

2021 INTERIM

ESG

SPECIAL REPORT

Industrial and Commercial Bank
of China Limited

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PART 1

Governance

ESG Governance Structure

The Board of Directors of the Bank actively functioned as a strategic decision-maker, deepened ESG governance and kept improving the ESG governance framework.

The Bank set up the Corporate Social Responsibility and Consumer Protection Committee under the Board of Directors to deliberate on the core ESG issues such as inclusive finance development, green finance strategy, consumer protection, diversification and staff development, business ethics, and code of conduct, as well as to make recommendations to the Board of Directors on these issues. According to the *ICBC Working Regulations for the Corporate Social Responsibility and Consumer Protection Committee of the Board of Directors*, the Corporate Social Responsibility and Consumer Protection Committee of the Board of Directors is mainly responsible for studying and deliberating on issues such as the Bank's performance of social responsibilities involving the ESG, targeted poverty alleviation and corporate culture, the Bank's strategies, policies and targets for consumer protection, strategies for green finance, and development plan, basic system, annual business plan and evaluation methods for the inclusive finance business, as well as putting forward recommendations to the Board of Directors on these issues.

The Strategy Committee under the Board of Directors is established to deliberate on the annual corporate social responsibility report and give advice to the Board of Directors. In accordance with the *ICBC Working Regulations for the Strategy Committee of the Board of Directors*, the Strategy Committee is mainly responsible for deliberating on issues including the strategic development plan, major overall strategic risks (e.g., ESG risks, climate risks), and the annual CSR reports, as well as making advice to the Board of Directors on these issues.

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ESG Management Progress

Board of Directors

During the reporting period, the Board of Directors of the Bank considered and approved the Proposal on the *Corporate Social Responsibility Report 2020 of ICBC*, Proposal on Consumer Protection in 2020 and Its Work Plan for 2021, Proposal on the *2021 Inclusive Finance Business Operation Plan*, Proposal on Establishment of the Rural Revitalization Office and other proposals, and considered the work on green finance/green credit, thus pushing forward the integration of ESG governance concepts and management methods into all aspects of the development strategies, operation and management of the Bank.

Among them, the Proposal on the *2021 Inclusive Finance Business Operation Plan* and Proposal on Consumer Protection in 2020 and Its Work Plan for 2021 were considered and reviewed by the Corporate Social Responsibility and Consumer Protection Committee of the Board of Directors, and advice were given to the Board of Directors.

The Proposal on the *Corporate Social Responsibility Report 2020 of ICBC* and Proposal on Establishment of the Rural Revitalization Office were considered and reviewed by the Strategy Committee of the Board of Directors, and relevant recommendations were submitted to the Board of Directors.

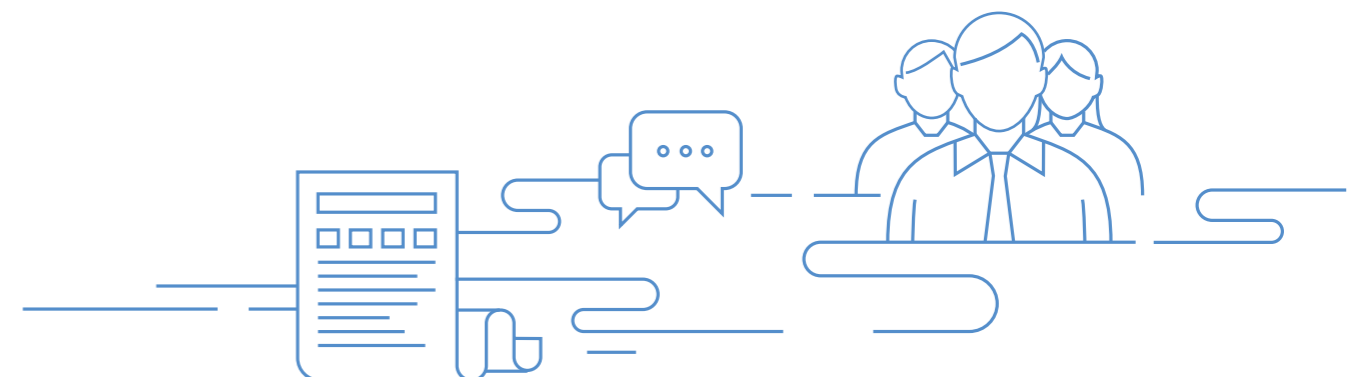
Senior Management

On the basis of the deliberations and coordination on green finance policies by the former Credit Risk Committee, a Green Finance Committee was set up at the Senior Management of the Head Office, covering 23 member departments, with an aim to enhance the overall leadership and promotion of green finance. Since its establishment, the Green Finance Committee has held six special bank-wide meetings to review and deliberate green finance reports, policies and systems, and made arrangement and deployment of green finance work in a systematic way. All Tier-one Branches followed the lead of the Head Office and set up Green Finance Committee respectively to promote their green finance businesses in a comprehensive and coordinated manner.

During the reporting period, the Bank held two Green Finance Committee meetings to summarize the progress of the Bank's green finance business, analyze the situation and problems facing the development of green finance, and prioritize major work.

In early June, the Executive Committee of the Bank was briefed on the progress of green finance, the situation and problems faced, as well as the next step of the work.

The Financial Technology Review Committee was established at the Senior Management of the Head Office to review the policies related to privacy and data security. During the reporting period, the Financial Technology Review Committee deliberated and approved the Data Security Improvement Plan submitted by the Financial Technology Department.



ESG Integration into Strategic Planning

Three-Year Plan

The Board of Directors of the Bank reviewed and approved the *Strategic Development Plan of ICBC for 2021-2023* (hereinafter referred to as the "Plan"). According to the SDGs under the United Nations 2030 Agenda for Sustainable Development, such as poverty eradication, food security, inclusive and equitable education, modern energy, full employment, climate change mitigation, ecological restoration, and global partnership, the Bank laid emphasis on laying down actions and measures to promote green finance, inclusive finance (rural revitalization, livelihood protection), and financial technology empowerment in the field of institutional banking, corporate banking, financial innovation, and financial factors, as part of its efforts to practice the concept of sustainable development.

The Bank will work to provide customers with affordable, convenient, secure, efficient, and high-quality financial services in the next three years. It will remain committed to working with stakeholders to actively address the pressing issues of climate change, inclusive social development, environmental and biodiversity conservation, privacy protection and data security, in a way to jointly facilitate sustainable development.



Research Report on Low-carbon Finance

The Bank actively analyzed and studied the trajectory of "peaking carbon dioxide emissions and achieving carbon neutrality" and the medium- and long-term impact on key industries, proposed medium- and long-term improvement strategies for investment and financing structures, and issued a report entitled *Medium- and Long-term Improvement Strategies for Investment and Financing Structures under the Goal of "Peaking Carbon Dioxide Emissions and Achieving Carbon Neutrality"*.

The report pointed out that China's key emitting industries are the major source of carbon emissions, and the path for achieving carbon neutrality is expected to be "clean energy production + electrification of energy consumption + carbon capture". As peaking carbon dioxide emissions and achieving carbon neutrality has a far-reaching impact on the medium and long-term trend and the credit risk of various industries, the report took "peaking carbon dioxide emissions and achieving carbon neutrality" as a mandatory consideration in industry credit policies research and customer acquisition, tailored investment and financing policies according to the features of different industries, continued to promote the green and low-carbon transformation of investment and financing structure, and scaled up the innovation of green financial products and services.

Features and Strengths of Corporate Governance

In line with the regulatory requirements and best practices of the industry, the Bank worked unremittingly to improve the modern corporate governance structure, mechanism and culture as well as its enterprise risk management, and boosted its modern governance system and capacity by further improving the Group's governance system with clearly-defined responsibilities and accountability, coordination and effective control.



By strengthening the co-operation between the rules of procedures for the Party Committee and the decision-making mechanism of corporate governance, the Bank stepped up its efforts to enhance the corporate governance mechanism with statutory powers and responsibilities, transparent responsibilities and accountability, coordinated operation, and effective checks and balances, so as to continuously improve the governance efficiency and high-quality development capacity.



The Board of Directors kept consolidating the foundation of the corporate governance system, improving its operational mechanism, and attaching importance to cementing the corporate governance culture. Through vigorous improvement of the governance of the Group, the robustness and effectiveness of corporate governance were constantly enhanced.



Focusing on the Bank's development strategy and reform and innovation goals, the Board of Supervisors enhanced its supervision on the performance of the Board of Directors and the Senior Management and continued to fulfill its supervisory duties in terms of the formulation and implementation of the Bank's development strategy as well as the financial activities, risk management, and internal control.



By further improving the risk management mechanism featuring "active prevention, smart control, and comprehensive management", the Bank was able to identify, control and manage all kinds of risks. The capital adequacy ratio was stabilized as the enhancement in capital, liquidity and interest rate management. The internal control environment was also continuously optimized to drive the growth of the Bank's audit service capability and supervision and inspection level.



The Bank encouraged voluntary high-quality information disclosure and intensified its communication with regulators, investors, customers, the public and other stakeholders via multiple channels.

PART 2

Sustainable Risk Management

Climate Risk Management

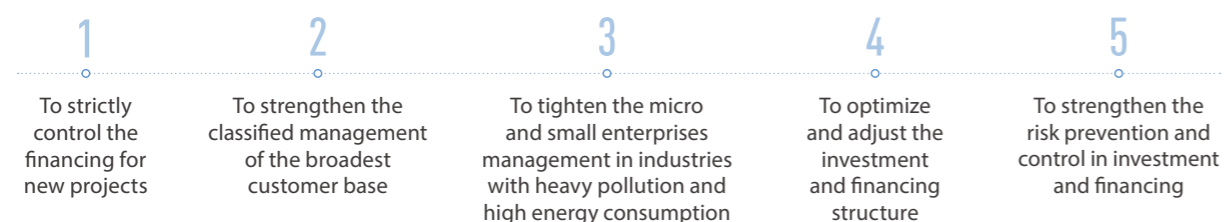
The *Rules for Enterprise Risk Management* incorporated climate risk into the scope of strategic risk management with a view to peaking carbon dioxide emissions and achieving carbon neutrality. Meanwhile, climate risk factors were embedded into the Group's risk appetite limit management to help clarify the green and low-carbon business management appetite, further highlight the green elements in the management of risk limits such as credit risk, and improve the risk appetite transmission.

In response to changes in climate risk, the Bank conducted risk screening of existing investment and financing business and formulated investment and financing adjustment strategies to support the development of low-carbon industries. As industry investment and financing policies were effective instruments to put into practice the green finance strategy, the Bank updated and adjusted its industry credit policies on a yearly basis, and issued nearly 50 industry-specific investment and financing policies in 16 sectors, positioning key areas such as clean energy, green transportation, energy conservation and environmental protection as active or moderate access industries, and supporting these areas with differentiated policies including the occupation, authorization, pricing and scale of economic capital. Carbon-intensive and heavy-pollution industries were subject to classified management with targeted quotas, and indicators of enterprise technology, environmental protection and energy consumption were embedded into the selection criteria of customers and projects in key industries, effectively promoting a greener adjustment of customers structure in all key areas.

During the reporting period, the Bank issued the *Notice on Strengthening Investment and Financing Management in Industries with Heavy Pollution and High Energy Consumption*, which clarified the scope of industries with heavy pollution and high energy consumption in China, for example,



and put forward the following five requirements:

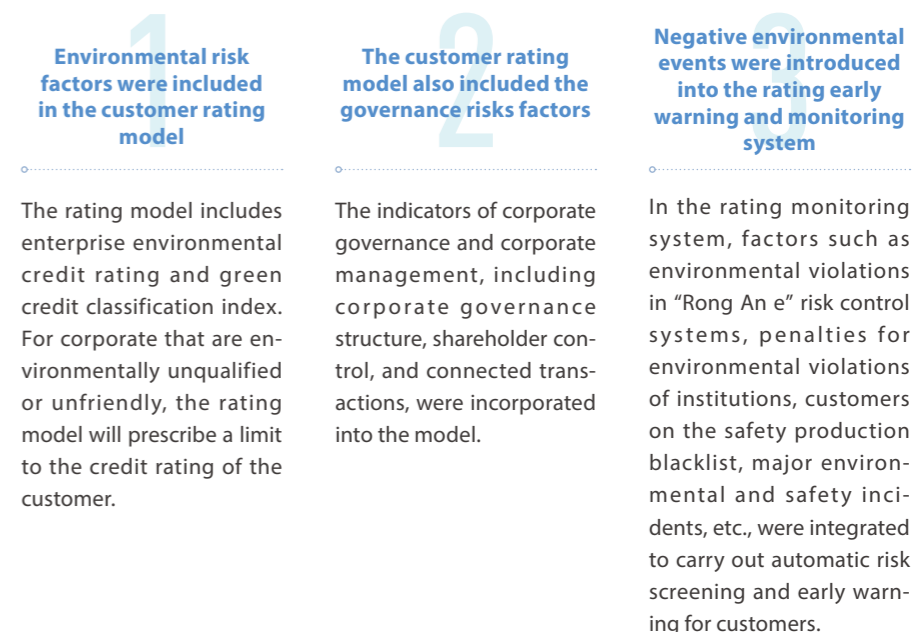


The Bank stringently reinforced the prevention and control of corporate financing risks involving the elimination of outdated production capacity, breach of environmental law and regulations, and production accidents, and so on. The Bank kept a close eye on the trend of relevant national and local policies to screen Bank-wide risks in a timely manner. For customers involved in environmental protection and production safety, new financing was strictly prohibited unless the rectification met the standard. For more information on climate change, see the Bank's Special Report on Green Finance 2020 (available on the Bank's website) in light of the TCFD framework.

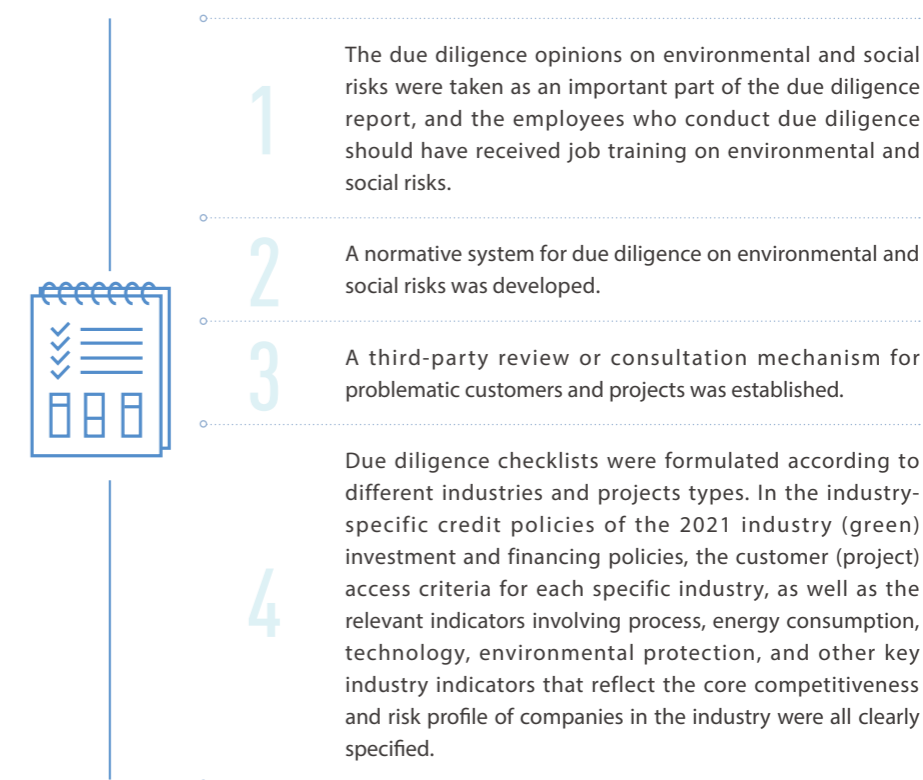
ESG Risk Management

Due Diligence on ESG Risk

The Bank incorporated ESG factors into its domestic credit risk ratings.



The Bank explicitly required relationship managers to prudently evaluate the environmental and social risks of customers (projects) in the due diligence process and relevant supporting policies and systems were also introduced.



ESG Risk Warning

The Bank made sustained efforts to promote the management and control of environment and social risk system in investment and financing. It strengthened the environmental and social risk management in investment and financing, strictly abide by the red line of ecological protection, the bottom line of environmental quality, the upper line of resource utilization as well as the hard constraints on land, health, and safety, and adhered to the corporate risk information collection and prevention and control mechanism in light of the Head Office- Branch division of responsibilities.

Actively leveraging the internal and external data, the Bank incorporated the corporate environmental and social risk information into its credit management system, gradually realizing systematic and automated management of environmental and social risks. As of the end of the reporting period, the Bank has initially completed the development of the environmental (climate) and social risk management system and added the linkage function of customer environmental information query and control to the GCMS. The identification, early warning, and prompting of customers with environmental risks led the Bank to strengthen the management and control of corporate environmental and social risks, in a bid to realize the real-time and automated management of customers' environmental and social risks. At present, the system function has been officially launched to realize automated reporting of ESG risks level by level.

Incorporation of ESG risks into process management

During the reporting period, the Bank worked relentlessly to strengthen the investigation, review and follow-up monitoring of environmental compliance and violations of enterprises (projects), so as to effectively manage the environmental and social risks of investment and financing.

