to strategic continuity, continuously building the brand of “financial service provider for SMEs”, ensuring compliance with policy requirements for serving micro and small enterprises, fulfilling the social responsibilities of a state-owned financial institution, and striving to become the best partner for SMEs throughout their growth journey. The inclusive finance policies we have formulated include: *Work Plan of Hua Xia Bank for Promoting High-Quality Development of Inclusive Finance*, *Hua Xia Bank Implementation Plan for Comprehensively Promoting Rural Vitalization in 2023*, and *Implementation Plan of Hua Xia Bank for Advancing the Coordinated Mechanism to Support Financing for Micro and Small Enterprises*.

- Product and service system

Our inclusive financial products primarily consist of four major series: first, the digital inclusive financial product series, which breaks spatial constraints with online business processing and provides customers with small unsecured credit loans; second, the key-sector product series, focusing on nationally supported priority areas; third, the product series for the commercial area and supply chain scenarios, highlighting operational ecosystems; and fourth, the region-specific product series, developed in line with locally featured industries to offer tailored solutions that meet local client needs.

We are very proactive in developing standardized yet specialized product system. As of the end of 2024, our investment portfolio included 20 products and services with a focus on inclusive finance.

- Implementation

We leverage digital transformation to enhance inclusive financial services, continuously strengthening high-quality financial services for key strategies,

priority sectors, and weak areas. This has enabled the establishment of a new pattern of inclusive finance services featuring “overall planning, endogenous expansion, intensive management and digital impetus.”

First, we have refined our marketing model. By developing a work plan for promoting the high-quality development of inclusive finance, we were able to further clarify the development direction and implementation path of financial inclusion and strengthen policy guidance. We have also implemented and refined the coordination mechanism for supporting the financing of micro and small enterprises, ensuring early and effective financing for these enterprises through early planning, strong implantation by dedicated teams and quick visits. By implementing the client acquisition principle of “upstream-downstream combination, park-area-chain promotion and online processing,” we developed tailored financial service solutions for micro and small enterprises with “one industry, one strategy” approach. With these marketing strategies, we were able to enhance proactive marketing capabilities.

Second, we have enhanced digital empowerment. We innovated digital inclusive products tailored for micro and small enterprises, successfully building the “Hua Xia Inclusive Express” digital product brand. This includes various product series such as digital inclusive financial products, key-sector products, commercial area and supply chain scenario products, as well as region-specific products. We optimized service channels by developing the “Hua Xia Inclusive Express” mobile client, successfully launching digital inclusion features like remote video interviews and audio-video recording for face-to-face contract signing.

Third, we have enhanced support for priority fields. To meet the SRDI enterprises’ need for high-quality development, the inclusive finance segment developed a financial service plan for tech firms, optimizing credit access and authorization management and offering more policy support and resources for SRDI enterprises. The risk control system for tech firms was improved and the implementation rules for due diligence were revised. The exemption eligibility criteria and scope for micro and small tech enterprises were added to address the problem of “not daring to do business” with them.

Fourth, we have been supporting the industrial development in poverty-stricken areas. Guided by the credit policy, we granted the internal fund transfer pricing (FTP) incentives for all inclusive agriculture-related loans and credit facilities for key counties designated for assistance under the national rural vitalization strategy. According to local characteristics of resources and industrial development, we created new products and service models to step up the credit support for poverty-stricken areas. In 2024, we issued RMB 11.393 billion of targeted assistance loans and provided financing services for 321,100 people lifted out of poverty.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

Climate change mitigation

We attach great importance to environment-related risk management, incorporating ESG risks as a standalone risk category into our risk appetite management framework. We also pay close attention to environmental and

For more information, please refer to:

- 5.1.2 Green finance, 2024 Annual Report, Page 98-99

climate-related risks and opportunities across short-, medium- and long-term horizons, while employing fintech solutions to identify, assess and manage ESG risks.

We have identified the following environmental and climate-related opportunities:

Table 2: Environmental and climate opportunities identified in services and operations

Service category and operational management	Description	Duration & extent	Potential financial impact on the Bank
Green product and service	<p>We can design and provide financial products and services aligned with low-carbon transition needs—such as carbon-neutral finance and climate risk management—to meet diverse client demands, increase market share, and expand revenue streams.</p> <p>The continuous advancement of green financial product and service innovation can help enhance the adaptability of financial service systems and capabilities.</p> <p>Green development and low-carbon transition present new opportunities for banking business expansion. Sectors with growing market scale, including clean energy, energy saving, environmental protection, clean production, ecological conservation, green infrastructure upgrades, and transition finance offer banks expanded market potential and additional revenue streams.</p>	Medium-to long-term	Better asset quality and higher operating income
Resource efficiency and energy sources	<p>We can reduce electricity and water consumption in daily operations with energy-saving retrofits, employee behavior management, and circular technologies, eventually lowering operational costs.</p> <p>Where feasible, we can adopt renewable energy solutions such as distributed PV systems and green power procurement to replace fossil fuel consumption, thereby transitioning to cleaner and lower-carbon energy operations.</p>	Medium-to long-term	Reduced operation costs and enhanced social reputation

