



CHINA CITIC BANK CORPORATION LIMITED
ENVIRONMENTAL INFORMATION
DISCLOSURE (TCFD) REPORT

2022

PREPARATION EXPLANATION

Reporting Scope: This report focuses on China CITIC Bank, including its headquarters and domestic and overseas branches, as well as five subsidiaries including CITIC International Financial Holdings Limited, CNCB (Hong Kong) Investment Co., Ltd., CITIC Financial Leasing Co., Ltd., CITIC Wealth Management Corporation Limited, and Zhejiang Lin'an CITIC Rural Bank Co., Ltd., collectively referred to as "the Bank" or "we", unless otherwise specified.

Reporting Period: January 1, 2022 - December 31, 2022. To ensure the consistency of its content, some contents of this report exceeds this period.

Preparation Basis: This report is prepared by reference to the relevant recommendations under the *Recommendations of the Task Force on Climate-related Financial Disclosures* issued by the Task Force on Climate-related Financial Disclosures (TCFD) in accordance with the *Guidelines on Environmental Information Disclosure for Financial Institutions* issued by the People's Bank of China.

Principles of Disclosure: This report is disclosed in accordance with the principles of truthfulness, timeliness, consistency and coherence.

Data Description: The data in this report mainly comes from the internal system of the Bank and its branches' statistical data. Unless otherwise specified, this report is denominated in RMB.

Definitions: Unless otherwise stated, the following words have the following meanings.

CITIC Group	CITIC Group Corporation Limited
CNCBI	CITIC Bank International Limited
CITIC Wealth Management	CITIC Wealth Management Corporation Limited
CNCB Investment	CNCB (Hong Kong) Investment Co., Ltd.
CITIC Financial Leasing	CITIC Financial Leasing Co., Ltd.
CIAM Carbon Assets	CIAM Carbon Assets Management Ltd.

Publication of the Report: This report is written in Simplified Chinese, and the English version is translated from the Simplified Chinese version. If there are any differences between the texts, the Simplified Chinese version shall prevail. This report is published in electronic form and can be browsed and downloaded on the official website of the Bank (website: <http://www.citicbank.com/>).

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CONTENTS

About Us 02

Company Profile 02

Honour and Award 03

1 Environment-related Governance Structure 04

Board of Directors 05

Board of Supervisors 05

Management 06

2 Environment-related Strategy and Objective 07

3 Environment-related Policies and Systems 09

Construction of Green Finance Policies and Systems 10

Construction of Green Operation Policies and Systems 12

4 Environmental Risk Management 13

Environmental Risk Management System 14

Identification of Environmental Risks and Opportunities 14

Measures for Environmental Risk Management 16

Quantitative Analysis of Environmental Risk 17

5 Environmental Impact of Investment and Financing Activities 18

Green Credit 19

Green Bond 23

Other Green Finance Businesses 27

Measurement of Environmental Impact of Investment and Financing Activities 30

6 Environmental Impact of Business Activities 31

Measurement of Environmental Impact of Business Activities 32

Objectives of Green Operation 34

Management Measures for Green Operation 34

7 Data Management 39

Build Data Governance System 40

Improve the Quality of Data Management 40

Strengthen Data Security Protection 41

Implement Data Security Emergency Management 42

8 Innovation and Research 43

Innovation of Green Finance Products 44

Research on Green Finance 47

Future Outlook 49

Appendix 50

Appendix 1: Index of Indicators for the *Guidelines on Environmental Information Disclosure for Financial Institutions* 50

Appendix 2: Index of Framework for the *Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)* 52



ABOUT US

Company Profile

Founded in 1987, the Bank is one of the earliest emerging commercial banks established during China's reform and opening up. It is also the earliest commercial bank in China to participate in financing in domestic and international financial markets, and is renowned both domestically and internationally for repeatedly creating "firsts" in China's modern financial history, making positive contributions to China's economic construction. In April 2007, the Bank achieved synchronous listing of A+H shares on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Ltd. (SEHK).

The Bank's development vision is to become the best comprehensive financial service provider with "responsibility, warmth, characteristics and value". We fully leverage the advantages of CITIC Group as "finance+industry" comprehensive platform, adhere to the principle of "customer-centered, reform-driven, scientific and technological advances, light-weight development, compliant operation, and quality workforce", and provide corporate and institutional customers with comprehensive financial solutions, such as corporate banking, international services, financial market services, institutional services, investment banking, transaction banking, custody services, etc., and also provide personal customers with diversified financial products and services, such as retail banking, credit card, consumer finance, wealth management, private banking, overseas finance, e-banking, etc., to fully meet the comprehensive financial service needs of corporate, institutional and personal customers.