The Bank included the green finance requirements into the whole credit process. In 2007, the Bank proposed to uphold the "veto" system in environmental protection for the first time. With the continuous improvement of policy system, system process, and investigation and review templates, the Bank built green financial requirements into due diligence, project assessment, credit rating, review and approval, contract signing, fund disbursement, post-lending/investment management, and other procedures, effectively strengthening the monitoring, identification, mitigation and control of environmental and social risks, and pushing forward the whole-process implementation of the "veto" system in the environmental protection.

The Bank also strived to strengthen the guidance of ESG risk prevention and control in all lines of credit approval, incorporated environmental and social risk factors into the customer risk assessment system, and formulated and issued the *Guidelines for Environmental and Social Risks Assessment in Project Loan Assessment*, as well as a series of review and approval opinions on the petrochemical industry and power projects. In line with the target of peaking carbon dioxide emissions and achieving carbon neutrality, the key points in ESG risks such as environmental protection and energy consumption were reflected in the review and approval process.



ESG Special Training

During the reporting period, the Bank actively organized special training and courses on ESG to incorporate ESG knowledge into the training of management personnel, business backbones, and grassroots staff. Courses on green finance/environmental governance, building into a great bank in technology, corporate governance, rural revitalization/county governance (including rural credit system building), inclusive finance/social governance, and human resource management were set up in the training at all levels.



The Bank held **75** training sessions on green finance/environmental governance with **38,816** participants

The Bank held **522** training sessions on inclusive finance with **101,231** participants

The Bank held **101** training sessions on rural revitalization/county governance (including rural credit system building) with **65,842** participants

The Bank held **270** training sessions on human resources with **31,231** participants

The Bank held **148** training sessions on education with **17,772** participants

In the development of ESG-related learning resources, 23 courses on health protection, financial inclusion, fraud prevention, etc. were launched with the themes of new development concepts and consumer protection, and were loaded into the online learning platform for all employees to learn. Based on the theme of green credit, the Bank designed the *Credit Risk Management Case Collection* and 5 teaching materials for qualification authentication. Climate risk related training was conducted for the heads and business backbones of risk management departments in all Tier-one Branches (including Directly Managed Branches), overseas institutions, and integrated subsidiaries.

PART 3

Sustainable Finance

Green and Low-carbon Transformation of Investment and Financing

During the reporting period, the Bank took the initiative to grasp the general trend of peaking carbon dioxide emissions and achieving carbon neutrality and further increased its domestic efforts in green finance, achieving remarkable results:

- The total amount and increment of green investment and financing such as green loans, green bond underwriting and investment, remained leading the industry domestically.
- The Bank energetically underwrote and issued “carbon neutrality” bonds as part of its efforts to promote the development of green finance bonds.
- Progress was made in the connecting of comprehensive financial services with the national carbon trading market. ICBC Credit Suisse Asset Management, the subsidiary of the Bank, launched the first approved ESG-themed ETF.
- The Bank also provided financial support to accelerate the building of pilot zones for green finance reform and innovations.
- Worked to push forward innovations in green finance products and services in various areas, with new achievements marked in forward-looking researches and other related work. The synergistic effect of related policies and measures was also brought into effective play.

As of the end of the reporting period, the balance of green loans exceeded RMB

2 trillion

with the balance of green bond investment, green non-standard agency investment and green leasing financing accounting for nearly RMB

400 billion

The cumulative issuance of green finance bonds amounted to nearly USD

10 billion

with indicators such as the scale of green loans, issuance scale of green bonds, and the underwriting and investment of green bonds

all boasting a leading edge over peers

Improving the ESG risk management mechanism in investment and financing

The Bank published an *Environmental and Social Risk Management Agreement* in 2015, which has been in use since then and applied to customers classified as A environmental and social risks (definition and classification criterion provided by the CBIRC).

Environmental and social risks refer to the environmental and social hazards and related risks arising from the construction, production, and operation activities of the Bank’s financing customers and their major stakeholders, including environmental and social issues related to energy consumption, pollution, land, health, safety, resettlement, ecological protection, climate change, etc. Customers with an A environmental and social risk classification were required to sign an Environmental and Social Risk Management Agreement with the Bank to strengthen environmental and social risk management on the basis of a credit contract.

Improving ESG risk control system in investment and financing

In 2014, the Bank issued the *Regulations Governing Green Credit Risk Classification for Domestic Legal Person Customers (2014 Version)* to introduce green classification management for the corporate loans of domestic Branches and adopt differentiated credit policies and management measures based on the environmental and social risks related to the loans. All these efforts effectively fueled the development of green industries and the prevention of environmental and social risks, winning the Bank high praise in the industry.

In 2019, the National Development and Reform Commission (NDRC) announced a new *Guiding Catalogue for the Green Industry*, and in 2020, the People’s Bank of China (the “PBOC”) and the China Banking and Insurance Regulatory Commission (the “CBIRC”) revised the statistical system of green financing. Thus, the scope and standard of the definition of the green industry have undergone great changes. With the intensive enactment of national industrial policies, green financial standards, and new regulations on environmental protection, the Bank scaled up its efforts to improve the related management measures. It also revised and issued the *Regulations Governing Green Credit Risk Classification for Domestic Legal Person Customers (2021 Version)* during the reporting period, in order to enhance the adaptability to changes in the internal and external policy environment, reasonably guide the focus and direction of support for green industries, further promote the green restructuring of the Bank’s investment and financing, and strengthen the identification and prevention of environmental and social risks in investment and financing.

This revision extended the original green credit classification management to the green investment and financing classification management, which was designed for all kinds of investment and financing business including loans, bonds, wealth management, and leasing. The green investment and financing classification was unfolded on the basis of the two dimensions, i.e., customer and project, and according to the contribution of investment and financing to greener transition, that is, the investment and financing’s impact on the environment and its exposure to environmental and social risks, the investment and financing of the domestic legal persons and corporate customers were classified into twelve categories at four levels. The overall management requirements were as follows: Under the same conditions, priority should be given to supporting the investment and financing needs of customers under the environment-friendly category. It is also required to improve and adjust the structure of qualified investment and financing, and strictly control the access of investment and financing of observation category, and for the investment and financing of the rectification category, more financing was prohibited before the completion of the rectification.

Credit policies for domestic industries



Mining industry

The mining industry is mainly related to the mining of metallic ores (such as iron, copper, aluminum) and non-metallic ores, as well as mineral separation. ICBC realized that while mining brings huge economic benefits to human, it also causes a large negative impact on the ecological environment, for example, damage to surface soil, natural vegetation, and biodiversity, and easily leading to soil erosion, water pollution, geological disasters, and production incidents. The Bank paid great attention to the environmental and social risks facing the investment and financing of the mining industry, strictly complied with the regulations on environmental and biodiversity protection, and abode by the requirements in relation to the pollution and waste disposal methods, impacts on endangered species, regulations on greenhouse gas emission, etc. The Bank proactively supported the green transformation and environmental protection governance of mining enterprises, and endeavored to propel the scale and intensive mining, as well as the conservation and comprehensive recycling and utilization of mining resources in these enterprises. It also stood against mining enterprises (projects) that disobeyed relevant law and regulations, as well as those that may have a significant impact on the environment and society.



Energy industry

The energy industry mainly covers electricity production, power supply, coal, oil and gas sectors, etc. ICBC came to know that about 40% of carbon emissions in China come from the conversion process of energy production, and some energy production processes, such as coal-fired power generation, also produce coal ash, sulfur dioxide, nitrogen oxide, and industrial wastewater. Therefore, reducing resource consumption and hazardous gas emissions, enhancing the comprehensive utilization of coal ash and other by-products, and achieving near-zero discharge of industrial wastewater are all of significance in protecting the ecological environment and reducing carbon emissions. The Bank remained highly concerned about the environmental and social risks of investment and financing in the energy industry, vigorously backed the development of clean energy such as wind power and photovoltaic power generation, and pushed ahead of the clean transformation of traditional energy by reducing financing for coal-fired power generation and coal mining, aiming to facilitate the technological progress and cost reduction of the domestic clean energy industry chain. ICBC refused to provide financing to energy projects that violate laws related to ecological protection and that do not meet national energy consumption requirements, nor would it serve energy projects that have a significant negative impact on the environment and society.



Oil and gas industry

The oil and gas industry mainly includes oil and gas extraction, refining and oil and gas transportation. The Bank noted that, pollution incidents occur from time to time in oil and gas extraction and refining, and that the related sectors discharge waste gas and sewage in the production process, which requires solid and liquid waste and hazardous material management. It is also realized that the construction of exploration and extraction facilities or unexpected safety incidents may also have a negative impact on local ecology and landscapes. ICBC paid great attention to the environmental and social risks of investment and financing in the oil and gas industry and strictly observed environmental regulations such as pollution and waste disposal methods and greenhouse gas emissions. It placed much focuses on clean fuel production, large-scale advanced refining and chemical integration projects, and the building and operation of natural gas transmission, storage, transportation and peak load management facilities. It also strictly controlled financing to enterprises with high environmental risks, especially those that are purely engaged in refined oil products and whose installations do not have space of transformation and upgrading for energy efficiency and environmental protection. ICBC refused to provide financing to oil and gas projects that violate laws related to ecological protection and that do not meet national energy consumption requirements, nor would it serve oil and gas projects that have a significant negative impact on the environment and society.



Transportation industry

The transportation industry is comprised of highways, railroads, civil aviation, ports, shipping, airports and other sectors, playing a significant role in economic development and livelihood protection. However, the construction of transportation infrastructure

may adversely affect the resource utilization and ecological environment of land, waters and shoreline, and meanwhile, there is pollution such as vehicle and vessel gas emissions, disposal of dredged soil in ports, sewage discharge from port operations, aviation fuel dumping and transportation noise, as well as the potential risks of leakage and explosion facing the storage and transportation process of port chemical. ICBC actively supported the green development of the transportation industry to form a scientific layout featured with clean, low-carbon, intensive and efficient energy use, including making contributions to the development of railroads, highways, airports and other projects with ecologically friendly routes and sites, as well as covering the financing needs of railroads electrification, port resources integration, large specialized berths building, high-grade waterways renovation, the construction of pilot enterprises for green shipping, etc. The Bank took no action to provide financing for transportation construction projects that violate laws related to ecological protection, opposed any support to transportation construction projects that have a significant negative impact on the urban environment and social life, nor did it provide financing for the acquisition of vessels or other transportation equipment that fail to meet national energy consumption standard.



Biodiversity

Biodiversity refers to the ecological complexes comprised of all organisms and their living environments, including diversity within species, between species and of ecosystems. Biodiversity is an important prerequisite for global sustainable development, and an essential subject for building an ecological civilization in China. ICBC was fully aware that biodiversity provides critical ecosystem services to humanity, ranging from crop production to medical and pharmaceutical innovation, and is inextricably linked to stable economic development. Financial institutions can play an irreplaceable role in biodiversity conservation, and neglecting biodiversity issues in the process of investment and financing poses a series of threats. Biodiversity conservation has long been an ongoing concern of ICBC. Since 2015, ICBC has included the promotion of biodiversity into the Group's green credit development strategy, actively taking measures to protect biodiversity, strictly abiding by the ecological protection red line, preventing damage to important habitats, legal protection zones, and ecosystems in fragile areas, and vigorously supporting biodiversity-friendly customers and projects involving natural conservation and ecological restoration. For industries with high biodiversity risks such as agriculture, forestry and fishery, mining, oil and gas extraction, infrastructure, and building materials, the Bank placed great emphasis on biodiversity risk management, provided intensive supports to customers characterized with environmental friendliness, and stringently limited capital investment to customers with higher environmental and social risks, with an aim to mitigate the negative impact on ecosystem and biodiversity.



Agriculture industry (including forestry)

The agriculture industry involves farming, forestry, animal husbandry and fishing, and serves as the basis for human survival and development. However, ICBC also learned that agriculture can also have significant negative impacts on the environment, such as causing livestock manure pollution, agricultural film pollution, soil fertility decline, and groundwater overdraft. The excessive use of pesticides may damage ecosystems and biodiversity, pose threats to the health of farmers and consumers, and in some countries and regions, the expansion of planted areas may result in deforestation. ICBC came to realize that the development of ecological agriculture is an inevitable trend for the sustainable survival of human society. The Bank aggressively encouraged the green development of agriculture, including forest cultivation, ecological recycling agriculture, ecological breeding, comprehensive utilization of straw, production of organic agricultural products, and the application of green agricultural technology. The Bank firmly opposed providing financing to illegal agricultural operators, such as those involved in the illegal discharge of pollutants, illegal fishing during the closed time, and illegal use of highly toxic pesticides.

Example

Upholding the concept of green development, ICBC Tibet Branch attached great importance to the ecological protection of the snowy plateau and strongly supported the local development of clean energy, infrastructure construction, and cultural tourism industry. In addition, taking social responsibility as the starting point, the Branch completed the preparation and establishment of Ali and Shigatse Branches during the reporting period, achieving full-service coverage in the seven cities of Tibet to provide high quality and efficient financial services to individual customers and serve the local people's needs for consumption, housing purchase, entrepreneurship and wealth management.

Participating in influential sustainable investments

During the reporting period, the Bank remained committed to pursuing development driven by “greener” transformation, vigorously encouraged sustainable investment, and effectively completed the approval and the initial capital contribution of the National Green Development Fund.

ICBC Leasing, a subsidiary of the Bank, valued the transmission of green finance concept, stuck to the guiding philosophy of green leasing, and upgraded its investment of leasing business. As of the end of the reporting period, the balance of corporate green leasing business exceeded RMB40 billion, and the types of the leased invested in green industries were mainly distributed in two sectors: green upgrading of infrastructure and clean energy.

ICBC Credit Suisse Asset Management embedded the ESG evaluation system in the key procedures of “research, fundraising, investment, management, and exist”. In terms of investment management, ICBC Credit Suisse Asset Management kept a close eye on the performance of listed companies with regard to their corporate governance and environmental protection, and integrated ESG investment concepts into the existing investment decision-making process through the various strategies such as comprehensive negative screening, positive screening, and ESG integration. In terms of product layout, a number of products under ICBC Credit Suisse Asset Management, including ICBC Credit Suisse Beautiful Towns Theme Equity Fund, ICBC Credit Suisse New Materials New Energy Industry Equity Fund, and ICBC Credit Suisse Ecological and Environmental Industry Equity Fund, were associated with ESG, achieving a win-win situation both in social responsibility and performance return. Besides, ICBC Credit Suisse continued to improve its ESG product line and issued the first ETF with ESG as its investment theme in the domestic fund industry - ICBC Credit Suisse CSI 180 ESG Trading Open-ended Index Securities Investment Fund.

ICBC Wealth Management made full use of its advantage of direct investment and expansion of wealth management capitals to underpin the investment and financing needs of industries, sectors, and enterprises associated with green finance, to attract more funds to green development. In terms of bond investment, ICBC Wealth Management invested in a number of green bonds with a cumulative investment of about RMB18,400 million. In terms of equity investment, ICBC Wealth Management also took part in the equity refinancing and debt financing projects of many listed companies engaged in green finance field such as wind power generation, photovoltaic equipment, new energy batteries, green transportation, as well as the Pan ESG funds concerning these fields, with the total investment amounting to about RMB1 billion. In terms of non-standard investment, the subsidiary invested in many green debt projects totaling about RMB6 billion

Providing consulting service on sustainability

Under the unified arrangement of the CBIRC, commercial banks in China were required to reach the Basel III Accord standards by the end of 2022. Against this backdrop, in consideration of the central government’s requirement to accelerate the autonomous and controllable transformation of domestic information infrastructure, as well as the CBIRC’s relevant requirements to “promote the export of risk control tools and technologies from large banks to small and medium-sized banks”, the Bank leveraged its strengths and capabilities in R&D and risk management to accordingly increase the export of market risk management systems and services and improve its customer service, as part of its efforts to provide sustainability consulting services to peer banks.

During the reporting period, the Bank persistently conducted the promotion of the market risk management system within the industry, promoted system decoupling and the functional design of customer systems, in a way to deliver quality consulting service to small and medium-sized banks. To this end, the Bank firstly reached a preliminary agreement with large banks on strategic cooperation in market risk management, and secondly, entered into strategic cooperation with Comstar system under the China Foreign Exchange Trade System on the New Supervision Standard of Market Risk in Basel III to provide market risk control technology and tools to small and medium-sized banks. Thirdly, the Bank made ongoing efforts to provide professional consulting services on market risk to peer banks.

Green bond

Green Bond issuance

The Bank actively upheld the national green development concept and sustainable development strategy to contribute to the development of the green bond market.

As of the end of the reporting period, the amount of green bonds issued by the Bank totaled

USD **9.83** billion

The Bank’s green bonds were highly recognized by global investors and international authoritative media and institutions

The green bonds issued have obtained

10 international awards

Green bond underwriting

During the reporting period, the Bank led the underwriting of

24 green bonds

Helping various issuers to raise RMB

56,395 million of funds

With the leading underwriting scale amounting to RMB

21,728 million, ranking the first in the market

From the issuance of the first green bond in 2016 to the end of the reporting period, the Bank, as the lead underwriter, has underwrote a total of

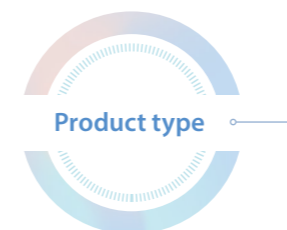
66 green bonds

raising RMB

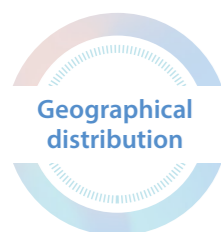
326,948 million

with the underwriting scale hitting RMB

87,818 million, taking the first place in the market



During the reporting period, the Bank led the underwriting of 18 green non-financial corporate debt-financing instruments, raising RMB31,345 million, with an underwriting amount of RMB18,803 million. The Bank was also the lead underwriter of 6 green finance bonds and green ABSs, with the fund raised reaching to RMB25,050 million and the underwriting scale amounting RMB2,925 million.