- 3.3.3 Inclusive finance, 2024 Annual Report, Page 25

- 3.12.2 Inclusive finance, 2024 Annual Report, Page 57

- Environmental, 2024 Social Responsibility Report, Page 46-69

2023 Social Responsibility Report, Page 84-103

- Inclusive Finance, 2024 Social Responsibility Report, Page 15-16

Application of low-carbon technologies	We can introduce and apply green and low-carbon technologies - including digital platforms, green data centers, and smart buildings - to reduce operation costs and carbon emissions while enhancing our sustainable development capabilities.	Medium-to long-term	Reduced operation costs and enhanced social reputation
Climate data services	We assist clients in better understanding and managing climate risks by providing climate data analysis and technical solutions, such as offering corporate climate risk assessments, sustainability advisory services, and advanced environmental data analytics tools.	Medium-to long-term	Higher operating income and enhanced social reputation

We have identified transition opportunities in certain high-carbon emission industries, including electricity, building materials, and iron & steel.

Table 3: Environmental and climate opportunities identified in selected industries

Industry	Description	Duration and extent
Petrochemicals (crude oil processing, ethylene, and ethanol)	At present, oil and gas remain central to China's energy security framework. In 2019, the National Energy Administration launched the Seven-Year Action Plan to boost reserves and production, reflecting that in the short term, China will still encourage oil and gas development as part of national energy security strategy. However, geopolitical uncertainties have significantly disrupted global energy supply chains and price stability, while domestic challenges persist in regional self-sufficiency for refined petrochemical products and capital utilization efficiency.	Short- to medium-term with limited impact
Chemicals (calcium carbide and synthetic ammonia)	Amid the macro-trend of corporate transition, substantial market potential exists in areas that enhance the greening of production processes and technical facilities as well as the efficiency of resource and energy utilization. These include optimization of energy systems, utilization of waste heat and pressure, reduction of pollutant emissions, comprehensive utilization of solid waste, and upgrading of auxiliary facilities and infrastructure. The emergence of advanced application scenarios is driving demand for green chemical materials and low-carbon technologies. Biodegradable plastics, biomass, and carbon capture technologies are expected to see promising development opportunities.	Short- to medium-term with limited impact

Building materials (cement clinker and flat glass)	Under the trend of transition finance, clinker substitution and CCS technology have emerged as key decarbonization solutions for the cement industry, representing critical development trends that will attract considerable capital investment. Furthermore, the cement sector is expected to follow electricity as the second industry incorporated into China's carbon market. With increasing carbon trading activities, top-performing companies may accumulate carbon allowance assets worth hundreds of millions of RMB.	Short- to medium-term with moderate impact	
Iron & Steel (crude steel)	In accordance with the <i>Guidelines on Promoting High-Quality Development of the Iron and Steel Industry</i> , to ensure the deepening of green and low-carbon initiatives and establish an inter-industrial coupled system for resource recycling, over 80% of steel production capacity must achieve ultra-low emission standards, with at least a 2% reduction in integrated energy consumption per ton of steel and a 10% decrease in water consumption intensity. From a technological transformation perspective, hydrogen-based metallurgy, electric arc furnace (EAF) steelmaking replacing converter steelmaking, and CCS represent future development opportunities, though they still require substantial capital investment and market adaptation.	Short-term with moderate impact	
Non-ferrous metals (electrolytic aluminum and copper smelting)	For process emissions generated during smelting, increased R&D investment in carbon capture and storage technology may become a key future trend. <i>The Implementation Plan for Carbon Peaking in the Nonferrous Metal Industry</i> proposes promoting synergistic development across upstream and downstream sectors and cross-industry coupling, particularly with petrochemicals, iron & steel, and building materials industries. This will serve as a major new direction for the green and low-carbon transformation of the nonferrous metals sector, necessitating significant financial support.	Medium- to long-term with limited impact	
Paper manufacturing (pulp production, machine-made paper, and paperboard manufacturing)	On the demand side, the market for eco-friendly paper-based packaging materials as alternatives to plastics continues to grow, with recyclable and biodegradable environmentally friendly materials likely becoming a focal point of market demand.	Short- to medium-term with limited impact	