As of the end of 2022, the Bank has 1,428 business outlets in 153 large and medium-sized cities in China, and has 7 subsidiaries both domestically and internationally, including CITIC International Financial Holdings Limited, CNCB (Hong Kong) Investment Co., Ltd., CITIC Financial Leasing Co., Ltd., CITIC Wealth Management Corporation Limited, CITIC Aibank Corporation Limited, Allyn Bank and Zhejiang Lin'an CITIC Rural Bank Co., Ltd.

The Bank fulfills its corporate mission of "create value for customers, seek happiness for employees, make profit for shareholders and perform responsibility for society", and promotes sustainable development layout from a strategic perspective, improves sustainable development mechanisms from a governance perspective, and implements sustainable development arrangements from an execution perspective, fully supports the comprehensive green and low-carbon transformation of the economy and society, and jointly practices the concept of green development with stakeholders.



Honour and Award

Based on the new stage of development, the Bank implemented the national "carbon peaking and carbon neutrality" strategic goal, actively promoted the high-quality development of green finance business and its own green operation, won widespread recognition from the society, and won a number of honorary qualifications. The following are the main awards won by the Bank and its related products during the report period:

- 
- 01 The Bank was rated as "Advanced Unit in Green Bank Evaluation" by the China Banking and Insurance Regulatory Commission (CBIRC) and the China Banking Association (CBA);
 - 02 The Bank was awarded the "Most Socially Responsible Corporate of the Year" by the Stockstar;
 - 03 The Bank won the "China Corporate ESG 'Golden Responsibility Award' - The Excellent Environmental (E) Responsibility Award";
 - 04 The Bank was awarded the "first batch of lead underwriters of carbon-neutral bonds" by the National Association of Financial Market Institutional Investors (NAFMII);
 - 05 The Bank won the "2022 Global Green Finance Innovation Award" of the International Financial Forum (IFF);
 - 06 CITIC Wealth Management won the "GF60 Green Finance Award" of the Green Finance Forum of 60 (GF60);
 - 07 CNCBI was awarded the "Outstanding Award for Green and Sustainable Bond Lead Manager (Urban Construction and Investment Industry) - Visionary Sustainability Bond Framework" by the Hong Kong Quality Assurance Agency (HKQAA);
 - 08 CITIC Financial Leasing won the "2022 Enterprise Contribution Award in the Field of Carbon Neutrality" of the Photovoltaic Green-ecosystem Organization (PGO);
 - 09 CITIC Financial Leasing was awarded the "2022 Award for Green Leasing Enterprise" at the "West Lake Forum Cup" hosted by the China Financial Leasing Forum - West Lake (CFLFWL).



1

ENVIRONMENT-RELATED GOVERNANCE STRUCTURE

Effective corporate governance is an important guarantee for the green and sustainable development of commercial banks. The Bank has established a corporate governance structure of “comprehensive leadership by the Party Committee, strategic decision-making by the Board of Directors, supervision by the Board of Supervisors according to law, and implementation by the management”, and gradually explores and improves a sustainable and environment-related governance system under this structure to strategically promote its green management and lead the direction of its green development.

Board of Directors

The Board of Directors of the Bank is responsible for comprehensive guidance of sustainable and environment-related work, regular reviewing and discussing important environmental issues, clarifying the key tasks and priorities of environment-related issues, and effectively fulfilling the responsibilities in green credit, climate-related risks, green office and green branch construction.

The Board of Directors has a Strategy and Sustainable Development Committee responsible for coordinating the construction of the green management system, regularly listening to the management promotion of environment-related issues, reviewing work reports related to green operation and green finance, and evaluating the related work performance.

The Board of Directors and its special committees have always strictly implemented supervision and management of environmental and climate-related matters. In 2022, the Board of Directors and its Strategy and Sustainable Development Committee reviewed the *Proposal on the 2021 Sustainable Development Report of China CITIC Bank Corporation Limited*, and fully listened to the Bank's performance in fulfilling its economic, environmental and social responsibilities and related procedures of corporate governance, construction of green finance system and mechanism, green credit and green investment in 2021. The Risk Management Committee held a meeting to listen to the report on data governance work in 2021, and fully understood the Bank's work and achievements in mechanism and system building, data quality management, data standard management in 2021. The Strategy and Sustainable Development Committee held a meeting to review the data strategic plan, comprehensively understand the Bank's work and main achievements in the data management in recent years, conduct in-depth analysis of the current new situation and challenges faced by the Bank, and study and develop the Bank's work plan for the data management.