The issuers of the green bond underwrote by the Bank came from various regions including Sichuan, Hubei, Shanghai, Beijing, and Jiangxi, greatly contributing to the green and low-carbon transformation of different provinces and regions.



The green bonds underwritten by the Bank covered many important industries of the national economy, such as manufacturing, electric power, water conservancy, and transportation.

The Bank also valued product innovation and has participated in some innovative projects with strong market influence.

Actively engaging in the underwriting innovation of “carbon neutrality bonds” to step forward to the goal of “peaking carbon dioxide emissions and achieving carbon neutrality”

During the reporting period,



Actively exploring sustainability-linked bond products and promoting the integration of green bond financing with the business transformation of the issuers

A sustainability-linked Bond (SLB)¹ is a debt financing instrument that bridges the bond terms to the issuer’s sustainable development goals and obtains more practice in overseas markets. Since March 2021, the Bank has been actively exploring the application of the SLB model in the domestic market based on international practices in cooperation with the National Association of Financial Market Institutional Investors.

During the reporting period,



¹ Sustainability-linked bonds: The structure is usually designed to link the coupon rate to the overall emission reduction target of the issuer or the transformation target for sustainability of the main business, and if the issuer fails to fulfill the corresponding target, then the investors will receive a compensation through the increase of the coupon rate, etc., thus urging the issuer to achieve sustainable development in a planned and targeted manner. In terms of the use of funds raised, SLB has no specific requirements on the use of funds raised, thus enabling some companies that cannot issue green bonds to participate in the sustainable bond market.

Example

On February 8, 2021, the Bank, as the lead underwriter and bookkeeper, completed the issuance of the green medium-term notes tranche 1 (carbon neutrality bonds) of a company. The bonds, with an issuing value of RMB500 million and 3-year term, were the first batch of carbon neutrality bonds issued in the inter-bank market, and the funds raised were planned to be used for its construction project of green building. According to the professional evaluation of a third-party institution, the project was expected to reduce 19,700 tons of carbon dioxide, 5.32 tons of sulfur dioxide, 5.55 tons of nitrogen oxides, and 1.08 tons of soot per year.

On March 18, 2021, the Bank, as the lead underwriter, supported China Development Bank to issue the first RMB20 billion “carbon neutrality” special green financial bond in the inter-bank market and the commercial bank counter market to domestic and overseas institution customers and domestic individual customers simultaneously. This bond served as the first “carbon neutrality” green bond certified by the Climate Bonds Initiative (CBI), and the funds raised would be used for wind power, photovoltaic, and other carbon emission reduction projects. The Bank made full use of its strengths in cross-border coordination as well as the counter bonds to facilitate the successful issuance of the bonds.

In early May 2021, the Bank successfully launched the first batch of SLB products in the domestic market. Among them, two corporate projects were underwritten by the Bank, with the fund raised all flowing to new energy fields such as wind power and photovoltaic. In addition, several annual interest rates of the bond were influenced partially by the growth target of the enterprise’s total installed capacity of clean energy such as wind power and photovoltaic power. The higher-level information disclosure requirements of SLB products make possible the comprehensive understanding and evaluation of the investors, and at the same time, urge issuers to achieve their sustainable development goals to a greater extent, effectively enhancing the credibility and practical effect of the bonds. The issuance of each bond was highly recognized by investment institutions of the market.

In June 2021, the Bank led the underwriting of the 2021 tranche 1 green retail auto mortgage asset-backed securities (ABS) originated by a company, which was the first of type in the market. The ABS adopted the “double green” model, and the underlying assets into the pool were all new energy auto mortgage loans and subsidiary security interests issued by the company. All the funds raised were invested in providing new loans for new energy vehicles, which were expected to reduce carbon dioxide emissions by 11,300 tons per year, standard coal by 13,000 tons, inhalable particulate matter emissions by 1.08 tons, and nitrogen oxide emissions by 34.17 tons.

Research and cooperation

Strengthening the research and application of the ESG index

The Bank was in support of the ICBC Credit Suisse Asset Management to develop its CSI 180 ESG Index products. In mid-May, ICBC Credit Suisse CSI 180 ESG ETF was launched and officially listed on SSE on July 1, emerging as the first ESG fund in China. The Bank joined hands with ICBC Standard Bank and the Department of Economics at the University of Oxford to develop the “Belt and Road” Green Finance index, gradually expanding the scope of ESG index research.

Boosting international cooperation on green finance



Carrying out international exchanges and cooperation on green finance through the Belt and Road Inter-bank Regular Cooperation (BRBR) Mechanism.

Actively participating in the United Nations Environment Programme Finance Initiative (UNEP FI) activities.

Jointly promoting the Green Investment Principle (GIP) for the Belt and Road Initiative.

Pursuing solid progress in the implementation of Task Force on Climate-Related Financial Disclosures (TCFD) framework.

Researching and releasing the Belt and Road Green Finance (investment) index.

Following the guiding principles and objectives under the Paris Agreement, the Bank pushed forward international exchanges and cooperation in various fields and pursued green and low-carbon development through cooperation platforms such as BRBR, UNEP FI and GIP.

Overseas institutions

London Branch

ICBC London Branch integrated ESG and green assessment into the credit review process. At the end of June, the balance of green asset commitments was USD2.3 billion, representing a year-on-year increase of 23%. In the first half of the year, the Branch participated in 9 financing projects for customers from key industries in energy transition, with the total amount of granted loans reaching USD700 million. It co-led a GBP5.5 billion syndicated loan for the world's largest offshore wind project, winning the "Global Green Finance of the Year" award from *Project Finance International* magazine and the reputation of a high-ranking leading bank. It was also the co-leader of a GBP1.6 billion syndicated loan granted for a clean energy M&A project, obtaining the status of the original co-lead bank.

ICBC (Europe)

The ICBC (Europe) set up a Green Finance Committee to actively work on the theoretical research on green finance, training on green knowledge, and follow-up research on the new EU ESG risk regulations.

ICBC (Europe) Madrid Branch

ICBC (Europe) Madrid Branch played an active role in offering high-quality syndicated loans for leading enterprises. In response to the green financing credit policy of the Head Office, it further increased its credit investment in the renewable energy industry. The Branch was approved to participate in a syndicated loan of EUR3.3 billion to a well-known Spanish energy enterprise, with an approved lending amount of EUR123 million, which was mainly used to support the new energy IPO of the enterprise's subsidiary.

Zurich Branch

ICBC Zurich Branch actively implemented the service concept of "green finance" and strived to fulfill the Group's commitment to boost the transformation of the green economy and the development of global green finance. In the first half of the year, the Branch made the breakthrough in fulfilling the first green financial bond investment and successfully issued USD250 million in bilateral working capital loans with green elements. The Branch was approved four SDG-linked indicator syndicated loans, with a cumulative commitment of USD230 million, and the proportion of green credit continued to increase.

Tokyo Branch

ICBC Tokyo Branch was committed to promoting high-quality development with the ESG concept as the driving force. To this end, the Branch vigorously communicated with its Japanese counterparts on the cooperation of green energy financing such as offshore wind power generation, and invested in China's first carbon neutrality RMB bond labeled and certified by the Climate Bond Initiative (CBI).

PART 4

Inclusive Finance

Improving online services

The Bank innovated to develop customized mobile banking for elderly and county-area customers.

"Happy Life" version (for the elderly customers)

Since 2021, according to the requirements of the General Design Specification for Elderly Adaptability Internet Sites, General Design Specification for Elderly Adaptability Mobile Internet Applications (APP) and Information Accessibility for People with Physical Disabilities Testing Specification for Web Content Accessibility Evaluation issued by the Ministry of Industry and Information Technology, the ICBC mobile "Happy Life" version started its elderly-friendly and barrier-free renovations, and went online in May 2021 a customer service center, which integrated the intelligent customer service and telephone customer service to provide convenience for consultation of elderly customers at any time. In the meanwhile, the Bank promoted the features of Happy Life version such as family account, family card, voice search, voice transfer, and my details supporting font size adjustment via WeChat

During the reporting period, the total number of mobile banking users of the "Happy Life" version reached

10.862 million

"Happy Home" version (for the county-area customers)

The Bank made sustained efforts to improve the online service system of mobile banking for county and countryside customers, and successively rolled out services such as rural revitalization section, cloud outlets and cloud studios, and expanded the number of menus, in a way to continuously improve its service capability of benefiting the urban people, merchants and agriculture.

During the reporting period, the cumulative number of customers accessing the mobile "Happy Home" version amounted to

11.44 million

Improving self-service

Deployment and operation of self-service banking facilities

During the reporting period, the Bank deployed a total of

71,000 ATMs

at

38 domestic branches,

with each handling an average of

51 deposits

and withdrawals business items of

RMB 158,800

per day

The Operation Management Department of the Head Office took charge of the classified and unified management of banknote supply, banknote loading and unloading, accounting, and maintenance. The cash operating centers of Tier-two Branches were responsible for the operational management, including operation monitoring, cash support, accounting, daily maintenance and service support of ATMs, and responding to customers' business requests and complaints about ATMs in a timely manner. Outlets took the responsibility for the daily maintenance and service support of ATMs, including guiding customers to use ATMs scientifically, accepting and solving customers' requests for assistance and complaints in a timely manner, and effectively meeting customer demand for cash self-service.

Remote Banking

1 The Bank, first, strived to address customers' needs for remote services, and actively advance innovation in contactless services.

To improve the customer experience of contactless service and better serve customers in the trials of e-CNY, the Bank fostered the innovation, scenario expansion and application of VTM, as well as the mobile banking and remote audio/video collaborative services. During the reporting period, the remote banking center served 220 million customers, with a manual response rate of 92.4%, representing a year-on-year increase of 2.6 percentage points. A total of 567,000 times of contactless services were rendered to customers through VTM, mobile banking and remote audio/video collaborative services.

2 Second, the Bank worked to focus on the inclusive loans of small and micro enterprises, and secure the maintenance of the whole process of loan services these enterprises while screening and reducing the overdue risk of customers and improving the service quality and efficiency of inclusive finance.

During the reporting period, the remote banking center successfully assisted 20,000 small and micro enterprise customers in obtaining urgently needed funds.

3 Third, the Bank considered the needs of the elderly customer group to offer elderly-friendly and considerate remote services.

ICBC was the first among the big four banks in China to launch the pilot telephone banking direct connection service for elderly customers, realizing "one-click direct connection" in manual customer service. In addition, in response to the elderly customers' proneness to financial and telecommunication fraud, the Bank took the initiative to provide telephone reminder service of remote banking for elderly customers upon the occurrence of the substantial fund transfer.

Basic financial service with innovation empowerment

During the reporting period, the Bank totally granted more than

RMB 430 billion

worth loans for targeted poverty alleviation, enabling a large number of key projects concerning people's livelihood.

The bank innovatively launched "Eyas Loan", "Pepper & Taro Loan" and other inclusive financial products with regional characteristics to help farmers develop their industries on a point-to-point, household-to-household basis, so as to ensure a sustained flow of financing to the real economy.

The Bank strengthened its platform support by going online the "ICBC Mall" platform in more than 4,000 merchants in 22 provinces, autonomous regions and municipalities. By precisely connecting the supply and marketing sides,

the Bank purchased and helped with sales of agricultural products over

RMB 3 billion in total

Deepening financial services for small and micro enterprises

Community-specific online financing products

Given the asset-light characteristics of small and micro enterprises in the childcare and other community service industries, the Bank stepped up the innovation and launch in online credit products. The online credit loan product "Quick Lending for Operation" was launched for online application, in a way to "let data go further, make customers feel easier" and effectively improve the capability of community-wide financial services. For example, in cooperation with the education departments of local government, the Bank carried out an exclusive credit financing product for local inclusive kindergartens, namely "Early Childhood Education Loan", which focuses on meeting the financial needs of kindergartens to pay for faculty salaries, utilities and rental fees.

Small-amount loan products in support of "mass innovation and entrepreneurship"

The Bank further enriched its guarantee model to roll out more types of guarantee, such as leading enterprise guarantee, performance guarantee insurance, government-bank guarantee, government-bank insurance, etc., to provide financing services for high-quality micro and small enterprises engaged in technical innovation. Taking into account the characteristics of the regional economy and the concentration of emerging industries, the Bank guided its branches to innovate special financing products with an aim to support the innovative development of small and micro enterprises, giving rise to various products such as "Technical Innovation Loan for Small and Micro Enterprises" and "New Market Talent Loan" of Zhejiang Branch, "Technology Connect" of Beijing Branch, "Technical Innovation Loan" of Shanghai Branch, and "Technology Loan" and "Growth Loan" of Guangdong Branch. Focusing on advanced manufacturing and other industrial sectors with a high concentration of "mass innovation and entrepreneurship" enterprises, the Bank further moved forward in the development of digital supply chains to realize full coverage of trading links and customers types in the industrial chain, so as to advance the collaborative development and innovation of core enterprises and upstream and downstream customer groups of the industrial chain.

Loan products related to the reemployment support

The Bank continued to provide startup guarantee loan services for the registered unemployed persons in urban areas, re-employed enterprise employees and migrant workers returning to their hometowns for businesses start-up. The Bank optimized its credit policies in accordance with regulatory requirements to support unemployed persons to start their own businesses and provide financing support to small and micro enterprises that hire unemployed people for re-employment.

PART 5

Privacy and Data Security

Personal data management

Classified management for data security

In line with the Financial Data Security - Guidelines of Data Security Classification under the PBC, the Bank formulated the Data Security Classification Specification based on its own data standards and data

security management requirements, and promoted the data classification, as well as the implementation of control means in all business systems.

Personal information security management

With the formulation of the Regulation Governing of Personal Customer Information Security, the Bank endeavored to strengthen the control of personal customer information in the relevant systems of the Bank through a combination of "technical and manual defense", and further standardized the basic principles and management norms of personal customer information security management of the Bank. It is required in the Regulation that professional departments involved in the applications

and management of personal customer information have to conduct training, supervision and inspection, and emergency response mechanisms for information security, and relevant principles of accountability for violation were also clarified in the Regulation. By carrying out special campaigns, the Bank urged the relevant departments and branches to effectively implement the system and strengthen the management of personal customer information security.

Information security control and review mechanism for personal customer information systems

In addition to strengthening the information security control capability of the Bank's existing system for personal customers, the Bank established and improved the review mechanism for the function of personal customer information security control. Any department or institution applying for system establishment or information

inquiry function change involving personal customer information, must at the same time submit a personal customer information security control scheme, which has to go through the review and approval of relevant professional department before entering the development process, with an aim to build a sound line of defense against information security from the source.

Protection of personal customer data by overseas institutions

According to the applicability requirements of the EU General Data Protection Regulation, the Bank's overseas institutions confined to the General Data Protection Regulation (GDPR) include Luxembourg Branch, ICBC (Europe), London Branch, ICBC London, Frankfurt Branch, ICBC Standard Bank, Prague Branch and ICBC (Austria).

These institutions introduced a number of technical and organizational measures to meet the GDPR compliance requirements. The Bank formulated and issued to each overseas institution the Notice of Issuance of Reference Documentations on EU General Data Protection Regulation.

Information security management for external cooperation customers

The Bank formulated the Implementation Rules for Information Security Management of External Cooperation Customers, adopting the approval management for the scenario of providing customer information for external cooperation.

Information security policy and system audit

The Internal Audit Bureau of the Bank highly valued the security and stability of the Group's information systems and information security protection, and conducted audits of information security policies and systems on an annual basis. During the reporting period, The Bank carried out several audit projects, including those with regard to the Group's business continuity management, IT risk management of domestic and overseas institutions, and the application management of API open platform.

Information security audit

1 First, focusing on the business continuity management of the whole Group (domestic branches, overseas institutions, integrated subsidiaries, and profitability units), the Bank conducted a comprehensive audit of the organizational structure of business continuity, business impact analysis, continuity plan and resource development, exercises and continuous improvement, and emergency response of the Group to ensure the safe and stable operation of the Group's information systems.

2 Second, the Bank highly emphasized the system security, network security, and customer information protection of domestic branches and overseas institutions, in an effort to promote the continuous improvement of the information security management of domestic branches and overseas institutions.

Information system audit

Centering on the system security of the Bank's open banking and scenario-based cooperation platform for Internet finance (API open platform), the Bank conducted a comprehensive inspection on the security of the Bank's relevant platforms and systems in accordance with the requirements of the Management Specification of Commercial

Bank Application Programming Interface Security of the People's Bank of China, so as to improve the security and standardization of the related systems of open banking.