Electricity (pure power generation, CHP, and power supply)	<p>Renewable power generation is poised to become the cornerstone of the future energy system, necessitating increased investment in wind, solar PV, and biomass energy.</p> <p>For wind energy, advancing offshore wind farms through technological investments—including larger turbine designs, semi-direct drive generator systems, and distributed wind power—will enhance efficiency and reliability. Additionally, energy storage solutions and smart grid development will facilitate renewable energy integration, ensuring cost reduction and stable supply in downstream power systems.</p> <p>Regarding solar PV, beyond promoting distributed PV and regional integrated energy grids, upstream supply chain investments are critical. For crystalline silicon cells, high-purity polysilicon production, monocrystalline/polycrystalline silicon manufacturing, and wafer fabrication will significantly improve system efficiency. For thin-film cells, R&D of perovskite solar cells enables silicon wafer thinning to reduce costs while boosting performance. The integration with emerging technologies like heterojunction/perovskite tandem cells will achieve a conversion efficiency exceeding the single-junction theoretical efficiency limits, representing key future growth vectors.</p> <p>For coal-fired electricity, decarbonization technologies like flexibility retrofits, heat-supply upgrades, energy efficiency modifications, and biomass co-firing will dominate the future investments. By 2025, China's first batch of low-carbon retrofit projects for coal-fired electricity will commence construction, deploying low-carbon coal-fired power generation technologies with grid connection priority given to projects demonstrating outstanding emission reductions—unlocking new market opportunities.</p>	Short- to medium-term with significant impact	
Aviation (air passenger transport, air cargo transport, and airport operations)	Cleaner aviation fuels, such as hydrogen energy and biofuels, will emerge as a major future trend.	Medium- to long-term with minimal impact	

Inclusive finance

The development of inclusive finance aligns with the new imperatives of national development strategy. The essence of Chinese-style modern finance lies in serving the needs of the people, the nation, and socioeconomic development, emphasizing that banks must prioritize functional performance while maintaining operational safety, liquidity, and profitability. This approach enables financial institutions to realize their value through serving the real economy while achieving reasonable returns in promoting high-quality development. Concurrently, financial regulators mandate enhanced resource allocation to key sectors and vulnerable areas, making inclusive credit—endowed with inherent public welfare and functional attributes—highly congruent with the central government directives. Thus, advancing inclusive finance represents a necessary strategic choice for commercial banks in responding to national priorities.

Inclusive finance now stands at a new strategic inflection point. A series of state policies supporting real economic growth and strengthened assistance to micro and small enterprises have created fresh development opportunities for market entities. This environment positions inclusive finance, whose client base primarily consists of the above entities, for a new phase of strategic expansion.

We remain committed to cultivating our distinctive brand. With the strategic focus of establishing the brand of a financial service provider for SMEs, we leverage inclusive finance as a key instrument, capitalizing on its unique advantage of serving both corporate and retail banking with integrated capabilities and working to make our inclusive finance business to better empower both corporate and retail business lines. Furthermore, by developing the “credit-plus” service model, we are transforming single-credit products into comprehensive financial services for inclusive finance. Using inclusive lending as the entry point, we integrate marketing of credit products with wealth management products, payroll services, settlement accounts, and other offerings, thereby elevating both the social impact and economic value of our inclusive finance operations.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

We identify stakeholders relevant to impact analysis and target-setting processes every year. In 2024, we identified eight major stakeholder groups including government agencies and regulators, with whom we maintain regular consultations, communications, and collaborative engagements. We attach high importance to stakeholder concerns and continuously identify, assess, screen, and update material issues. By assessing the issue materiality to both the Bank's sustainability and the stakeholders, we rank and eventually identify issues that are material to both the Bank and our stakeholders, subsequently implementing responsive measures.

Government and regulators

For engagement with government, regulators, and professional institutions: we actively respond to policy requirements from the State Council, NDRC, MEE, NFRA, and PBoC, while researching support measures for implementing regional carbon peaking and carbon neutrality plans across provinces and municipalities.

Regarding participation in regulator-led cooperative research: we joined the Climate Risk Management Task Force under NFRA to develop stress testing frameworks for banking transition risks; participated as an evaluation committee member in the 2023 Green Banking Assessment organized by the China Banking Association under the coordination of NFRA's Policy Research Bureau; contributed to the PBoC's Transition Finance Research Group; engaged in the Beijing-Qinghai Expert Assistance Program to provide targeted financial support for Qinghai Province, delivering green finance knowledge-sharing sessions for local financial institutions; and participated in developing group standards for energy transition financing entity assessment methodologies led by the China Energy Research Society.

For more information, please refer to:

- *Materiality Analysis, 2024 Social Responsibility Report, Page 11*

- *2024 Social Responsibility Report, Page 6*

- *2024 Social Responsibility Report, Page 83-84, 86-87*

In strengthened collaboration in inclusive finance with relevant government agencies: we fully implement the coordination mechanism requirements on financing support for micro and small enterprises, establishing a three-level (headquarters - branch - sub-branch) rapid response system. All branches maintain close coordination with local regulators, development and reform commissions, and other relevant authorities to promptly obtain the “list” and expedite credit disbursement in accordance with market-oriented principles, legal compliance, and credit approval requirements, thereby ensuring the enterprises can directly and efficiently access to credit funds with appropriate interest rates.

In implementing the NDRC’s directives, we promptly circulate the recommended enterprise list under the “Xinyidai” (Credit Easy Loan) program, proactively engage in marketing outreach, and establish regular feedback mechanisms. We apply to the SME Bureau of MIIT for regular updates on the list of SDRI enterprises nationwide to continuously support their transformation and upgrading. Furthermore, we share information with the NDRC’s National SME Financing Credit Service Platform to enhance credit information sharing and adoption and facilitate SME financing access.