Board of Supervisors

The Board of Supervisors attaches great importance to the supervision of environmental management. In 2022, the Board of Supervisors and its special committees discussed and reviewed special environmental issues, and attended all meetings of the Board of Directors, and supervised the performance of the Board of Directors for the ESG (Environmental, Social and Governance) management, and conducted performance evaluations of senior management and its members, and supervised the performance of senior management for the ESG management. Meanwhile, the Board of Supervisors carried out active supervision, formed a “Supervision Reminder Letter” on ESG management based on benchmarking ESG evaluation framework and domestic advanced practice, in-depth analysis of the Bank's current situation and problems in ESG management, and systematically proposed to establish the concept of sustainable development of low-carbon and environmental protection, vigorously develop green finance business, build a carbon financial service system, and establish and improve the internal reporting system of environmental risks.



Management

The management actively promotes the implementation of green development, coordinates the green operation management and green business development of departments and institutions at all levels, and continues to promote the construction of green banks.

Green Finance Leading Group

The President serves as the group leader responsible for overall planning of the Bank-wide green finance business management, formulating green finance business development strategies and objectives, and guiding the implementation of green finance. The Green Finance Leading Group consists of Green Finance Management Improvement Working Group and Green Finance Business Promotion Working Group. In 2022, the Bank further defined the important strategy of developing green finance in the meeting of the Green Finance Leading Group. The Bank set up Green Finance Management Improvement Working Group and Green Finance Business Promotion Working Group under the Green Finance Leading Group to implement relevant work.

Green Finance Management Improvement Working Group

Responsible for improving the green finance management system, strengthening the ESG management and industry research on “carbon peaking and carbon neutrality”, improving the level of environmental and climate information disclosure, carrying out environmental and climate risk stress tests, and improving their own green performance.

Green Finance Business Promotion Working Group

Responsible for promoting the development and innovation of the Bank’s green finance and carbon trading business, establishing and improving green finance business policies, improving green finance business processes, supporting green finance resources, and fulfilling regulatory assessment requirements.

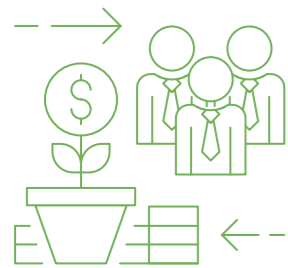
Credit Approval Committee

Responsible for developing the environmental and climate risk review process, fully considering factors such as customer production processes, energy consumption levels, pollutant emissions, and their impact on the ecological environment and biodiversity, etc., and incorporating them into the review process.

Case

2022 Meeting of Green Finance Leading Group

In September 2022, the president Fang Heying chaired a meeting of the Green Finance Leading Group and pointed out that the development of green finance was an inevitable requirement for implementing the national strategy, accelerating its own transformation and preventing environmental risks, and it was necessary to raise the concept of green sustainable development to the Bank’s development strategy, penetrate into various daily business activities to form a competitive advantage of green finance, and that China CITIC Bank would always follow the policy of “unified thinking, top-level design, clear direction, and improved capability”, and embrace the path of green finance development.



2 ENVIRONMENT-RELATED STRATEGY AND OBJECTIVE

The Bank actively practices the principle of green development, formulates and improves its guiding ideology, takes green finance as its important development strategy, implements the concept of sustainable development, unwaveringly promotes high-quality development of financial services based on industry advantages, and helps the economic and social green low-carbon transformation.

Guiding ideology

To take Xi Jinping's ecological civilization thought as the fundamental guidance, deeply understand the "Two Mountains (clear water and green mountains are invaluable assets)" theory, take the financial support for green development as one of the important measures for coordination and balance between ecological environmental protection and economic growth, develop the 2021-2023 Development Plan for China CITIC Bank, take high quality sustainable development as the guiding ideology of the Bank's development, focus on social demand, fulfill the economic, social and environmental responsibility, and adhere to the unity of economic, social and environmental benefits.

Principle and concepts

According to the principle of "increasing the proportion, optimizing the structure, improving the management, and steadily advancing", based on the "technically feasible, commercially advantageous and risk controllable" concept, we will strengthen organizational leadership, actively support the development of green, circular and low-carbon economy, vigorously develop sustainable, green and climatic finance, accelerate the innovation of green finance products and services, and strengthen ESG management, constantly improve the Bank's professional ability and industry influence of green finance to raise its own green performance.