Data security/privacy-related risk training for employees and suppliers

The Bank attached great importance to information security training for employees. To this end, it introduced related policies to all branches to conduct information security training on a regular basis, and provided training to the relevant security heads of each institution on the Bank-wide information security system, the information security situation inside and outside the Bank, typical cases, etc. Each institution then conducted the transfer training according as needed. At the same time, the Bank distributed the physical prevention, information security protection tips, and identification techniques of phishing attacks in outlets to all institutions of the Bank through video or text, in a way to continuously raise the employees' awareness of information security. Last but not least, The Bank stepped up security awareness education for suppliers, signed relevant confidentiality agreements with suppliers, and conducted security training for relevant service personnel.



During the reporting period, the Bank held a total of

191 training sessions

on data security and privacy-related risks,

attracting

91,867

participants

Information security training for employees

During the reporting period, through the video/online training and offline face-to-face lectures, the Bank held a total of 9 information security training courses, including training on new information security technologies, experience sharing on information security attack and defense, and the 2020 Bank-wide information security management training courses. Among them, the training courses held by the Head Office registered a total of 2,300 participants, with the training contents covering various fields such as information security and data security, as well as security awareness, security technology, security management, and other aspects.

Information security training for suppliers

In accordance with the Bank's information security system stipulation, to conduct business cooperation with relevant entities or the cooperative units' access to the Group's information and information system was involved, the security responsibilities of the cooperative units and the security requirements to be complied with shall be specified in the agreement or contract. Confidentiality agreements shall be signed when providing cooperative units with customer information or rights to access sensitive information, and meanwhile, appropriate security control measures should be adopted to control the access of cooperative units in order to protect the information and information system security. To be specific,

1

on the one hand, the Bank signed an information security confidentiality agreement with the external service providers while signing a cooperation contract.

2

On the other hand, the Bank provided security training to the personnel from external service providers on various strands including the information security system and work order regulations, and to confirm the security training content via the confirmation signature of external service providers.

PART 6

Consumer Protection

Consumer protection training for employees

Launching a series of training on consumer protection at multiple levels and lines

During the reporting period, the Bank conducted a "Spring Training" campaign on consumer protection

and held **9** special video training sessions on consumer protection, attracting a total of more than

11,600 participants across the Bank

The total number of transfer training and retraining conducted by branches at all levels amounted to

880 registering a total of **35,101** participants

Conducting training on consumer protection for professional business lines

Taking into account the business reality, the Bank strengthened the training of professional business lines on consumer protection in a targeted fashion to continuously improve the level of consumer protection. During the reporting period, online training on Customer Complaint Management in Internet Financial Services was launched, as well as tiered and classified training based on the hot topics such as new regulations on payment business.

Debt collection policy

Upholding the customer-centered and service-oriented approaches, the Bank implemented debt collection in compliance with the law while keeping a close eye on customer complaints in the field of debt collection, continuously optimized business processes, strengthened personnel training, and improved service quality.

During the reporting period, the Bank revised the Regulations Governing Credit Card Professional and Cooperative Collection Business (2021 Version) and the Credit Card Cooperative Collection Agreement in terms of the complaint handling process, information leakage contingency plan, and reporting mechanism, in a way to carry out self-examination on the compliance operation of its collection business. Besides, in order to ensure that the outsourced collection business was carried out in compliance with the law and to protect the legitimate rights and interests of consumers, the Bank conducted regular inspections of its cooperative collection agencies.

Product and business review

The Bank's Regulation Governing the New Products (Business) Risk Management was officially issued in December 2020 after consideration and approval. This Regulation was a specific system of the new product (business) risk management under the Regulation Governing the Enterprise Risk Management, and incorporated risk identification and assessment, control and mitigation, and monitoring and reporting of the entire life cycle of new products (business) into the scope of management. It was available to the access stage and duration management stage of new product (business), covering the full circle of the dynamic management of creativity initiating, product (business) design, technological project application and development, risk assessment, approval and release, duration management, post-assessment, change/exit, and other processes.

Advertising Policy

In the process of advertising design and production, the Bank strictly complied with the requirements of the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the National Flag Law of the People's Republic of China and the National Emblem Law of the People's Republic of China, and reinforced the professional supervision and guidance of relevant employees in the Bank through daily training, material review and notification, so as to ensure that the application method and distribution channel of portraits, fonts, pictures, music and videos in advertisements are legally compatible. Each of the Bank's overseas institutions strictly abode by the laws and regulations of the place of operation, and the requirements for the use of all materials and the ownership of rights and interests were specified in the agreements with external advertising companies.

Complaint handling process

Arrangement of 95588 operators and independent internal complaint review agencies

The Bank set up a special department under the Remote Banking Center to hold the responsibility of handling the work orders complaining the operators and the complaints transferred by regulators to underpin its customer complaint management efforts. The accountability of operators involved was determined in accordance with the related policies of the Bank, and the relevant situation was regularly disclosed.



Setting up sophisticated customers complaints handling procedures

The Bank managed to accept customer complaints in a timely manner and support the creation of work orders in the system, and assigned work orders according to the principle that is most conducive to the proper handling of customer complaints.

Department responsible for complaint handling promptly contacted customers and informed and updated them of their complaints. The complaints shall be handled within the time limit system, among which the handling time limit was determined according to the specific situations.

When completing the complaint handling process, the result would be made known to the customer, as well as the verification of the complaint, the relevant basis and reasons for the decision, and the remedies that were available to customers, including the application of review, mediation, arbitration, and litigation.

Complaints transferred by the regulator

The customer complaints were handled within the specified time limit in strict accordance with the regulatory requirements and the principles of compliance, convenience and efficiency, and diversified solutions, with addressing both the symptoms and the root cause of the complaint as its target, and the processing results were submitted to the regulator.

Other special governance

The Bank made solid progress in promoting the 100-day campaign and the ten initiatives of service enhancement and worked to explore the path of upgrading customer service management mechanisms and systems. It continuously pushed ahead the customer and employee opinion management mechanism building and established "feedback" and "voice" systems, in a way to realize vertical interaction as well as internal and external connection. The Bank also composed the Semi-monthly Report of Customer Feedback and Employee Voice to facilitate the resolution of hot spots, focus and difficult issues facing customers and employees. It also revised the complaint handling process to further clarify the recording requirements of work orders. In addition, special and quarterly inspections were carried out regularly to ensure the accuracy and stringency of work order records.

Whistleblower protection system

The Measures for the Handling of Irregularities Reports of the Bank set out the protection principles and mechanism for whistleblowers, stipulating that the personal information and reporting materials of whistleblowers shall be kept strictly confidential during the domestic handling of irregularity reports, so as to safeguard the supervisory rights of whistleblowers and prevent them from retaliation or loss of reputation.

Loan Interest Change Program

LPR

The Bank moved forward in the implementation of interest rate liberalization, formulated LPR conversion plans and strategies, and completed the LPR conversion for existing housing loans, realizing the LPR conversion of housing loan business to the largest extend.

In accordance with Announcement No. 15 and No. 16 [2019] of the People's Bank of China

the Bank adopted the LPR-based pricing method for its personal non-mortgage loans business from 22 November 2019, including all newly accepted personal housing mortgage consumption and operating portfolio loans, personal pledge loans, personal household consumption loans and personal cultural consumption loans.

According to Announcement No. 30 [2019] of the People's Bank of China

the Bank officially started the Bank-wide LPR pricing benchmark conversion for all existing personal non-mortgage loans on 18 March 2020. As of the end of the reporting period, the Bank completed the conversion of 22,800 personal non-mortgage loans with a total loan balance of RMB10,186 million.

According to the Notice on the Transition of Pricing Benchmark for the Existing National Student Loans jointly issued by the General Office of the Ministry of Education

General Office of the Ministry of Finance, General Office of the People's Bank of China, and the General Office of the CBIRC, the Bank accomplished the transition of LPR pricing benchmark for individual national student loans on 28 December 2020, by converting one-by-one at the initial stage and in bulk at the later stage as appropriate.

Early repayment

The Bank pushed forward with improving and standardizing individual loan services, and fully opened the online appointment service for early repayment while specifying a limited time frame for the completion of the process. Regarding the applications for urgent early settlement of loans, the Bank took a customer-oriented approach to handle special cases with special methods and made every effort to expedite the process.

Financial education

Strengthening the organization and carrying out centralized publicity and education activities efficiently and pragmatically

Following the regulatory requirements, the Bank actively increased its adaptability to the consumers' diversified and personalized needs of financial knowledge under the new situation, and efficiently and pragmatically conducted centralized publicity and education campaigns such as "March 15 World Consumer Protection Day", "Popularizing Financial Knowledge of Fund Safety" and "Popularizing Financial Knowledge". During the "March 15 World Consumer Protection Day" campaign in 2021, more than 22,300 publicity and education activities were carried out, covering more than 69,313,500 people. The Bank was thus awarded the "Excellent Organizational Unit" of the CBIRC.

Accurately and effectively promoting regular publicity and education in conjunction with the business reality

Closely aligned with the actual situation of their departments and the regions, institutions at all levels of the Bank worked cooperatively with local governments and regulators to carry out various types of regular publicity and education activities in accordance with local conditions, and took multiple measures to enhance the financial literacy and risk prevention capabilities of consumers. All institutions of the Bank took good advantage of major exhibitions and key special projects to foster regular publicity and education campaigns, in a way to enhance the impact of the publicity and education activities effectively. By making a timely response to customer concerns and social hot issues and taking differentiated approaches based on the publicity contents and objects, the customer immersion and recognition of the publicity and education activities were greatly enhanced.

Example

ICBC Credit Suisse Asset Management incorporated the protection of the legitimate rights and interests of investors, especially small and medium investors, into its corporate governance and management work, and set up an Internet investor education base website, which was awarded as the first national investor education base in the fund industry.

Ganzhou Branch of Jiangxi province launched the "ICBC Boosting Rural Revitalization" themed mobile banking vehicle to the countryside, carried out "financial fair" activities at regular intervals to popularize financial knowledge and anti-fraud message for local county and rural customers.

Complaint supervision mechanism

During the reporting period, the Board of Directors and the Corporate Social Responsibility and Consumer Protection Committee of the Board of Directors of the Bank were briefed on the developments of consumer protection in 2020 and the work plan for 2021. A total of 5 special researches were carried out by the Board of Supervisors, including those on the management of customer complaints and accountability for violations.

During the reporting period, the complaints accepted by the Bank mainly focused on the business sectors of credit card, personal banking, and operation management in regions such as Guangdong, Hebei, Beijing, Zhejiang, Sichuan, etc. The complaints transferred by the regulators were mainly on the credit card, personal banking, and financial market businesses and the regions such as Beijing, Zhejiang, Hebei, Shanxi, and Anhui.

PART 7

Human Resources Development

On-the-job learning and acquisition of certificates

Staff training

During the reporting period, the Bank delivered training courses to

85.85% of staff,

with hours of training per employee reaching

4.43 days



The average satisfaction rate of employees attending various training courses was

96.56%

The Bank offered

14,809 training sessions

both online and offline, to

1,740,611 trainees

Specifically, there were

927 online sessions with

813,183 attendees

13,882 offline sessions

927,428 attendees

Offline training courses were mainly delivered by three training centers directly managed by the Head Office and 35 financial training centers directly managed by tier-one branches. Online training courses chiefly relied on the new-generation learning platform that integrated four major functions: knowledge management, online learning, training management, and exam-based appraisal. Adapted to the new features of learning activities in the era of intelligent interconnectivity, the platform could allow employees to achieve fragmentation learning and to carry out education and training management anytime, anywhere.

Acquisition of certificates from external sources

At the end of the reporting period, a total of **45,031** employees held **32** types of well-recognized qualification certificates, which included IT Service Management Experts, Certified Anti-Money Laundering Specialists (CAMS), and Chartered Financial Analysts (CFA).

Since 2008, the Bank has carried out 13 international qualification certification training programs including on Certified Financial Analyst (CFA), Financial Risk Manager (FRM), and Chartered Certified Accountant (CCA) in an organized way every year. The training contents cover a wide range of key business lines and professional fields such as investment analysis, corporate finance, personal wealth management, treasury management, financial leasing, risk management, financial accounting, information technology (IT), and internal control & audit. At the same time, the Bank released the Measures for the Reimbursement of International Qualification Examination Fees in 2012, with a view to financing staff members who obtained one or more of 19 types of international qualification certificates.

Specifically, employees who are entitled Chartered Financial Analyst (CFA)

676

Certified Public Accountant (CPA)

862

Financial Risk Manager (FRM)

1,058

Associate Financial Planner (AFP)

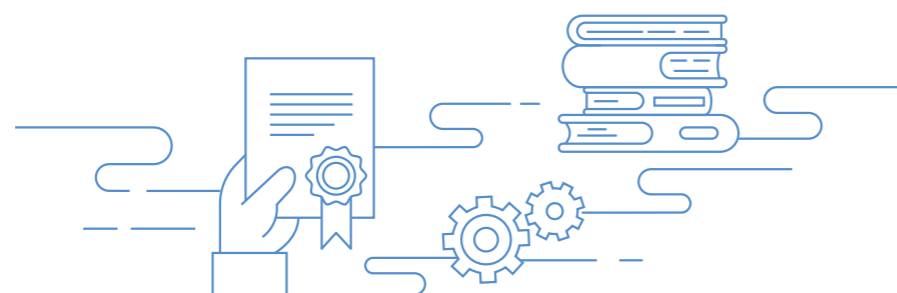
21,973

Project Management Professional (PMP)

1,064

Internal policies related to professional qualification certification

The Bank officially commenced the work of professional qualification certification in 2010, by establishing a complete set of professional qualification management systems. In 2013, the Professional Qualification Management Measures was revised and released, which laid out management systems in terms of qualification settings, examination organization, qualification certification, qualification application, and qualification management, etc. At the same time, each professional sequence has put in place an accurately-targeted syllabus, a set of scientifically-designed examination database, and a supporting textbook. Besides, there have formed a batch of standardized, clear, and accurate learning and examination syllabuses for credit, financial accounting, assets and liabilities, pooled procurement, and customer service managers, among others. Based on the post/rank hierarchy, professional qualifications horizontally cover 20 sequences subordinate to professional, sales, customer service, and operation categories and vertically extend three levels, that is, junior, middle, and senior.



Training cooperation

Cooperation with universities at home and abroad

The Bank made exchange visits with universities around the world with an aim to achieve a win-win outcome through bank-university collaboration. Since 2010, ICBC has carried out a host of short-term executive training programs with many world-renowned institutions such as the Wharton School, Yale University, University of Cambridge, etc. as well as multiple sessions of international talent training

with the University of Michigan, University of Manchester and University of Illinois. In addition, the Bank has also conducted high-level exchange visits and case development with the University of Cambridge and the International Institute for Management Development in Lausanne, Switzerland, and high-level lectures at the University of Illinois.

Case 1: The Overseas Training Program for Senior Executives

In order to cultivate managerial personnel with an international vision and globalized operation capabilities, the Bank has implemented the Overseas Training Program for Senior Executives since 2012, where attendees went to many internationally renowned universities including the University of Cambridge, University of Michigan, and University of Toronto for learning and exchange.

To date, a total of **36** training sessions have been held, each lasting **14** days and attracting **967** attendees

Case 2: The International Talent Training Program

Since 2011, the program has been launched by the Bank, so that elite employees are selected and dispatched to study and work abroad every year. Aimed at increasing the reserve of employees to work abroad, the program has trained a total of 654 staff members through the phased, systematic training courses that consist of "domestic training, overseas training, and hands-on practice".

Cooperation with Chinese universities

First, joint training of post-doctoral researchers

Well-known professors from China's top universities such as Peking University, Renmin University of China, Chinese Academy of Social Sciences (CASS), and University of Chinese Academy of Sciences (UCAS) are hired to serve as instructors with bank leadership in a joint effort to cultivate post-doctoral researchers for ICBC. During the reporting period, a total of six post-

doctoral researchers successfully passed the station-leaving review and all joined the Bank. Since its establishment in 2002, ICBC's post-doctoral station has recruited and trained 100 post-doctoral researchers, thus opening up an important way for the Bank to introduce, train, and engage high-end talents.

Joint training programs with government organs and enterprises

Second, cooperation in training delivery

According to its actual needs for management personnel training, the Bank gives extensive cooperation with many universities including Tsinghua University, Peking University, Beijing Normal University, Renmin University of China, and Zhejiang University. During the reporting period, the Bank carried out the

Key Cultural Personnel Training Program, the Managerial Personnel Training Program, and other programs by teaming up with the Renmin University of China, Beijing Normal University, and Zhejiang University.

In recent years, ICBC has taken the initiative to get aligned with national policies and meet people's needs. The Bank is committed to building intelligent platforms, serving the national economy and people's livelihood, and fulfilling social responsibilities. It has rolled out bank-government, bank-enterprise, and other training programs under the "Training Plus" brand.

Bank-government training

ICBC cooperated with Guizhou Local Financial Supervision and Administration to organize two special seminars on Improving Financial Competence in Guizhou Province that trained

90 management personnel from relevant departments of Guizhou Provincial Government, financial regulators of cities (prefectures), counties (districts/special districts), and financial institutions in the province.

The Bank partnered with Sichuan Local Financial Supervision and Administration to organize two special seminars on Improving Professional Competence of Financial Officials in Sichuan Province that trained

80 management personnel from relevant departments of Sichuan Provincial Government, financial regulators of cities (prefectures), and financial institutions in the province.

It co-hosted with Nanchang Municipal Government of Jiangxi Province a training course themed serving the high-quality development of the real economy with financial strength in Nanchang City. Its

60 attendees came from the relevant departments of Nanchang Municipal Government, its subordinate counties/districts (development zones and administrations), and municipal state-owned enterprises (SOEs) affiliated with the city.