Engagements and Events

Under the guidance of the Party Working Committee and the Administrative Committee of Beijing Municipal Administrative Center and the Tongzhou District Party Committee and Government, we participated in the 5th Beijing Municipal Administrative Center Green Development Forum and independently hosted the parallel session on green finance. The President of Hua Xia Bank delivered a keynote speech titled “Green Finance Facilitating Socioeconomic Green and Low-Carbon Development,” sharing the Bank’s innovative practices in enhancing mechanism improvement, product innovation, international cooperation, and ESG & climate risk management, while proposing insights and recommendations on how finance can support green and low-carbon development.

Guided by Tongzhou District Government, Hua Xia Wealth Management Co., Ltd. jointly organized the 2024 Global Wealth Management Forum & 6th ESG Investing Forum for Asset Management in China with leading domestic media outlet Caijing, fostering discussions on new prospects for green investment.

Domestic honors

The “Hua Xia Inclusive Express” product series was awarded the “2024 Excellence Financial Service Cases for Small and Medium-Sized Commercial and Circulation Enterprises in China” by the China Association for Small and Medium Commercial Enterprises.

Hua Xia Bank also received the “2024 Best Practices in Sustainable Development for Listed Companies” and “Best Practices of Board of Directors’ Office Award” from the China Association for Public Companies, as well as the “Top 20 Banks in Comprehensive ESG Performance” and “Exemplary Case in Risk Prevention and Control” awards from China Banking and Insurance Media Company Limited.

Response to external principles and initiatives

We have been consistently upholding an open and collaborative approach and actively responding to both domestic and international initiatives. By adhering to global sustainable finance standards, and fully leveraging green finance’s pivotal role in driving green low-carbon transition and biodiversity conservation, we are able to enhance our leadership, outreach, and influence across all domains.

In 2019, Hua Xia Bank became a signatory to the Principles for Responsible Investment (PRI), committing to integrate ESG factors into investments.

That same year, we joined as a founding signatory to the Principles for Responsible Banking (PRB), committing to align our business strategy with the UN Sustainable Development Goals (SDGs) and Paris Agreement.

In 2021, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD) framework, adopting the TCFD framework along with the scenario analysis tools to strengthen climate risk management and disclosure capabilities.

Concurrently, we co-initiated the Global Joint Initiative on the Partnership of Biodiversity and Finance (PBF) with International Finance Forum (IFF) and World Resources Institute (WRI), and signed the Joint Declaration on Support for Biodiversity Conservation by Banking and Financial Institutions.

In 2022, we became a governing member of PBF and collaborated with the China Banking Association and multiple domestic and international banks to jointly release the *Joint Action Plan on Support for Biodiversity Conservation by Banking and Financial Institutions*.

Starting in 2023, we have prepared our disclosure reports in reference to the IFRS Sustainability Disclosure Standards officially issued by the International Sustainability Standards Board (ISSB), further enhancing the quality and transparency of our information disclosures.

International exchanges and collaboration

In January 2024, the World Bank and China's Ministry of Finance visited the Huanghua Wind Farm Project supported by Hua Xia Bank and convened a symposium on China's air pollution prevention and control.

In April 2024, we accompanied the Asian Development Bank on an inspection tour of Wu'an Industrial Park in Hebei Province.

In May 2024, we were invited to attend the Biodiversity Finance and Nature-related Financial Disclosure Symposium in Huzhou.

In September 2024, we were invited to attend the Annual Meeting of Green Finance Committee organized by China Society for Finance and Banking, sharing our practical experiences in sustainability risk management.

In November 2024, we attended the 20th Anniversary Celebration of the Agence Française de Développement (AFD) in China.

In October 2024, we participated in a series of Sino-German sustainable finance and climate investment seminars in Germany and Belgium.

That same month, we were invited to the 2024 ESG Global Leaders Conference.

In terms of international cooperation, we advanced new models and areas of collaboration, focusing on green and low-carbon development in industrial parks to create differentiated service models. We partnered with Asian Development Bank on the project for promoting green and low-carbon development in industrial parks, which is a sovereign loan program designed to facilitate green transition for industrial parks. Based on the predefined criteria for this project, we selected eligible sub-projects to provide financing support. Additionally, we engaged in discussions with the World Bank regarding our

green finance development and the implementation of the China Renewable Energy and Battery Storage Promotion Project. Through collaborations with international institutions such as the World Bank, AFD, and Asian Development Bank, we have cumulatively introduced \$1 billion in foreign capital via loan transfer projects, earning appreciation from the World Bank and relevant Chinese government agencies for our achievements in green finance international cooperation.

Finance education in communities

We are very active in promoting finance education in communities, enhancing financial security awareness to support nationwide anti-fraud initiatives. We conducted targeted financial literacy programs for key demographic groups including seniors, new urban residents, persons with disabilities, and youth, focusing on disseminating financial consumption and investment knowledge. In 2024, the Bank invested RMB 6.97 million in public education services, and organized 21,325 public education events with a total of 102.51 million engagements.