General requirements

In terms of green finance, we should focus on optimizing the allocation of the Bank's financial resources, establish green development concepts such as conservation, low-carbon, environmental protection and sustainable development, actively prevent financial risks caused by climate change, strive to promote the assessment of various risks caused by environmental, social and governance factors, effectively address the impact of the above risks on strategic and financial planning, and improve environmental information governance capabilities, improve carbon-related asset statistics and business management capabilities, and strive to achieve a reasonable growth in the Bank's total green finance business and a steady improvement in quality and efficiency. In terms of green operation, we should actively establish a win-win sustainable development model with society and actively serve the national strategic layout of "carbon peaking and carbon neutrality".

Development objectives

We take green finance as an important development strategy, gradually improve the construction of organizational mechanism, task objectives, medium and long-term planning and resource allocation of green finance, work together through all business segments, deepen the synergy with CITIC Group, strive to continuously increase the proportion of green finance business, optimize the green finance industry and customer structure, continue to enrich the green finance product system, and make breakthroughs in green finance innovation, build a comprehensive green financial service system in all aspects.



3 ENVIRONMENT-RELATED POLICIES AND SYSTEMS

The Bank strictly abided by environment-related laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*, and industrial policies such as the *Green Financial Evaluation Program for Banking Financial Institutions* and the *Guidelines for Green Finance in the Banking and Insurance Industries*, actively participated in supporting environment and climate-related international principles and initiatives, and officially became a supporting institution of the Task Force on Climate-related Financial Disclosures (TCFD) in November 2022.

The Bank firmly established the concept of green development, strengthened the construction of green banks, further optimized the green finance and green operation management system, and improved green related management norms to promote stable and orderly development.

Construction of Green Finance Policies and Systems

In order to implement the major strategic decision of the CPC Central Committee and the State Council on “carbon peaking and carbon neutrality” and provide comprehensive financial services for green development and low-carbon transformation and upgrading, the Bank formulated and issued the *Work Plan of China CITIC Bank on Construction of Green Bank* and the *Guiding Opinions of China CITIC Bank on Promoting Green and Low-carbon Cycle Development*, which put forward the overall requirements and basic principles for the implementation of green bank development, and established organizational guarantee for green finance work, clarified the development direction and risk management requirements of green finance business, and continued to work in business promotion and product innovation.

Support strategic development in the green sector

The Bank focused on supporting the development of key industries on the energy supply-side, including clean energy and renewable energy, such as photovoltaic energy, solar thermal, wind power, nuclear energy, biomass energy, hydrogen energy, tidal energy, etc., and supported the development of key industries on the energy demand-side, such as energy-saving and low-carbon buildings, green and low-carbon industrial production processes, and supported the development of resource recycling areas, such as industry, mining, agriculture, forestry, and domestic waste recycling, and supported the comprehensive application of carbon sequestration, such as the comprehensive utilization of forest carbon sequestration and CCUS technology, and supported ecological and environmental protection to actively respond to the *Convention on Biological Diversity*, and participate in key national ecological protection projects, and supported residents' low-carbon living to help the entire society form a culture of conservation, environmental protection, and green living.

Optimize green credit approval policies

The Bank has formulated policies and systems such as the *Credit Policy of China CITIC Bank for 2022*, *29 Measures for China CITIC Bank to Stabilize the Overall Economy*, and *Guiding Opinions on Credit Direction of Key Business* to standardize green credit management, and has taken environmental and social risks as important contents of review and approval based on the characteristics of different industries and customers, and strictly implemented the one-vote veto system of environmental protection.

Support credit directions that align with green development trends

We paid attention to energy conservation management to support energy conservation and carbon reduction of key projects, facilities and equipment, and supported the green and low-carbon transformation of urban and rural construction to enhance credit support for energy-saving buildings, and promoted green and low-carbon transportation methods to support the construction of green transportation tools and equipment, transportation systems and infrastructure, and paid attention to the energy and carbon reduction effects of circular economy to improve resource utilization efficiency, and paid attention to carbon sequestration and sequestration in ecosystems to reduce emissions and sequestration in agriculture and rural areas, and supported the demand for mortgage loans of new energy vehicles and green housing.