Bank-enterprise training

ICBC joined hands with the Ministry of Industry and Information Technology (MIIT) to organize a FinTech-themed training program attended by leading business and management talents of small and medium enterprises (SMEs) in the title of "Promoting the Integrated Development of Large, Medium and Small Enterprises". The attendees were

106 managers from small and micro enterprises engaged in high-tech development (56) and FinTech-related fields (50).

Besides, four financial seminars were held, which invited

190 managers of 200 private companies. These attendees come from 13 sectors that matter to the national economy including manufacturing, software, and information technology (IT) services. Specifically, those from the manufacturing industry represented a majority.

ESG training and research programs at ICBC

ICBC gave ESG lectures and training courses to both leadership and employees within the Bank and from financial peers

On 21 May 2021, Chief Economist Zhou Yueqiu delivered a training course themed "Green Finance Strategies and Paths to Peak Carbon Emission and Achieve Carbon Neutrality" at the Jiangxi Finance Association. Deputy Dean Yin Hong gave lectures about such topics as the recommended developments in green finance in the context of carbon neutrality

at Nanjing Branch's "Finance-supported Green Development Seminar under the Series of Serving High-Quality Development with Financial Strength", Zhejiang Branch's training course for outstanding young cadres, and "the Second Training Course for Corporate Business Management Personnel from Key Strategic Regions".

ICBC carried out green finance research programs and shared research results widely within the Bank

The Bank has compiled and published the ICBC Special Report on Green Finance for three consecutive years; co-released the Report on the Progress of Pilot Program of UK-China Climate and Environmental Information Disclosure Pilot that was available on the website of UNPRI for three consecutive years; co-published with the Chongyang Institute for Financial Studies, Renmin University of China the Research Report on the Development of China's Green Finance for three consecutive

years; and co-released with the Green Finance Committee the Case Studies of Green Finance in China, the International Developments and Case Studies of Green Finance, and the Environmental Risk Analysis by Financial Institutions. The series of research results have exerted the far-reaching influence and swept many awards, providing green finance practice guidelines for cadres and employees at ICBC and beyond.

Some ESG-related public papers of ICBC are listed

below: How Does Emission Right-Based Lending Contribute to Sustainable Production and Green Financing? A Modelling Study ([J]Environment, Development and Sustainability, 2021.2, SCI); Paths Available for Financial Institutions to Help Achieve the Goal of Carbon Neutrality (Financial Perspectives Journal, Issue 3, 2021); Analysis and Inspirations of Carbon Neutrality Paths of HSBC (Tsinghua Financial Review, Issue 4, 2021); Global Green Taxonomy and Developments (China Finance, 2020); Interpretation of the Task Force on Climate-Related Financial Information Disclosure Framework and Practice of China's Financial Institutions (Modern Finance Guide, 2020); Environmental Information Disclosure Practice by Financial Institutions (China Banking, 2018); and Relying on Green Finance to Promote Green Transformation (Modern Commercial Banking, 2018). At the same time, the Modern Finance Research Institute has written a large number of

green finance research reports, including Finance Helps Achieve the Goal of Carbon Neutrality, ESG Rating Trend Analysis, Report on Recommendations for Improving ICBC's ESG Management, Path to and Market Analysis of "Zero Carbon Buildings", Global Commitment to Carbon Neutrality and Recommendations from ICBC, Interpretation of and Recommendations for the Guiding Opinions on the Development of the Green and Low-Carbon Circular Economy, Green Development Proposal and Suggestions in the 14th Five-Year Plan, Latest Progress in Carbon Neutrality and Strategies of ICBC, Developments in and Recommendations for Pilot Zones of Local Green Finance Reform, The United States' Leaders Summit on Climate, and United States' Formal Return to the Paris Agreement. All of these reports provide theoretical support and case references for ICBC in terms of ESG governance decision-making and green finance planning.

Employee complaint procedures and democratic management

The Labor Dispute Mediation Committee

The Bank has formulated the Labor Contract Management Measures, which requires managing labor disputes in a systematic and normative way, and stipulates that tier-one branches (branches directly managed by the Head Office) and tier-two branches shall establish their respective labor dispute mediation committee in accordance with the law. These committees shall be affiliated with the staff union working committees at the same level, responsible for mediating labor disputes within the jurisdiction. A labor dispute mediation committee is composed of employee representatives and institution representatives. Specifically, employee representatives are labor union members or elected by all employees. In the event of labor disputes, employees may settle them by negotiating with the institutions with which they are affiliated. Where negotiation fails or settlement agreements cannot be fulfilled, employees concerned may apply to the labor dispute mediation committees of their institutions for mediation. If mediation fails or mediation agreements cannot be fulfilled, employees concerned may apply to their local labor dispute arbitration committees for arbitration. Those who are dissatisfied with the arbitration award may file a lawsuit with the local people's court.

Appeal procedures for employees who are imposed with disciplinary sanctions

To promote the orderly implementation of the “(9+X) + 4” risk event-related responsibility identification and accountability mechanism, during the reporting period the Bank revised and issued the Employee Violation Handling Measures, which set out the principles that governed the appeals (reviews) for disciplinary sanctions of institutions at all levels. The appeal review shall follow the principles of “being objective and fair, making sure the first appeal response rate can reach 100%, not increasing penalties due to appeal filing, and undertaking to correct any mistake identified. Besides, the measures also defined the scope of disciplinary sanction appeals (reviews) handled by institutions at all levels and regulated the requirements and procedures for institutions at all levels to handle disciplinary sanction appeals.

Democratic management of employees (employee representative assembly)

The Bank has established a system of employee representative's meeting at the Head Office and all branches/institutions. Employee representative's meetings are held regularly to provide staff with an effective way to participate in the Bank's business management and major decision-making processes, and to study and deliberate on the material matters involving their immediate interests. Employee supervisors are elected through the bank-wide employee representative assembly, as a move to improve corporate governance. To make sure the employee representative assembly could perform their functions efficiently, the Bank has in recent years solicited all employee representatives' opinions on such policies and measures as the Code of Conduct, the Enterprise Annuity Program, and the Point-based Violation Management Measures through the democratic procedures in accordance with the law. At the same time, staff unions take part in the deliberation on issues such as the handling of employee violations, termination of labor contracts, and enterprise annuity in accordance with the law, so as to safeguard the legitimate rights and interests of employees.

Employee satisfaction

ICBC attaches high importance to employee satisfaction, and has established a regular closed-loop employee satisfaction surveying and improvement mechanism that covers multiple levels and dimensions. Since 2020, institutions at all levels of the Bank have successively carried out questionnaire surveys on employee mentality, employee satisfaction, and other aspects through online and offline channels, which focused on such topics as front-line outlets, services for grassroots employees, and young employee development. These questionnaires covered over 60,000 employees.

Development of the Human Resources Service Station of the Head Office

In June 2021, the Bank innovatively established the Human Resources Service Station at the Head Office. By integrating service teams, setting up service lines, and using intelligent technologies and other means, the station can provide employees with one-stop, intensive, IT-enabled, and convenient services.

Within one month after the inception, it rendered services over

600 times

Employee Stock Ownership Plan

No employee stock ownership plan was implemented at the Bank as of 30 June 2021.

When relevant conditions are met, the Bank will study the feasibility of such a plan in a timely manner.

Non-wage benefits and work-life balance

Supplementary pension insurance plan

The Bank has introduced a supplementary pension insurance plan (i.e., enterprise annuity), after getting employees covered by the basic pension insurance. In 2020, it revised the Enterprise Annuity Plan of ICBC, which accelerated the accumulation of employee pension insurance.

Supplementary medical insurance plan

In addition to the basic medical insurance, the Bank also put in place a supplementary medical insurance plan to help staff members reduce medical bills incurred by outpatient service, emergency treatment, and hospitalization and provide additional medical support for employees suffering from serious diseases. The coverage rate of supplementary medical insurance has reached 100%, thus greatly lowering medical expenses on employees.

Employee assistance scheme

The Bank offers money subsidies to employees in need every year. Specifically, the recipients of subsidies are employees or their immediate family members who are diagnosed with serious diseases, have severe accidents, suffer from natural disasters, etc. In 2020, the Bank revised and issued the Measures for Managing the Spending, which raised the annual ceiling to RMB100 million. A total of 10,185 employees in need received assistance throughout the year. At the same time, a level-by-level assistance mechanism was improved at tier-two branches and higher institutions. In the year, 25 branches allocated funds in RMB27,849,000 to assist 4,394 employees.



A total of **10,185** employees in need received assistance throughout the year

At the same time, a level-by-level assistance mechanism was improved at tier-two branches and higher institutions. In the year, 25 branches allocated funds in

RMB **27,849,000** to assist **4,394** employees

Employee health checks

The Bank organizes all-employee health checks every year. A wide range of check-up items are offered for employees to choose from. Besides, considerate follow-up services are available throughout the process from sign-up, check progress, results feedback, and double-check.

Office environment

The Bank focused on renovating old outlets, with an aim to create a better working environment for employees. To date, a total of 15,800 outlets across the Bank have been equipped with a variety of facilities such as refrigerators, microwave ovens, water dispensers, and air purifiers in many functional areas including dining/break room, toilet, and workspace.

Care for employees and health consultation

The Bank relies on channels as the human resource management system, office mailbox system, and office software to send heartfelt blessing messages to employees on important festival, holidays, and anniversaries including birthdays, on-boarding anniversaries, anniversaries of employees dispatched to work abroad, Spring Festival, and Dragon Boat Festival. In addition, it continues to provide staff with health consulting services, by entrusting third-party professional companies to furnish employees (including their spouse and children) with telephone or face-to-face consultations. During the reporting period, nearly 4,000 appointment cards were distributed to offer 911 health consultations, with the annual consultation rate up to 11.4%. The Bank kept carrying out health promotion measures. For instance, an e-brochure is pushed every month, which unfolds around a specific festival or theme. In 2020, another intelligent platform was launched to provide employees with health consultations by online appointment. In addition, the Bank has also continuously enhanced the coverage and quality of its employee care programs, by providing health consulting services for family members of the employees dispatched to work abroad and increasing the items under the new employee health screening program and the health consulting service program for overseas employees.

During the reporting period, nearly **4,000** appointment cards were distributed to offer **911** health consultations with the annual consultation rate up to **11.4%**

Pandemic containment measures

Appropriation of pandemic containment funds and supplies

The Head Office allocated special funds for the fight against the COVID-19 pandemic to Hubei Branch, along with additional salary, benefit, and special funds in RMB30 million, RMB15 million, and RMB5 million respectively, so as to fully support the branch in ensuring the health and security of employees during the tough time. Meanwhile, the Bank appropriated special-purpose salary funds to other domestic branches, so that they could

grant work allowances to outlet staff who took shifts and those who had direct contact with customers for door-to-door collection and cash replenishment during the pandemic containment period. Additionally, the Bank granted RMB495 million in labor protection fees to domestic and overseas institutions for purchasing employees' infection prevention supplies.

Establishment of an employee health protection system

ICBC put in place a group-wide employee health monitoring mechanism, where joint prevention and control measures could be adopted by following the principle of "vertical and horizontal integration, jurisdiction-based management, and phased responsibility fulfillment" to ensure full coverage of all employees, achieve seamless duty fulfillment, and make timely statistics and reports of confirmed and suspected cases of COVID-19 in the workplace. Particular attention was paid to helping those in need or in crisis. Measures were proposed to help and assist the employees suspected/confirmed as having the coronavirus and to provide outlet employees with medical protection against

the virus. The Bank supervised/guided the supplementary medical insurance providers to improve their service systems, with a view to speeding up policy review and compensation. All institutions were instructed to protect their employees in the workplace during the crisis. Given the pandemic risk levels at the places where they were located, these institutions developed staff and outlet business schedules in a science-based manner, to ensure business continuity and staff safety. Overseas institutions were guided to abide by local pandemic prevention rules in workplace infection containment, and help employees in need.

Intensified care for overseas employees

1	2	3	4
ICBC worked hard to purchase and assign pandemic containment supplies for employees, and earmarked funding for overseas institutions' efforts to protect their employees	The Bank guided overseas care of their employees and prepare emergency treatment plans, and got timely informed of health conditions of overseas employees returning to work. It made sure all employees could get vaccinated before they went to work abroad.	Besides, it promoted overseas institutions to improve their medical security mechanism by increasing employee insurance coverage	communicated and counseled with the institutions in the regions hard hit by the COVID-19 pandemic and those with weak medical care conditions one by one.

Paid leave

At ICBC, employees are entitled to paid annual leave in accordance with the applicable national regulations. Annual leave can be taken at one time or discretely within a year. If it is necessary to be reserved for the next year due to work needs, arrangements can be made on a case-by-case basis flexibly. Every year, 6,000 model workers are organized for recuperation activities across the Bank. In 2021, it is planned to arrange 6,500 model workers for rest and recuperation in batches.

Rewards and incentives

ICBC established a complete set of reward and incentive systems with its own characteristics, which can be summarized as "1+4". To be specific, "1" refers to the Reward and Incentive Management Rules of ICBC, which is an overall guide of the Bank in this regard. "4" means the management measures for four categories of rewards and incentives, that is, the Measures for the Management of Internal Rewards and Incentives within ICBC, the Measures for the Management of Party and National Rewards and Incentives, the Measures for the Management of Collective/Organizational Rewards and Incentives, and the Measures for the Management of Media/Social Rewards and Incentives. The ICBC Excellence Awards are set up as the highest-level comprehensive title of honor across the Bank. Besides, winners of other titles of honor are selected regularly, which include "Touching the Heart of ICBC", "Innovative ICBCers", "Craftsmen of ICBC", "Elites of ICBC", "Employees of Honor Worldwide", and "Model Workers in Compliance". The "ICBC Achievement Awards" are created to commend model groups and individuals in various business lines.

In June 2021, the Head Office held a group work anniversary where employees working at ICBC for 30 years were given a commemorative medal and thank you letter to commend their contribution to the Bank and encourage more persons to follow suit.

Remuneration optimization mechanism

The Bank adopts a remuneration policy that is in line with corporate governance requirements and high-quality development targets, adapted to risk management systems, and matched to employees' value contribution. Staff remuneration consists of basic salary, performance-based remuneration, and benefits, among others. The basic salary depends on an employee's value contribution and capabilities of fulfilling duties while the performance-based remuneration is decided by performance assessment results of the Bank as a whole, the institution or department and the employee. Senior Management members and post holders that have a significant impact on risks see their performance-based remuneration subject to a deferred payment, stop payment and claw-back mechanism, in an effort to reach a balance between risks and incentives. Following the principle of "efficiency first and fairness considered", the Bank continues to optimize the value creation-oriented remuneration resource allocation mechanism, transmit the Group's strategic goals, allocates more remuneration resources to grassroots-level employees, and mobilizes the operational vitality of various institutions at all levels.

A mechanism that protects the legitimate rights and interests of female employees at home

Intensifying the development of the female employee protection mechanism

According to the *Special Rules on Labor Protection of Female Employees*, the Women Workers Committee of the Head Office Staff Union formulated and issued the *Guiding Opinions on Further Strengthening the Protection and Service of Female Employees and the Collective Contract for the Protection of Female Employees' Rights and Interests of ICBC (Template)*. Contents of the two documents involve many aspects such as the labor protection for female employees

during their menstruation, pregnancy, childbirth and breastfeeding, maternity insurance, maternity leave, regular health screenings against gynecological and breast diseases. Each branch signs and performs the *Collective Contract for the Protection of Female Employees' Rights and Interests*, earnestly implements special provisions on labor protection, and safeguards legitimate rights and special interests of female employees in light of local conditions.

Stepping up efforts to publicize the laws on the protection of the rights and interests of female employees

The Bank hosted knowledge contests on women workers protection laws and regulations such as the *Special Rules on Labor Protection of Female Employees*, and distributed related books including the

Legal Knowledge Brochure for the Protection of Female Employees' Rights and Interests and the Guide for Promoting Gender Equality in the Workplace.

The Bank vigorously implemented the work arrangements made by All-China Federation of Trade Unions, All-China Women's Federation, and the National Financial Workers' Union on promoting the maternal and infant health across society.

The *Work Plan for Joint Construction of Care Rooms for Women Workers* was formulated, according to which institutions at all levels would proceed from their actual conditions and needs to build care rooms for women workers and provide necessary places and facilities/supplies for female employees during their menstruation, pregnancy, childbirth, breastfeeding, and menopause. In recent years, the Staff Union of the Head Office has allocated special funds to all tier-one branches (branches directly managed by the Head Office). Every year, 38 tier-one branches (branches directly managed by the Head Office) will each build a care room for women workers, in a bid to promote the construction of such facilities progressively.

During the reporting period, the Bank built over **1,500** care rooms for women workers.

continuing to carry out female employee assistance activities

Female model workers, cadres, and employees have formed with those in need over 1,000 pairs for assistance across the Bank. During the reporting period, the Staff Union of the Head Office helped over

300 female employees solve their actual problems such as children's admission to school, thus boosting their confidence in overcoming challenges.

The Bank makes sure that no gender discrimination is constituted in its recruitment at home. In accordance with the applicable national laws and regulations and its Administrative Measures for the Recruitment and Appointment of Employees Across the Group, it explicitly

stipulates domestic institutions should treat all job candidates equally and fairly and hold them to consistent standards, refraining from setting/releasing discriminatory conditions or conditions unrelated to job requirements.