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

The Board of Directors is responsible for formulating, reviewing, and overseeing strategy implementation, conducting the highest-level supervision and management over implementation of sustainability and PRB principles. The Strategy and Sustainability Committee is tasked with designing green finance development strategies, inclusive finance development plans, and fundamental management systems. Detailed information about Board members can be found in the Investor Relationship - Corporate Governance section of the Bank's official website (Chinese version). The Board or senior management reviews progress of PRB principle implementation at least once every year.

Climate change mitigation

- Governance

In accordance with the Articles of Association, the Board of Directors and its Strategy and Sustainability Committee are responsible for determining the green finance development strategies, policies and objectives; reviewing the annual social responsibility report and the Bank-wide green finance implementation report (including environmental risk management); overseeing the senior management's execution of green finance strategies and control of environmental and climate risks; formulating the Bank's risk management policies covering climate and environmental-related risks; as well as evaluating green finance development progress and environmental risk management while providing improvement recommendations. During the reporting period, the Board conducted in-depth discussions on the relevant aspects. The Nomination and Compensation Assessment Committee has incorporated green finance-related indicators into the performance evaluation framework for senior management personnel.

- Senior management

The Vice President overseeing the corporate finance division serves as the senior management official responsible for the Bank's green finance initiatives. Under the senior management, Hua Xia Bank has established a Green Finance Management Committee to coordinate and advance the Bank's green finance operations and make decisions on major related matters. The Committee

For more information, please refer to:

- 4.6.3 Special committees of the Board of Directors, 2024 Annual Report, Page 85

- Inclusive Finance, 2024 Social Responsibility Report, Page 15-16

- Governance structure, 2024 Environmental Information Disclosure Report (Chinese version), Page 15-17

2023 Environmental Information Disclosure Report (Chinese version), Page 11-12

- Policy system, 2024 Environmental Information Disclosure Report (Chinese version), Page 19

Internal management norms, 2023 Environmental Information Disclosure Report (Chinese version), Page 16-17

comprises heads of 14 business departments and the Green Finance Center, chaired by the Vice President in charge of the Bank's corporate finance division. The Green Finance Management Committee, located within the Green Finance Center, handles the Committee's daily operations and leads Bank-wide efforts in green finance management, marketing, product development, branding management, and ESG risk management.

The senior management places high priority on green finance, reviewing the Bank's green finance implementation reports through Green Finance Management Committee meetings, President's Office Meeting, and Standing Committee of the Bank's Party Committee.

- Headquarter departments and subsidiaries

The Green Finance Center at the Headquarters serves as the Bank's lead department for green finance, responsible for overseeing green finance management, ESG risk management, market development, marketing organization & management, product R&D management, brand management, cooperation with international financial institutions and foreign governments, and loan/grant management. Specialized departments perform their respective functions by implementing policies and systems, enhancing product innovation, improving incentive mechanisms, strengthening compliance requirements, and advancing brand building. Subsidiaries leverage their unique resources and business strengths to actively develop distinctive green finance services, expand service channels in green sectors, diversify service models, and implement green development initiatives and plans.

- Branches

All branches have established green finance leadership teams, with 15 key branches setting up green finance departments. Selected branches have also established dedicated sub-branches, creating a comprehensive, multi-level green financial service system.

- Performance evaluation policy

Enhance resource allocation: We allocate credit resources for green finance, prioritizing support for green financial initiatives. We offer green loans with preferential internal fund transfer pricing (FTP). For loans supported by the carbon-reduction credit facility, preferential treatment is applied based on the implementation ratio of the PBoC's structural policy tools, with further enhanced incentives.

Strengthen performance evaluation: Under the "one enterprise, one policy" assessment framework of Beijing State-owned Assets Supervision and Administration Commission (SASAC), the Bank incorporates green loan growth rate and volume as key performance indicators. The 2024 Branch Performance Evaluation and Bonus Distribution Measures include comprehensive green finance assessment metrics, evaluating both branches and their leadership teams from qualitative and quantitative dimensions. Furthermore, metrics regarding green loan growth rate are integrated into the 2024 quantitative evaluation criteria for branch implementation of credit and investment policies, with semi-annual assessments of policy execution.