Equal rights of men and women

Construction of reading rooms and homes of staff at branches/institutions of all level

Since 2011, ICBC has earmarked approximately

RMB **1.3** billion

in special funds for the construction of homes of staff

During the reporting period, the Bank built

16,000

homes of staff in total, with the coverage rate

up to **98.8**%

Specifically, 38 tier-one branches (branches directly managed by the Head Office) constructed

35

homes of staff at their headquarters

and 520 tier-two branches (including provincial capital branches) and business departments set up

491

homes of staff

In addition to providing necessary facilities, homes of staff could also offer employees spaces for learning and activities. The Bank had 7,031 reading rooms in total. Some branches built staff e-bookstores with massive book resources that could be easily

accessed online anytime and anywhere. Some branches/institutions even provided employees with fitness courses such as yoga and Pilates as well as facilities required by sports & cultural activities, to help employees enrich their after-work life.

Staff activities

Carrying out a variety of cultural & sports activities for employees

The Bank has established three associations of calligraphers, artists, and photographers. Institutions at all levels have created a diversity of cultural & sports associations and interest groups, which make full use of homes of staff and other venues to organize cultural & sports activities on a regular basis. The Staff Union of the Head Office held 16

Head Office staff sports games, five table tennis competitions for all employees, two basketball competitions, one futsal game, four badminton competitions, four tennis competitions, two exhibitions of scripts, paintings, and photos by employees, and cultural activities at the grassroots level.

Group weddings and networking events

In October 2019, the first group wedding took place at ICBC, where 35 couples from different countries and regions tied the knot. In October 2020, another group wedding of 50 couples was held online, given the ongoing pandemic containment efforts. The event showed ICBC's care for all

employees, and spread the charisma and cohesion of its corporate culture. Besides, a networking event was hosted in the form of music party, where 60 young people within ICBC and beyond were invited to meet with each other and have fun together.

ICBC Sharing Station

ICBC makes continuous efforts to build the "ICBC Sharing Station" service brand that integrates "sharing, poverty alleviation, public welfare, publicity, and one-stop services". During the reporting period, the Bank successively held a series of themed activities to increase people's well-being, which included the "ICBC Sharing Station" volunteer service awareness month, the "ICBC Sharing Station" thanksgiving activity, and the "ICBC Sharing Station" college entrance examination activity. These

themed activities were intended to show care for many outdoor workers, volunteers, medical staff, and other groups benefiting the public. Besides, the Bank implemented the national strategy for developing inclusive finance and carried out the "I Do Real Work for the Public" campaign, where a total of 20,000 public service activities of all sorts were organized to serve the public and customers up to 16.8 million person-times, thus greatly bolstering up the efforts to increase people's well-being.

Regular performance appraisal and feedback process

The Bank strives to create a fair, transparent, scientific, and normative appraisal and remuneration mechanism and establish a complete performance management process through a host of measures such as reasonable system design, comprehensive policy dissemination, fair performance appraisal, adequate communication, and strict supervision & control.

The Bank has established a post duty-based performance appraisal mechanism where employees undergo classified appraisal as well as quantitative assessment and qualitative evaluation are combined for continuous optimization. Given many factors such as post duties, role positioning, and job nature, it introduced differentiated performance management, set up different types of appraisal methods and indicators, highlighted priorities of appraisal for various employees, and improved the pertinence and effectiveness of performance appraisal.

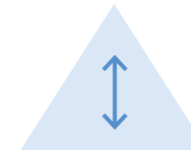
The Bank kept improving the employee performance-oriented communication and feedback process, strengthened the organization and management of performance appraisal, and ensured that performance-related communication is traceable and appraisal results being open and fair. Performance appraisal results are used to form a virtuous cycle of performance management, by ways of giving special training courses on performance appraisal, increasing policy publicity, etc.

Career development training plan for employees

The Bank compiled and implemented the *Three-Year Personnel Development Plan (2018-2020)* to establish a personnel training and development regime covering all levels of employees across the board, optimize the staff structure, improve work efficiency and tap deep into the talents of every person, in a bid to create a sustainable talent pipeline. Institutions innovated or refined their employee training and development plan based on their actual conditions. In 2021, the Bank launched a cross-provincial rotary training program for all outlet heads. Under the program, 23,000 outlet heads were coordinated to attend practical and systematic training courses, thus helping them "go out" and broaden their visions and building a communication platform where they could enhance professional quality and performance competence.

- ICBC Tianjin Branch** established a special training service team for the implementation of key strategies to develop high-quality business courses and giving training sessions.
- Jiangsu Branch** created a Yinying credit management personnel training program, which cultivated more than 200 credit management talents at all levels.
- Shenzhen Branch** explored the integrated development of relationship managers and encouraged employees to take multiple posts across different business lines.
- Zhejiang Branch** constructed a talent training framework that consisted of "three types of elites, two professional fields, and one platform". Under the full-chain talent development system, it recruited more than 500 young employees and over 470 talents from dual professional backgrounds.
- ICBC (Asia)** drew team portraits, and proposed the "3E" talent development plan, focused on training compound talents.

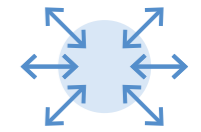
The Bank has built a three-dimensional personnel exchange mechanism covering every dimension of the Group.



In terms of vertical exchanges, it regularly dispatched Head Office employees to work at the grassroots-level branches/institutions, and selected grassroots-level employees to work at the Head Office.



With respect to horizontal exchanges, employees are organized for exchanges, training sessions, and practices at different institutions or departments.



As to external exchanges, employees are selected and arranged to study and work at overseas institutions or to hold some temporary posts in government agencies, with a view to helping them further broaden the vision, enhancing capabilities, and expanding space for further development.

During the reporting period,



Management skills/leadership training

The Bank continued to improve the leadership enhancement scheme, where management personnel are classified into different groups by age bracket and degree of sophistication to attend training and take practice, so as to raise professional competence of management personnel at all levels. Three training sessions are held for management personnel every year. As to middle-level managers, a host of training courses are hosted with focus placed on building up execution, marketing skills, and risk prevention & control capabilities. Some examples of these courses are the training course for young and middle-aged managers, the training course for tier-two branch heads, and the training source for section-level managers at the Head Office. Regarding grassroots-level managers, priorities go to the enhancement of comprehensive competence in strategy implementation, market expansion, risk prevention & control, and self-discipline. A demonstration course for tier-one branch heads is scheduled every year.

The Head Office operated the "Leadership Lecture" training program, where face-to-face training and off-site training are combined to help young management personnel hone their professional skills in talent training, communication & feedback, and authorization & delegation, among other aspects. The "ICBC Mini MBA Program" is launched to boost management capabilities in a targeted manner. During the reporting period, the Head Office directly trained nearly 6,000 managers at all levels, with 78 training sessions.



ESG Performance

environment

Reduction of greenhouse gas (GHG) emissions under green credit

At the end of the reporting period, the green projects supported by the Bank's green loans were converted into the following:

46.94

million tons of standard coal equivalence of reductions,

95.62

million tons of CO₂ equivalence of reductions,

75.94

million tons of water saved

18.62

million tons of SO₂ equivalence of reductions, and

16.44

million tons of nitrogen oxides emission reductions.

Major green finance indicators

Green loans

At the end of the reporting period, the Bank's balance of green loans calculated by the standard of CBIRC was

RMB **2,154,458**

million, an increase of RMB308,739 million, or 16.7%

from the beginning of the period. The non-performing ratio of green loans continued to stay at a low level, which is

0.45%

Green bonds

The Bank vigorously implements the green development concept and sustainable development strategy of the state to support the development of the green bond market

At the end of the reporting period, the green bonds issued by the Bank totaled

USD **9.83** billion

Gross green investment and financing

At the end of the reporting period, green investment and financing (including loans, bank notes, letters of credit) calculated by the standard of CBIRC totaled

RMB **2,198,959** million

Quantity/scale of ESG-themed funds

ICBC Credit Suisse Asset Management has one ESG-themed fund, which is ICBC Credit Suisse CSI 180 ESG Trading Open-End Index Securities Investment Fund.

At the end of June 2021, the fund had a scale of

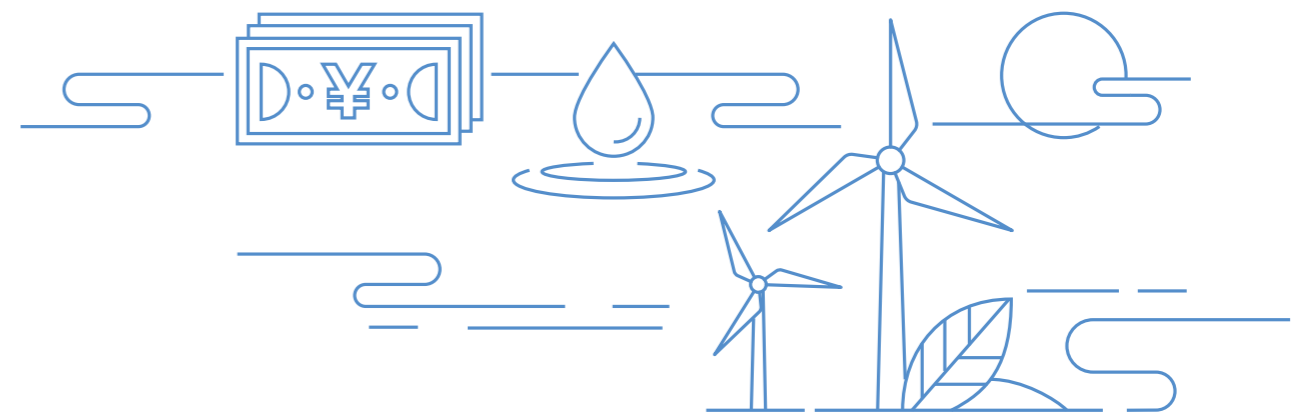
RMB **296** million

Investment on ESG

At the end of June 2021, the Bank's green lease business posted a balance of over

RMB **40** billion

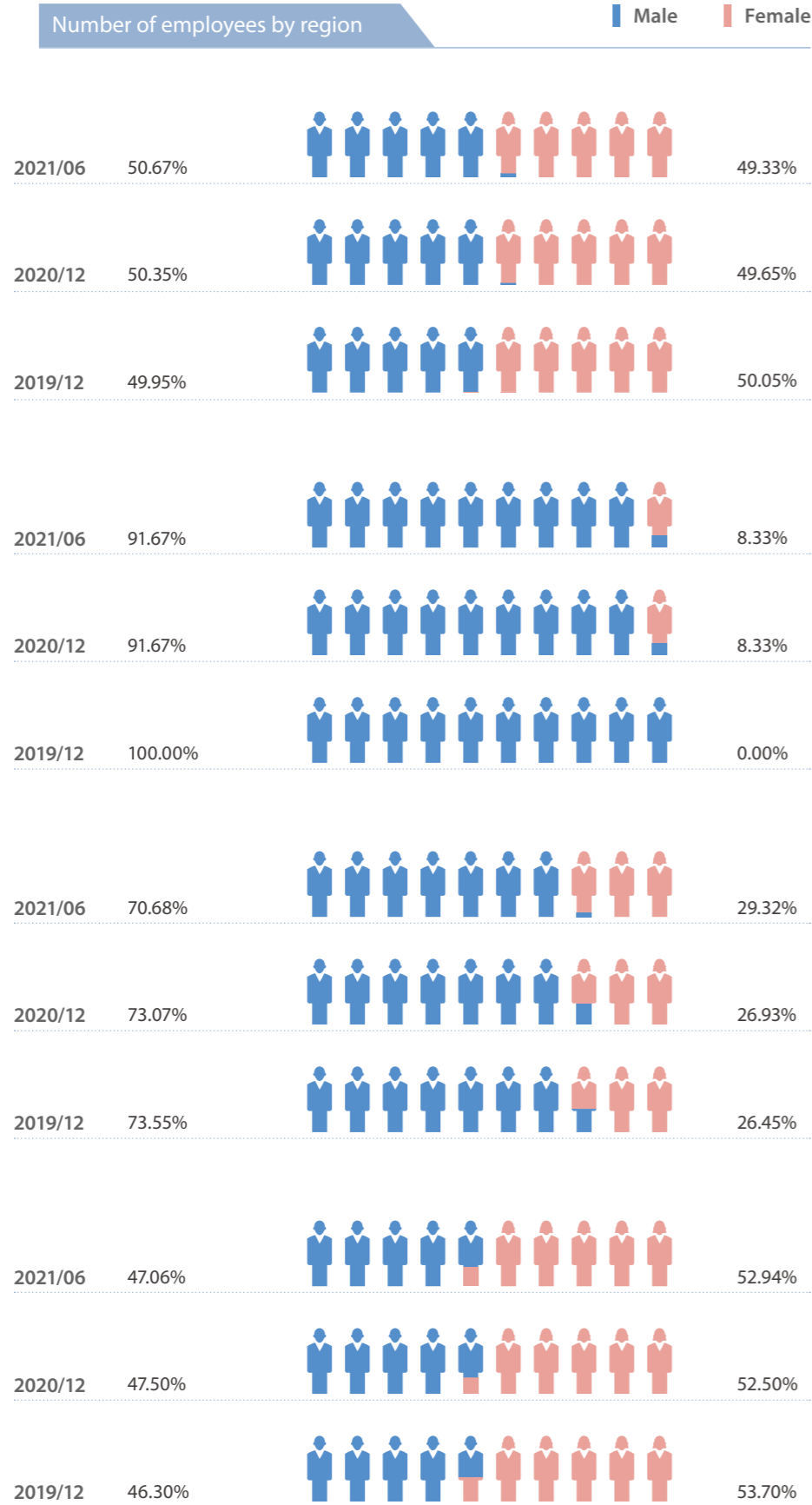
The investment was mainly flowed to Yunnan, Sichuan, Zhejiang, Guangxi, Hubei and other places, and the industries like transportation, energy, and other industries. The green industries in which the leased properties were invested were divided into two clusters: green upgrade of infrastructure and clean energy.