Inclusive finance

- Governance

The Board of Directors is responsible for establishing the Bank's inclusive finance development strategy and overseeing/evaluating the strategy implementation. The Strategy and Sustainability Committee formulates development plans and fundamental management systems for inclusive finance operations, while reviewing the annual work plans. The Nomination and Compensation Assessment Committee has incorporated inclusive finance-related indicators into the performance evaluation framework for senior

<p>management personnel.</p> <p>- Senior management</p> <p>We have established an inclusive finance leadership team, with the President serving as the Head and the Vice President overseeing inclusive finance as the Deputy Head. Comprising 14 member departments, the team is responsible for coordinating and advancing the management and development of institution-wide inclusive finance operations, as well as proposing incentive and constraint mechanisms.</p> <p>- Headquarter departments</p> <p>The office of the inclusive finance leadership team is established within the Inclusive Finance Department at the headquarter, responsible for formulating development objectives and strategic plans for inclusive finance.</p> <p>- Branches</p> <p>Tier-1 branches have established their own inclusive finance departments responsible for the business operations management, marketing coordination, and risk control of inclusive finance at the branch level.</p> <p>- Performance evaluation policy</p> <p>We have implemented performance evaluation policies linked to inclusive finance development. At the headquarter level, specific inclusive finance performance indicators have been established for the Vice President in charge. Regarding branch evaluations: any branch receiving regulatory penalties for improper charges imposed on micro and small enterprises will receive an annual performance rating of “needs improvement.” Should any of the following occur - violations of fee policies, non-compliant business practices, discriminatory clauses against private as well as micro and small enterprises, or major statistic errors in regulatory reporting - resulting in point deductions in the regulatory assessment for micro and small enterprise financial services of the Bank and eventually causing significantly negative impacts on the final assessment outcome, the branch leadership members in charge of inclusive finance and the principal branch executives will receive an annual performance rating of “basically meets expectations.”</p>	
<p>5.2 Promoting a culture of responsible banking</p> <p>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	
<p><i>Response</i></p> <p>Guided by our core theme of “Serving the New Era, Building a New Hua Xia” and adhering to our brand philosophy of “Sustainability for a Better Future,” we uphold “sustainability” as our code of conduct and pursue “a better future” as our ultimate goal. We maintain strategic steadfastness while exercising tactical flexibility, consolidating our corporate banking foundation through integrated financial services. We are vigorously cultivating new growth drivers in digitalization and retail banking, developing distinctive strengths in green finance and wealth management, and establishing new regional strongholds in the Beijing-Tianjin-Hebei area, Yangtze River Delta, and Greater Bay Area. Our goal is to develop into a distinctive, high-quality, and competitive national joint-stock commercial bank, steadily advancing toward our vision of becoming a “large and strong, stable yet excellent” modern financial group, thereby making greater contributions to advancing Chinese-style modernization.</p> <p>We enhance staff understanding of the PRB Principles through specialized conferences and training programs, particularly focusing on helping them</p>	<p><i>For more information, please refer to:</i></p> <p>- 5.2 SOCIAL RESPONSIBILITY INFORMATION, 2024 Annual Report, Page 100</p> <p>2023 Annual Report, Page 100</p> <p>- About us, 2024 Environmental Information Disclosure Report (Chinese version), Page 7</p>

understand the relevance to their departments' operations and better implement the principles. Our PRB Principles Task Force maintains active communication with UNEP FI to stay abreast of the latest domestic and international implementation progress and ensures effective internal dissemination. As of the end of 2024, 100% of relevant employees had received effective training in financial inclusion.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

We have formulated the *Guiding Opinions of Hua Xia Bank on Environmental, Social and Governance Risk Management of Credit Business for Corporate Clients*, which cover the entire credit process including due diligence, review and approval, contract signing, fund disbursement, and post-lending/post-investment management. The Guidelines mandate enhanced ESG risk management throughout the credit cycle, based on both the environmental risk sensitivity of the client's industry and the client's individual ESG performance.

ESG risk management process of Hua Xia Bank

Due diligence	During credit due diligence, we collect clients' ESG evaluation documents & information, and conduct industry-specific ESG risk assessments. These evaluations, along with complete ESG risk profiles, are fully disclosed in due diligence reports. For clients with severe ESG compliance violations or significant risks, we shall impose strict credit restrictions.
Review and approval	Each client's ESG risk level undergoes prudent evaluation, leading to tailored management measures and specific credit/disbursement conditions.
Contract signing	Based on the nature and severity of the clients' ESG risks, we establish specific warranties with clients to strengthen ESG risk management and define corresponding measures to address the risks for breach scenarios.
Fund disbursement	For clients of special category, their ESG risk management performance serves as a critical determinant for credit disbursement decisions. During risk assessments of existing credit facilities, we would reconfirm their ESG performance to verify whether any material risk incidents have occurred or potential risk exposures exist.
Post-lending/post-investment management	We continuously collect ESG risk data of clients to dynamically monitor and evaluate risk evolution, adjust risk classification and tiers accordingly, and implement differentiated management approaches. For clients demonstrating ESG risk exposures, we would promptly issue warnings and formulate targeted risk mitigation measures.

For more information, please refer to:

- *Environmental, 2024 Social Responsibility Report, Page 46-69*

- *Environmental, 2023 Social Responsibility Report, Page 84-103*

- *Environmental risk management process, 2024 Environmental Information Disclosure Report (Chinese version), Page 34*

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes ☐ Partially ☐ No

If applicable, please include the link or description of the assurance statement.

Response

In this report, an AA1000 Type 2 Moderate Assurance for Principle 2 and Principle 5 is delivered by SynTao Green Finance.

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☒ GRI
- ☐ SASB
- ☐ CDP
- ☐ IFRS Sustainability Disclosure Standards (to be published)
- ☐ TCFD
- ☐ Other:

Response

The *2024 Social Responsibility Report* was prepared in accordance with the *Guidelines on Environmental Information Disclosure for Financial Institutions* issued by the People's Bank of China, the *Opinions on Strengthening the Corporate Social Responsibility of Banking Institutions* issued by the former China Banking Regulatory Commission, the *Guidelines on Corporate Social Responsibility for Financial Institutions in China's Banking Sector* by China Banking Association (CBA), the *Guidelines No.1 for Self-Regulation of Listed Companies - Standardized Operation* issued by Shanghai Stock Exchange (SSE), the *GRI Sustainability Reporting Standards* (GRI Standards) issued by *Global Sustainability Standards Board* (GSSB), and the *IFRS S2 Climate-related Disclosures* issued by International Sustainability Standards Board (ISSB).

The *2024 Environmental Information Disclosure Report* was prepared in accordance with the *Guidelines on Environmental Information Disclosure for Financial Institutions* issued by the People's Bank of China, the *Guidelines on Green Finance for the Banking and Insurance Sectors* issued by former China Banking and Insurance Regulatory Commission, the *Task Force on Climate-related Financial Disclosures (TCFD) Recommendations*, and the *IFRS S2 Climate-related Disclosures* issued by International Sustainability Standards Board (ISSB).

For more information, please refer to:

- About This Report, 2024 Social Responsibility Report

Independent Assurance Statement for *Hua Xia Bank Co., Limited 2024 Self-Assessment Report on Principles for Responsible Banking*

To the management team and stakeholders of Hua Xia Bank Co., Ltd.

SynTao Green Finance Co., Ltd. (hereinafter referred to as “SynTao GF”) was commissioned by Hua Xia Bank Co., Ltd. (hereinafter referred to as “Hua Xia Bank”) to conduct an independent third-party assurance of the relevant information and data disclosed in its *Hua Xia Bank Co., Limited 2024 Self-Assessment Report on Principles for Responsible Banking* (hereinafter referred to as “PRB Report”). The assurance conducted by SynTao GF is outlined as follows:

Scope of Assurance

1. Timeframe

The assurance was limited to the information disclosed in the *PRB Report* for the period from January 1, 2024, to December 31, 2024. Any relevant information outside this reporting period were not within the scope of this assurance.

2. Information and Data Scope

The scope of this assurance was limited to the information and data concerning Hua Xia Bank covered in the *PRB Report* and did not include information and data from third parties such as Hua Xia Bank 's suppliers. Information and data disclosed in the *PRB Report* that had already been audited or verified by independent third-party organisations were not re-verified in this process.

3. Assurance Scope

The assurance scope aimed to assess whether the *PRB Report* complied with the Inclusivity, Materiality, Responsiveness, and Impact principles outlined in AA1000AP (2018). It also assessed whether the governance structure related to impact analysis, target setting, target implementation and monitoring, and the implementation of Principles for Responsible Banking complied with the requirements of the *Guidance for assurance providers: Providing Limited Assurance to Reporting*.

Responsibilities

The responsibility of Hua Xia Bank was to ensure the integrity and accuracy of the content of the *PRB Report* and the information provided to SynTao GF, with no significant misrepresentations.

The responsibility of SynTao GF was to issue an independent assurance statement based on the information provided by Hua Xia Bank under AA1000 Assurance Standard v3 (AA1000AS v3) and the United Nations Environment Programme Finance Initiative (UNEP FI) *Guidance for assurance providers: Providing Limited Assurance for Reporting*.

Standards

SynTao GF utilized AA1000AS v3 as the reference standard for assurance services. AA1000AS v3 refers to the assurance standard created by AccountAbility. The type and depth of assurance conducted in this instance were categorized as “Type 2, Moderate Assurance” .

The assurance statement was prepared by SynTao GF following the *SynTao GF Non-Financial Report Assurance Method*. In addition to AA1000AS v3, the standards, principles, and initiatives referenced included: UNEP FI *Principles for Responsible Banking* / UNEP FI *Guidance for assurance providers: Providing Limited Assurance for Reporting* / Global Reporting Initiative *GRI Standards* / Sustainability Reporting Guides from Shanghai, Shenzhen and Beijing Stock Exchanges / Hong Kong Exchanges and Clearing *Limited ESG Reporting Code* / Task Force on Climate-related Financial Disclosures *TCFD Framework* / International Sustainability Standards Board (ISSB) *IFRS S1 - General Requirements for*

Disclosures of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures / European Union Corporate Sustainability Reporting Directive (CSRD) / Greenhouse Gas Protocol (GHG Protocol), among others.

Assurance Methodology

1. Assurance Plan

SynTao GF recorded key resource requirements, evidence to be collected, tasks, activities, deliverables, and timelines in the schedule, forming a plan.