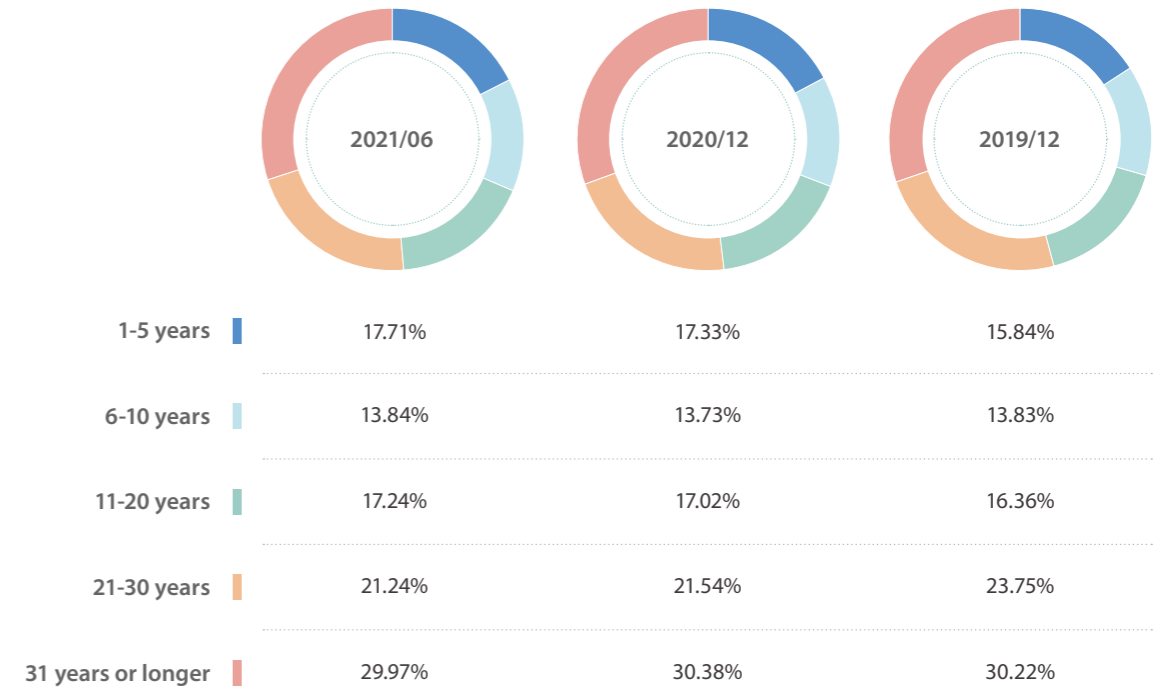
Social

Staff overview

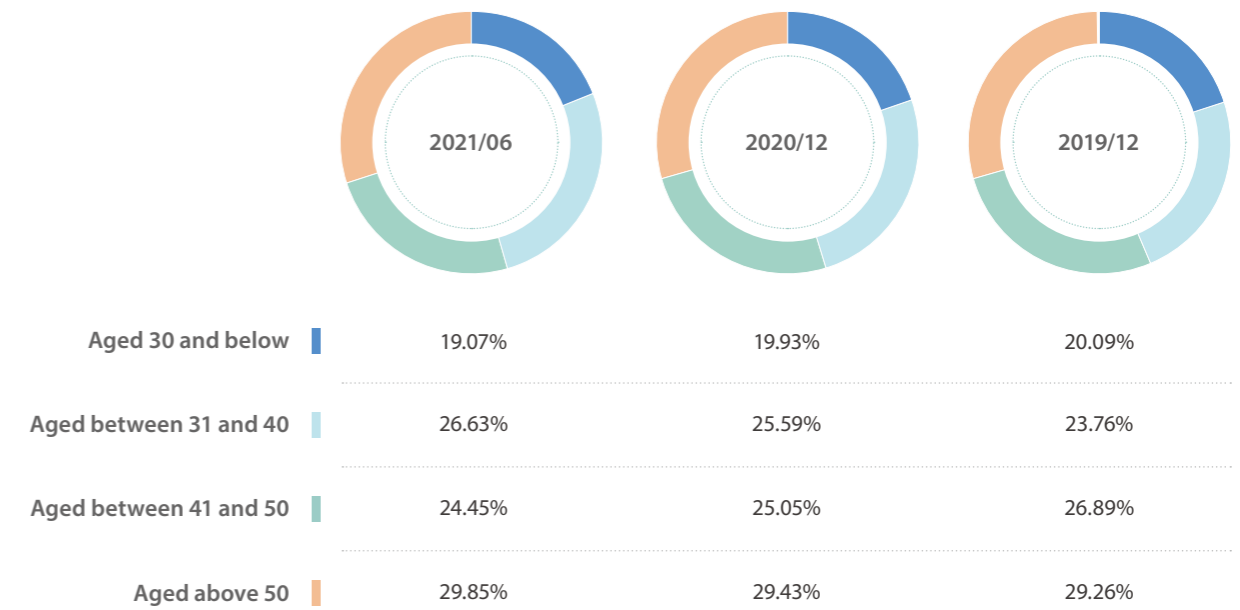
• Workforce



Staff composition by tenure



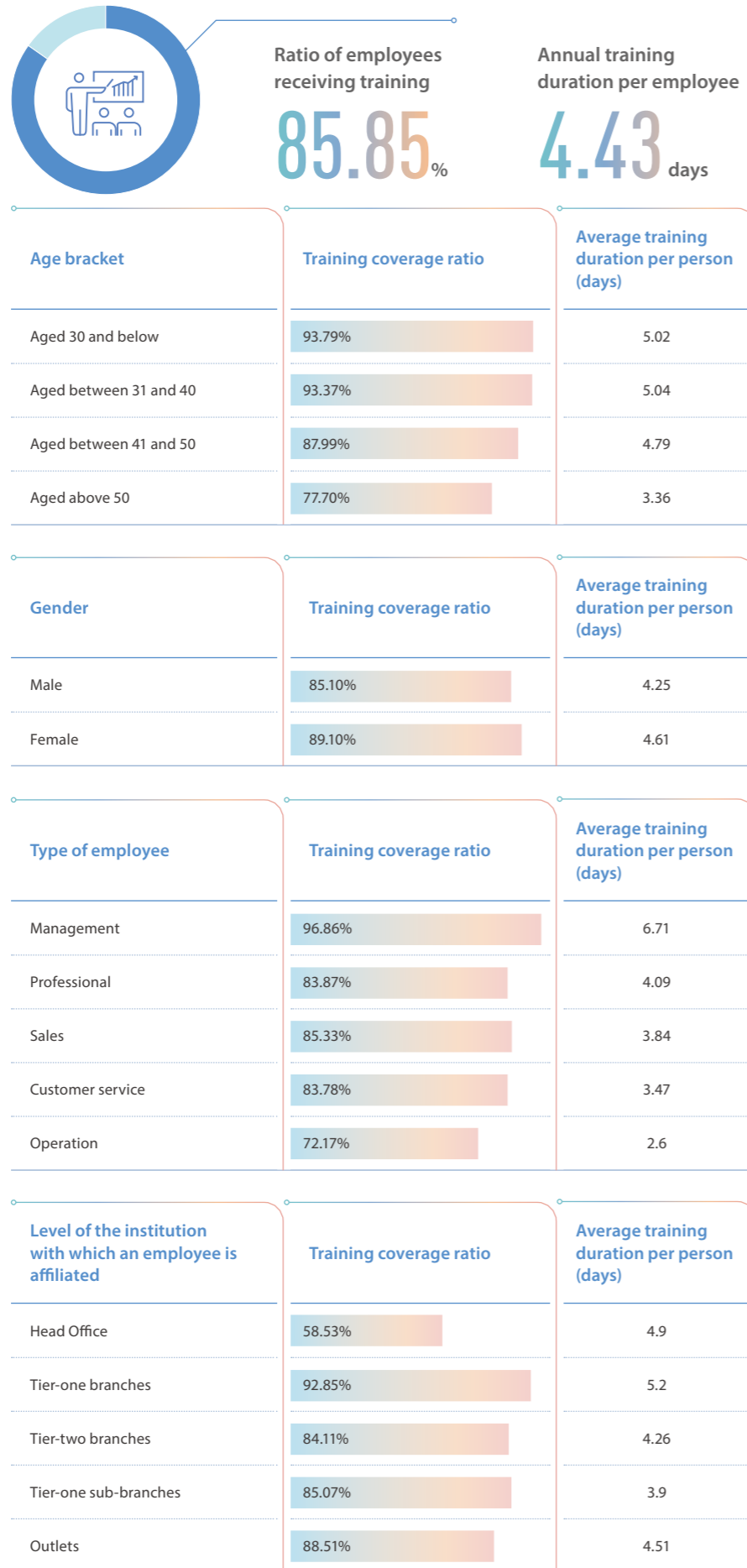
Staff composition by age bracket



Turnover rate of employees



Training



Customer complaints

Number of complaints filed by personal customers

12.16

Number of complaints filed by personal customers every 100 outlets

768

Number of complaints filed by personal customers every 10 million customers

1,748

community service and inclusive finance



At the end of the reporting period, ICBC posted a balance of inclusive finance loans of

RMB 1.01 trillion

up **40%**
The asset quality stayed at a high level



The Bank had **149,800** self-service machines (ATMs and intelligent devices) in total

including **57,800** distributed in counties

County-area outlets across the Bank

6,174

Proportion of outlets equipped with accessibility facilities

75%

Proportion of outlets built with an ICBC Sharing Station:

98%

Substitution rate of self-service scenarios such as renewal of a debit card with its account number kept unchanged and personal credit reference certification for outlet counter businesses in the same types

91%



Users of the version for the elderly of mobile banking

10.86 million

Users of the county-area version of mobile banking

11.44 million

Public welfare donations in the first half of 2021

Summary of external donations by the Group					
Name of indicator	Unit	H1 2021	2020	2019	2018
Total poverty alleviation funds (historical)	RMB 10,000	—	17,597	17,150	6,995
Total input in public welfare	RMB 10,000	1,450	25,298	3,472	3,430

Notes: 1. Total external donations = poverty alleviation funds + input in public welfare
 2. The above are the group-wide data. The input in public welfare in 2020 includes the funds of RMB70.8 million donated by employees of the Bank's staff union to support Hubei in its pandemic containment fight.

Young volunteer activities

In 2016, the Bank established the Youth Volunteers Association to carry out public benefit activities that involved many domains such as contributions towards school expenses and environmental protection & resource conservation. It won many honors such as the Gold Award of the Volunteer Service Competition held by the Central Committee of the Communist Youth League of China and the Outstanding Organization Award for Chinese Youth Volunteers. In the past six years, it held 25,000 volunteer activities that drew 506,000 participants and offered 86,000 hours of voluntary services to more than 800,000 people or groups.

Spark School

On 1 June 2021, a series of Children's Day-themed activities called the "Spark School" were launched, with a view to setting up a platform that could disseminate financial knowledge among young people, further increase the breadth and depth of financial services, and fulfill social responsibilities for pushing forward the national financial literacy campaign of ICBC as a major state-owned bank. At the end of the reporting period, the Bank carried out 734 "Spark School"-themed activities, which involved over 7,000 voluntary services and benefited 47,000 students.

Eye Care Initiative

Since its inception in 2015, the initiative has been operated for seven consecutive years, with a total donation of RMB 5 million. More than 600 young volunteers have been sent to provide sight test services for over 120,000 children. On 6 June 2021, the seventh edition of the Eye Care Initiative was launched as an eye care-themed public welfare activity. The participating branches cooperated with local medical institutions and public benefit organizations to provide free ophthalmic tests and medical assistance for teenagers. At the same time, they also held eye care knowledge lectures on campuses and in communities along with many themed books, so as to widely disseminate useful tips about eye care and help protect children's vision health with practical actions. So far, this initiative has conducted vision screenings and created eye health files for nearly 30,000 students in Beijing, Hebei, Henan, Qinghai, and other places, got the right lenses for some students who suffered from ametropia, and helped 47 students with eye diseases have an operation for free. With these efforts, the Bank has raised attention to eye health of children across society and done its part to protect children's eyes.

ICBC's Love Support Program for Students

The donation of RMB200,000 made by ICBC every year since 2017, along with the funds of RMB1.686 million raised from 34,000 people through the platform, was used to fund 1,685 needed primary and secondary school students. In 2020, the program won the Gold Award of the Fifth China Youth Volunteer Service Project Competition, as the only one in China's financial system to earn such an award.

ICBC in Action for Beautiful China campaign

ICBC organized the public benefit plogging for four consecutive years, where participants sorted out garbage and fought against pollution. Aimed at spreading the concept of ecological civilization and advocating green lifestyles, the campaign has traveled extensively around over 200 cities in 32 provinces. More than 300 universities and 37,000-plus volunteers participated in the campaign. On 5 June 2021, the series of activities in their fourth year kicked off with the theme of protecting the sources of the Yangtze, Yellow, and Lancang rivers. Innovative means such as short video clips were employed to publicize these activities online. Youth volunteers got actively involved in the environmental protection practice in the forms of plogging, knowledge dissemination, and charity fundraising, so as to call on and invite more people who would take care of and preserve the ecological environment at the sources of the three major rivers.

Blue Envelope program

Under the program, volunteers and left-behind children form pairs of pen pals. Their letters constitute a long-term companionship for these children and help them to grow up happily. At present, there are more than 600 employees at the Bank who have formed pairs of pen pals with children at rural schools.



Appendix I

Q&A Summary of the Special Meeting between ICBC and Overseas Institutional Investors

In June 2021, Senior Management of ICBC led a team to hold a green finance and ESG meeting with dozens of overseas institutional investors worldwide. At the meeting, the Bank exchanged views with investors on many topics of their concerns such as green finance governance mechanism, brown finance control, green credit development, and future prospects of green finance.

I. Green Finance Governance Mechanism

ICBC has always attached great importance to investor relations management. Senior Management pays great attention to green finance and ESG performance, by continuing to promote the development of green finance, enhancing its image in the ESG market, and efficiently responding to institutional investors' concerns over value investment, long-term investment, green investment, and safe investment.

The Board of Directors of ICBC boasts a global vision, as well as professional management and strategic planning capabilities. Green finance and climate risk management is in the charge of the Corporate Social Responsibility and Consumer Protection Committee and the Risk Committee under the Board of Directors. The Board of Directors reviews and finalizes green finance and ESG-related policy arrangements, and Senior Management establishes a Green Finance Committee.

At the strategic level, ICBC in its new *Strategic Development Plan of ICBC for 2021-2023* lays down green finance and ESG-related strategies and puts forth strategic goals, measures, and paths.

As the global low-carbon finance market faces the tightened regulation and the optimized policy guidance and presents

the continuously expanded development space, ICBC will continue to make explorations in green finance, low-carbon development and ESG-related social responsibility fulfillment, with a view to generating more results.

Green finance and social responsibility have been incorporated into the ICBC performance appraisal system, so that incentives and restraints can be offered to Senior Management in its efforts to develop green finance and improve ESG performance greatly. ICBC is now aligning itself with the green finance appraisal measures released by the People's Bank of China (the PBC) to further refine relevant appraisal indicators. Senior Management takes the initiative to strengthen the development of green finance, adjust risk weights, and ensures grassroots outlets can have more profit margins to supply green credit and green financing.

ICBC pays great attention to the strategic space and value presented by low-carbon development as well as credit risks brought about by carbon-intensive economy. It regards green finance and low-carbon finance as two areas of strategic significance, and seeks to create greater value for shareholders in the next five to ten years.

II. Brown Finance Control

ICBC attaches great importance to the management of brown finance, with a focus on managing the investment & financing exposure to carbon-intensive, high-polluting, and high-emission companies. Specifically, it makes differentiated credit arrangements for carbon-intensive industries/enterprises that seek low-carbon transformation, pays close attention to credit risks and market risks, and implements strategic arrangements for enterprise risk management, especially climate-related finance risk management.

First, differentiated financing policies, pricing strategies, credit policies, and product strategies are adopted to support the development of low-carbon finance. Second, the strategy of high pricing is devised, where brown financiers promote low-carbon development and restrict carbon-intensive business and financing activities. Greater focus should be placed on supporting low-carbon subsidiaries and strictly controlling credit to carbon-intensive subsidiaries. Third, the investment and financing pricing model has its basic principles consistent

with that of the world's universal model: risk-adjusted return play a decisive role. For the carbon-intensive industries and the high pollution, high energy consumption and overcapacity industries, although financing costs are similar, risk costs are different and expected losses are huge. Therefore, PD and LGD are relatively high. Rigid control is exercised over the high-emission industries, according to relevant formulas.

ICBC manages the carbon-intensive industries and the high pollution, high energy consumption and overcapacity industries by adopting the following three measures. First, great focus is placed on controlling the total amount of credit, product

portfolios, and systemic risks. Second, it is important to exercise rigid control over customer access and selection. Third, forward-looking decisions are made. For the overcapacity industries, most support will be channeled to leading companies. Market-oriented exist is conducive to selecting the superior and eliminating the inferior.

ICBC sees its brown finance risks under control, and its proportion of loans under low-carbon finance and green finance loans on the continuous rise. In the future, it will also bring brown finance under the further strengthened financing limit management.

III. Green Credit Development

ICBC's total green financing exceeded RMB2 trillion and green credit approached RMB2 trillion, two figures that topped China's banking industry for green credit and green financing and grew at a pace faster than the average of loans.

In 2020, ICBC's green financing rose sharply, mainly due to the increased investment and financing support in the green sector, including green loans, green equity investment, green bond investment, and leasing business. Green economy involves a wide range of contents, including green energy, circular economy, and treatment of wastewater, air pollution, solid pollution, and soil contamination particularly. More importantly, it also deals with environmental protection technology, environmental protection industry, environmental protection equipment manufacturing, biomass power generation, waste recycling treatment, and much green infrastructure construction. The primary purpose of ICBC in developing green economy is to adjust the credit structure and financing structure.

ICBC has developed green financing by following the market-based pricing principles and trajectories. Green loans are preferentially channeled to companies engaged in the fields of clean energy, green infrastructure, energy conservation & environmental protection, and others. With these loans, the Bank has won a number of highly competitive corporate customers in the world.

When expanding market shares in the field of green finance, rolling out innovative financing products, and developing low-carbon finance, ICBC has stepped up its risk management and control capabilities, which in turn leads to a rapid increase in the total and incremental financing amounts under low-carbon finance. ICBC has formulated quantitative tasks and goals for developing green finance. Its green loans grow way faster than the average of various loans. The Bank strives to maintain its industry-leading position by the total and incremental amounts of green loans each year as well as the investment and underwriting volumes of green bonds per year.

IV. Future Prospects of Green Finance

The medium- and long-term goal of ICBC is to adapt to the macro environment of low-carbon development and "peaking carbon emissions and achieving the goal of carbon neutrality". ICBC is confident about doubling its renewable energy financing. To realize the goal of peaking carbon emissions by 2030 and achieving carbon neutrality by 2060 (hereinafter referred to as "the '30-60' goal"), a wide range of industries have great room for further development, which include photovoltaic power generation, hydropower generation, wind power generation, tidal power generation, geothermal power generation, natural gas power generation, waste power generation, and biomass power generation.

China's green finance market presents a huge space for future development. Especially, low-carbon economy will fuel the development of low-carbon technology, green energy, and environmental protection industries, which requires more credit and investment. This will bring the banking industry with the greater space for profit and value growth. In the future, ICBC will further refine and quantify the disclosure of green finance and ESG-related information, so that global ESG investors and value investors can obtain enough information and make well-informed value judgments.

Appendix II

Q&A Summary of Annual General Meeting of ICBC for the Year 2020

The Annual General Meeting for the Year 2020 of ICBC was held on 21 June 2021, which was attended by all directors, supervisors, and related senior management members. At the meeting, shareholders and shareholder representatives asked many questions about ICBC, including goals and priorities of the high-quality development initiative, implementation of key strategies, green finance planning and results achieved therefrom, services to the real economy, asset quality, capital replenishment, and ROE. Many senior executives including President Liao Lin, Executive Vice President Wang Jingwu, Executive Vice President Zhang Wenwu, Executive Vice President Xu Shouben, and Board Secretary Guan Xueqing answered these questions in an extensive, candid way. The main contents are set out as follows:

I. Goals and priorities of the high-quality development initiative

High-quality development is the theme of China's economic and social growth in the 14th Five-Year Plan period and beyond. ICBC grounds its efforts in the new development stage, applies the new development philosophy, and serves the formation of a new pattern of development. With the new *Strategic Development Plan of ICBC for 2021-2023* used as an effective means, the Bank endeavors to make headway towards high-quality development.