2. Information Collection

Following principles of clarity, balance, completeness, and timeliness, SynTao GF assessed the quality of the collected information.

3. Conducting Assurance

- Conducting interviews with the management of the Green Finance Department.
- Verifying relevant documents, data, and other materials provided by Hua Xia Bank.
- Assessing whether the information and data in the *PRB Report* comply with the inclusivity, materiality, responsiveness, and impact principles outlined in AA1000AP (2018).
- Evaluating whether the information and data in the *PRB Report* comply with the requirements of the *Guidance for assurance providers: Providing Limited Assurance for Reporting*.

4. Any other necessary work deemed by SynTao GF

Independence and Capability

1. Independence

SynTao GF and Hua Xia Bank are entirely independent entities. Apart from the services specified in the verification contract, SynTao GF has no other affiliations with Hua Xia Bank.

2. Capability

SynTao GF specializes in providing professional consulting, research, and training services in sustainable finance, including environmental, social, and corporate governance (ESG) ratings, green finance strategy, Environmental and Social Risk Management (ESRM), green finance product innovation, research on green finance and responsible investment, green bond assurance, as well as green credit and responsible investment capacity building.

SynTao GF is a licensed assurance provider of AA1000AS v3. This license authorizes SynTao GF to use and comply with AccountAbility's AA1000AS v3, as well as the use of the AA1000AS v3 markings related to sustainability assurance services.

Members of SynTao GF's assurance team hold qualifications in AA 1000 Certified Sustainability Assurance Practitioner (CSAP), ISO14001 internal auditing, CFA ESG, EFFAS Certified ESG Analyst, GRI training certification, carbon asset management, and other qualifications in the field of sustainable development. The team consists of professionals with extensive experience in the field of sustainable development and a comprehensive understanding of the AA1000AS v3 standard.

Limitations

SynTao GF relied entirely on the information and data provided by Hua Xia Bank required in the assurance of this *PRB Report* and did not collect information from other external sources. Interviews also did not involve external stakeholders.

Content for Assurance

1. AA1000 Accountability Principles (2018)

Inclusivity: Hua Xia Bank has identified the bank's internal and external stakeholders. It has also regularly collects feedback from stakeholders to understand their expectations and concerns.

Materiality: By utilising the tools provided by UNEP FI, Hua Xia Bank has identified material impacts that are highly relevant to the bank, set corresponding targets, and disclosed the bank's sustainability policy and programmes in its reports.

Responsiveness: Hua Xia Bank has established a stakeholder engagement mechanism focusing on the concerns of stakeholders, and responded to the demands and expectations from key stakeholders.

Impact: Hua Xia Bank has an organisational structure that is compatible with sustainable development and integrates the concept of sustainable development into the bank's business activities. Hua Xia Bank has also formulated impact analysis method and target monitoring plan.

2. 2. Principles for Responsible Banking

2.1 Impact Analysis: Hua Xia Bank has accurate data on products, services, and portfolios in its main business areas. Hua Xia Bank disclosed the methodology for impact analysis and target setting, and the data and performance indicators were reasonably selected and followed the relevant governance processes.

2.2 Target Setting: Hua Xia Bank's target setting relates to the significant impacts identified in the impact analysis, with baseline set that is reasonable and milestones set that are specific, measurable, relevant and time-bound, consistent with relevant domestic policies.

2.3 Target Implementation and Monitoring: Hua Xia Bank has also formulated a monitoring plan for the implementation of the targets, specifying the departments and personnel responsible for monitoring. Hua Xia Bank has made relevant plans to implement actions for the targets set, and relevant indicator and target value to monitor the implantation actions.

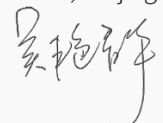
5.1 Governance Structure for the Implementation of the Principles for Responsible Banking: Hua Xia Bank's sustainability governance structure and reporting line includes board of directors, management executives, headquarter departments and subsidiaries. Senior executives regularly review the implementation of the targets. The performance appraisal of the senior executives is linked to the implementation of the businesses including the growth rate of green loan.

Conclusion

- SynTao GF did not identify any non-compliance with the Inclusivity, Materiality, Responsiveness, and Impact principles outlined in AA1000AP (2018) in the *Hua Xia Bank Co., Limited 2024 Self-Assessment Report on Principles for Responsible Banking*.
- SynTao GF found the disclosed data regarding the products, services, and investment portfolios in the operational regions of Hua Xia Bank to be reliable, without any quality issues, and suitable for stakeholders to refer to. Regarding the impact analysis and target setting in the *Hua Xia Bank Co., Limited 2024 Self-Assessment Report on Principles for Responsible Banking*, SynTao GF did not find any information or data that would compromise its reliability and quality, nor did it find any non-compliance with the *Guidance for Assurance Providers: Providing Limited Assurance to Reporting from UNEP FI*.

Assurance Provider: SynTao Green Finance Co., Ltd.

Assurance Team Lead: WU, Yanjing



July 24, 2025