After nearly four decades' operation, ICBC has gone through three stages of continuous development, a national specialized bank, a state-owned commercial bank, and a state-controlled listed bank, thus laying a solid foundation for high-quality development. At the end of 2020, the Bank's net profit crossed the RMB300 billion mark, reaching RMB317.7 billion, a figure that greatly consolidated its position as the world's most profitable bank. ICBC has long led the global banking industry by many indicators such as total assets, tier 1 capital, deposits, loans, operating income, net profits, and cost-to-income ratio. The Bank's asset quality remained stable, capital adequacy ratio (CAR), and allowance to NPLs all have maintained at relatively sound levels, and its risk resistance continued to improve.

The vision of ICBC is to build itself into a world-class and modern financial enterprise with global competitiveness, which sets out the qualitative and phased quantitative goals. The Bank has pointed out the "big, comprehensive, stable, new optimal and strong" orientation of development and formulated the phased quantitative goals in its new *Strategic Development Plan of ICBC for 2021-2023*. ICBC has nailed down eight yardsticks to gauge high-quality development, and started to implement four major strategies of "bringing out our strengths to make up for our weaknesses, consolidating the old, and laying a solid foundation". The Bank is committed to facilitating the high-quality development of the Chinese economy and society and realizing that of its own.

"Bringing out our strengths" requires exploiting the comparative advantages in four fields of institutional finance, corporate banking, settlement finance, and trading finance. "Making up for our weaknesses" means efforts are made preferentially in domains of personal banking, foreign exchange business at home, competitiveness enhancement in key regions, joint development in rural and urban areas, etc. Especially, urban finance will be developed to drive rural one and serve the implementation of the rural revitalization strategy. "Consolidating the old" refers to preferentially consolidating the foundation of FinTech, financial innovation, financial elements, and risk governance. "Laying a solid foundation" is mainly about intensifying organizational development, interactions among government, business and consumption (GBC), coordination between offline and online channels, and team building.

Senior Management of ICBC has proposed to continue the building of a "bank by your side". ICBC now has nearly 430 million mobile banking users online and some 16,000 outlets offline. With online and offline channels combined, the Bank is committed to providing integrated services with customers throughout their growth trajectory. To build a bank as your trust, the Bank strives to improve customer satisfaction, adhere to stable operations, and take good care of employees, with a view to becoming a bank trusted by customers, investors, and employees. To build a modern bank, ICBC rides to the trend of modern finance and increases the adaptability, competitiveness and inclusiveness of financial services. To build a green bank, ICBC practices the concept that "lucid waters and lush mountains are invaluable assets". To realize the goal of "peaking carbon emissions and achieving carbon neutrality", the Bank takes supporting green development as a key direction of its holistic development, and continues to make strides in green finance and ESG operation.

At the same time, it is important to optimize the marketing

system. ICBC strengthens GBC interaction, gets front, middle and back offices connected together, and builds an integrated marketing system, to maintain a balance among large, medium and small customers, and continue to restore and maintain the diversity of the customer ecosystem. Efforts are made to optimize the risk control system. The Bank improves the four-pronged enterprise risk management approach to people, money, line of defense, and bottom line, with an aim to enhancing the perspectiveness and effectiveness of risk control. Moves are adopted to optimize the ecosystem. Focused on the four dimensions of "value creation, market position, risk control, and capital constraint", ICBC builds a complete set of evaluation

indicators conducive to striking the ecosystem balance. Specifically, value creation indicators include ROA, ROE, EVA, and net profit, among others; market position and operation efficiency indicators encompass revenue growth rate, deposit interest rate, loan yield, NIM, proportion of fee and commission, etc. Risk control indicators are non-performing ratio, allowance to NPLs, etc.; and capital constraint indicators consist of CAR, RWA, RAROC, and others. Endeavors are made to improve the evaluation system. For example, adjustments are made to many mechanisms such as economic performance appraisal, senior executive salary linkage, and total institutional remuneration distribution.

II. Green finance planning and resulted achieved therefrom

ICBC has tapped deep into the field of green finance for many years. It always harmonizes economic responsibilities with social ones, takes green finance as a key direction of its holistic development, gets actively involved in global sustainable financial governance, builds a "green bank" brand, and plays a leading and exemplary role in serving green development as a major bank.

First, a complete set of green finance governance systems have been put in place. After year of practice and learning from advanced peers worldwide, ICBC has formed a green finance governance regime where the Board of Directors takes an overarching approach, the Green Finance Committee takes charge, various departments get coordinated as a whole, branches and institutions make innovation, and all employees take part. The Board of Directors sets up the Corporate Social Responsibility and Consumer Protection Committee to formulate a sustainable development framework for green finance and regularly listens to reports on the progress of green finance. Senior Management establishes the Green Finance Committee, which considers and reviews green finance reports, policies and systems, and makes arrangements for green finance. Each branch creates a green finance committee with reference to the practice of the Head Office, to promote the development of green finance within its jurisdiction comprehensively.

Second, green finance management is embedded into the investment and financing process. ICBC has formulated green credit policies for more than 50 industries in 16 sections. It brought environmental, climate-related, and social risks arising from in the credit granting process under classified management, implemented differentiated credit policies in domains such as economic capital occupation, authorization, pricing, and scale, and strictly implemented them "one-ballot veto rule" for environmental protection; and applied requirements for green management to a wide range of investment and financing business lines such as bonds, wealth management, and financial leasing.

Third, continuous efforts are made to strengthen green incentives and green information disclosure. ICBC has devised special evaluation indicators for green finance and incorporated them into the branch-level performance appraisal system. At the same time, social responsibility reports, green bond reports, green finance special reports, corporate announcements, and other documents are produced to increase the disclosure of information on green finance.

At the end of Q1 2021, ICBC posted outstanding green loans of over RMB2 trillion, an increase of nearly RMB170 billion from the beginning of the year, most of which went to the fields of clean energy, green transportation, energy conservation and environmental protection, clean production, etc. Specifically, the clean energy projects posted a loan balance close to RMB500 billion, with the proportion to all loans projects in the power production industry further increased. The balance of green bond investment, green wealth management investment, green lease financing, etc. exceeded RMB300 billion. Besides, the Bank underwrote the first "carbon neutrality bonds" for green building bond in China's interbank bond market; became one of the first banks joining the national green industry fund with the contribution of RMB8 billion; and released the "Belt and Road" green finance investment index.

During the 14th Five-Year Plan period, China enters the critical stage of promoting ecological progress by following carbon reduction as a major strategy. This, therefore, raises new and more demanding requirements for commercial banks to transform towards green and low-carbon operations. Based on the work done in the previous period, ICBC will take sustainable finance as an efficient means and green & low-carbon transformation as the core to level up green finance into a new strategic stronghold. The focus of the future plan lies in the following aspects:

First, the "low-carbon" elements will be fully incorporated into the fields of standard formulation, product innovation, and business processes, to get the basic work such as carbon

inventory and accounting done properly. Second, efforts will be made to explore new products and business models including carbon finance, emission rights-pledged loans, green ABS, green wealth management, and green supply chain. Third, the investment and financing structure will be adjusted in a steady and orderly manner, great support will be offered in many fields of green economy like clean energy, green buildings, green traveling, resource recycling, and intelligent management, and financing supply that goes to carbon-

III. Implementation of key strategies

In the past year, ICBC sped up the implementation of key strategies. The main indicators of the No.1 Personal Bank Strategy performed well, with the AUM of personal customers hitting RMB16 trillion, personal customers totaling 690 million, personal mobile banking users reaching 430 million, and monthly active users of mobile banking exceeding 110 million. The Preferred Bank Strategy for Domestic Foreign Exchange Business was advanced steadily. New strides were made in the implementation of the Strategy for Sharpening Competitive Edge in Key Regions. An urban-rural development strategy was formulated, where efforts were aligned to consolidate and expand the achievements in poverty alleviation with efforts to promote rural revitalization, with a view to increasing the availability and convenience of financial services in rural areas.

At present, residents allocate their assets in an increasingly diversified manner, so the competition on the retail end of the financial industry becomes more cut-throat. Spearheaded by the No.1 Personal Bank Strategy, ICBC builds up the ability to develop retail banking business and gain a competitive edge on the retail end. For the short term, the Bank is dedicated to building a high-quality customer ecosystem in the retail segment, so as to realize a virtuous cycle of the G, B and C ends and a smooth fund flow for deposits, wealth management, and other business lines on the C end. For the medium term, the Bank continues to expand the personal customer bases, especially online users, to increase MAU and AUM, and to achieve major breakthroughs in the in-depth implementation of the No.1 Personal Bank Strategy.

IV. Service to the real economy

To implement requirements for ensuring stability on six key fronts and stability in six key areas, ICBC increased the supply of investment and financing reasonably, focused on bolstering up key areas and weak links, and rendered financial services in a more accurate and accessible way. In the process, it fulfilled the responsibilities as a major bank.

First, ICBC highlighted planning corporate credit to customers in new manufacturing, new service, and new infrastructure, as well as high-tech industry (collectively known as “three

intensive, energy-extensive, and high-polluting industries will be strictly controlled. Fourth, the Bank will strengthen ESG information disclosure and accept supervision from society and market. Fifth, the Bank will participate in global cooperation on green finance, and work with global counterparts on issues such as tackling climate change, preserving biodiversity, and reducing poverty to facilitate sustainable development by means of business cooperation, platform sharing, standard interconnectivity, experience sharing, and capacity building.

First, build a new customer ecosystem. Specific measures include devising scenarios with intensified efforts, making good use of advantages in GBC interactions, increase MAU assessment, and expanding the broadest customer base at an accelerated pace. There will form a customer ecosystem where large, medium and small customers develop in a balanced way.

Second, enhancing the professional wealth management capabilities. ICBC will speed up the integrated development of such business lines in the Group as banking, wealth management, fund, and insurance, optimize investment advisory services, spare no effort to promote AUM management, and guide the retail banking business to shift from the concept of deposit and loan operations to the business tenet of serving customers’ balance sheet.

Third, the personal credit business appraisal system will be optimized to accurately measure the economic value added of each business and the contribution of businesses under multi-person collaboration.

Fourth, build an enterprise risk management system for the retail banking business that is commensurate with the No.1 Personal Bank Strategy. Following the laws of retail banking business, the Bank will further improve risk governance, and coordinate the prevention and control of various risks as a whole, including credit risk, operational risk, compliance risk, external fraud risk, crossover risk, and reputational risk.

new and one high” industries). The new manufacturing sector focused on the supply-side structural reform, preferentially supporting the transformation/upgrading of the traditional manufacturing industry and the cultivation of new drivers of the emerging manufacturing industry. The new service sector focused on improving the quality and capacity of consumption, preferentially supporting medical care, education, elderly care, and other areas concerning people’s livelihood. The new infrastructure sector focused on new urbanization and infrastructure to make up for weak links, preferentially

supporting the needs for financial services in the fields of transportation, energy, urban renewal, etc. ICBC will focus high-tech customer base on potential customers represented by pioneering enterprises, increasing the support for the development of key core technologies and weak-link areas.

Second, ICBC focused on serving the implementation of the national strategies for key regions and the strategies for coordinated development of regions. Integrated financial service plans were developed for the coordinated development of the Beijing-Tianjin-Hebei region, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the Yangtze River Delta, the rise of Central China, and the development of the Chengdu-Chongqing Economic Circle, respectively. Resource input was increased to strengthen regional coordination. The Bank went all out to support the large-scale development in the western region, the revitalization of Northeast China, and the development of old revolutionary areas, ethnic minority regions, and border areas.

Third, ICBC pioneered a complete set of professional service systems that could adapt to the development of private and innovative manufacturing enterprises. Besides, it set up 10 financial service centers for high-tech companies and 20 technology-featured sub-branches, and tailor-made credit rating models for high-tech enterprises.

V. Asset quality

In 2020, ICBC saw its major asset quality indicators, including overdue loan amount, overdue loan ratio, special-mention loan amount, and special-mention loan ratio, all dropping year on year.

First, the Bank built a four-pronged enterprise risk management system. An enterprise risk management approach to people, money, line of defense, and bottom line was put in place and a risk governance pathway to active prevention, smart control, and comprehensive management was taken to improve the risk strategy, appetite, quota, policies, and processes, among others. Risk management could extend to various types of risks, institutions, businesses and personnel, leaving no dead zone in risk control.

Second, the Bank introduced an intelligent credit risk prevention and control mechanism featuring “Three Gates” and “Seven-color Pools”. Within the mechanism, precise credit risk management by area and layer becomes available throughout the entire credit business flow, which encompasses asset selection at the entrance end, asset management at the threshold end, and asset disposal at the exit end. In this way, both symptoms and root causes of risk are addressed appropriately, a prerequisite for continuously boosting the credit risk control capabilities of the Group.

Third, the Bank refined the risk management mechanism under the new circumstances. The implementation of new loan

Fourth, relying on the Group’s advantages in diversified and internationalized operations, ICBC devised innovative financing products such as technical upgrade support loans for the manufacturing industry and the intellectual property rights (IPRs)-pledged loans. An investment and financing portfolio that covered “loans, debts, stocks, agency services, leasing business, and advisory services” was utilized to build a financial service “overpass” and ensure “water” could come from more sources to support the development of the real economy.

For the next step, ICBC will align itself with the requirements for high-quality development of the economy. Centered on serving the formation of the new development pattern, the Bank will channel more funding to the key projects and weak links in the initiative of ensuring stability on six key fronts and stability in six key areas, and keep increasing its support for high-tech enterprises, manufacturing enterprise, enterprises dedicated to green development, and private and small & micro enterprises. As planned, inclusive loans will increase at least 30% this year. ICBC will continue to grant more loans, especially medium- and long-term loans, to the manufacturing sector, with the proportion of such loans to the Bank’s total further elevated. In doing so, the Bank is intended to maintain its leading edge in innovative finance and green finance.

approval regulations helped the Bank further consolidate the loan management responsibilities of the front, middle and back offices and the entire business process, and underline the key role approval checks and balances played in credit risk control. At the same time, the Bank also worked harder to erect three lines of defense for enterprise risk management, with a view to forestalling risks from the source and constructing a solid firewall for risk management with joint efforts.

Fourth, the Bank built a big data-enabled intelligent risk control platform. Specifically, a credit risk monitoring system called “ICBC e Prevention” was set up, which could bring all businesses with credit risk of the Group under around-the-clock, automated, intelligent monitoring and forewarning. It greatly enhanced the accuracy, timeliness and effectiveness of the Bank’s risk monitoring, forewarning, management, and control efforts, thus providing an important guarantee for the sound and steady development of the Group’s credit business.

Risk prevention is a constant theme of the financial industry. The ongoing global pandemic continues to cast uncertainties on the economic landscapes of the world. Asset quality of banks will remain under pressure. With the pandemic brought under efficient control in China, most Chinese companies have resumed their production and operation, a change in favor of banks’ accelerated resolution of credit risks. ICBC’s asset quality is expected to remain stable and under control.

VI. Capital replenishment and ROE

ICBC mainly replenishes its capital through endogenous and exogenous channels. The core tier 1 capital is mainly replenished through the endogenous channel, that is, annual profit retention and additional tier 1 capital and tier 2 capital are mainly replenished through the exogenous channel--the market.

According to the capital replenishment plan of last year, ICBC issued USD2.9 billion in overseas preference shares, RMB70 billion in domestic perpetual bonds, and RMB130 billion in secondary capital bonds. The recently issued domestic perpetual bonds featured the sound subscription rate and realized excellent cost control.

With the support for the real economy not abated, ICBC will continue to introduce more diversified capital replenishment

channels at a faster pace, make capital planning in a timely manner, create a high-quality value creation ecosystem, and balance the relations between CAR and ROE stability.

First, the Bank will further balance the relations of risk and return, get a grip on the risk appetite, and elevate the level of asset return greatly. Second, it will further coordinate asset and liability management, strengthen pricing management, and maintain NIM at a reasonable level of peers. Third, it will further reinforce the capital constraints, improve the asset structure, and raise the capital utilization efficiency, to ensure RWA can grow at a pace after than assets. Fourth, it will further maintain CAR at a reasonable level.

Instructions

Scope of the Report

Organizational scope of the Report

The Report is primarily about Industrial and Commercial Bank of China Limited, covering the whole group.

Reporting period

1 January 2021 - 30 June 2021. Some extent exceeded this scope.

Preparation Principle of the Report

The Report is prepared with reference to the *2030 Agenda for Sustainable Development* of the United Nations and the *Recommendations of the Task Force on Climate-Related Financial Disclosures* (TCFD) of the Financial Stability Board, among others. It also complies with The Ten United Nations Global Compact (UNGC) Principles, the *Principles for Responsible Banking* of the United Nations Environment Program (UNEP), refers to the ESG initiatives and rating requirements in the field of global sustainable development, and meets the requirements of opinions and guidelines such as the *Guidelines for Environmental Information Disclosure of Listed Companies* promulgated by the Shanghai Stock Exchange and the *Environmental, Social and Governance Reporting Guide* released by The Stock Exchange of Hong Kong Limited.

Explanation for Report Data

Data in the Report are the statistics in the first half of 2021 from the Bank's internal system. The units in this report, unless otherwise specified, are denominated in RMB.

Release and Interpretation of the Report

The Report is released online and available at the Bank's website (www.icbc-ltd.com).



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