Strictly manage high-energy-consumption and high-emission projects

It was strictly prohibited to intervene in illegal new production capacity projects in key areas for air pollution prevention and control, as well as projects that do not meet the requirements of national industrial planning, industrial policies, “Three Lines One Permit”, Planning Environmental Impact Assessment, production capacity replacement, substitutes for coal consumption, and pollutant emission reduction in areas. For emerging industries with high energy consumption, preferential support should be given to projects that apply green and low-carbon technologies and have high energy efficiency. For the existing “high-energy-consumption and high-emission” projects under construction, we actively cooperated with rectification and drew from them in a timely and orderly manner. For those with energy conservation and emission reduction potential, we supported transformation and upgrading based on careful evaluation of their development prospects.

Improve credit policies for environment-related industries

The Bank continuously optimized credit policies for environment-related industries, standardized credit rules for each industry in combination with the characteristics of different industries, strengthened green credit management, and improved the guarantee of the green credit system.



Agriculture

Support large-scale breeding enterprises that meet environmental standards, have a well-established disease prevention and quality inspection system, and have strong growth potential. Resolutely withdraw from agricultural production projects that cause damage to the environment, are explicitly prohibited by the State, or have not been approved.

Support the green transformation and energy supply guarantee demand of the coal industry, as well as the demand for substitution and transformation upgrading of coal consumption, increase support for clean production and clean combustion technology application of coal, and timely eliminate coal enterprises with poor resource endowments, high mining costs, potential environmental and safety risks, poor financial sustainability, and excessive financing. Support the efficient and clean utilization of conventional fossil fuels such as oil and gas.



Mining, oil and gas extraction industry



New energy vehicle industry

Focus on supporting traditional automobile enterprise groups with clear transformation strategies for new energy vehicles or their investment holding subsidiaries' top brands of new energy vehicles, and prioritize supporting top car making new force brands and new energy buses with strong capital strength and financing capabilities, professional research and development teams, established brand advantages, and a relatively stable supply chain system.

Actively support projects such as photovoltaic power generation, wind power, green hydropower, and nuclear power; Support hydrogen and waste power generation projects according to local conditions; Focus on supporting clean energy projects of large central power enterprises and local state-owned energy groups; Support the implementation of urban and rural distribution network construction and intelligent upgrade plans for improvement of energy transmission and distribution efficiency to promote the upgrading and transformation of rural power grids; Support the construction of natural gas infrastructure.



Clean energy and supporting facilities industry



Implement the policy of green bond fund management

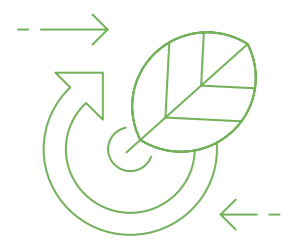
The Bank has formulated the *Measures of China CITIC Bank on Management for Fund-raising of Green Finance Bonds (for Trial Implementation)*, and is committed to improving the control system of fund use and management. After the funds raised by green finance bonds are received, we will continue to follow up on the progress of the project loan business in the green industry, strengthen the management and promotion of related loan business, implement a series of measures such as the monitoring of related loan implementation, improve the use efficiency of raised funds, and support the healthy development of green projects on the premise of commercial sustainability and controllable risks.

Implement the policy of green leasing business review and risk management

The Bank actively implements the relevant support policies of the State and regulatory agencies for the green and low-carbon industry, and has introduced systems such as the *Standards of CITIC Financial Leasing Co., Ltd. on Review and Approval for the Business of Photovoltaic Power Generation Industry* and the *Standards of CITIC Financial Leasing Co., Ltd. on Review and Approval for the Business of Wind Power Generation Industry* to clarify the development goals, segmented areas and customer positioning of green leasing. The Bank has formulated the *Policy of CITIC Financial Leasing Co., Ltd. on the Risk for Leasing Business in 2022* to clarify the policy orientation of deeply cultivating green leasing, and continued to promote the green and low-carbon circular development, and increased support for green ecological fields such as clean energy, energy conservation and environmental protection, and new energy vehicles.

Construction of Green Operation Policies and Systems

The Bank actively implemented the mission of a green bank, continuously improved green operation-related policies and systems, standardized green management, advocated the concept of green office, improved the green procurement system, and is committed to building a low-carbon, environmentally friendly and sustainable bank.



Green office

The Bank has strictly implemented national policies and requirements related to energy conservation and environmental protection, formulated the *Guiding Opinion of China CITIC Bank on Green Office*, actively promoted green operation-related measures, continuously managed environmental footprint from energy, carbon emissions, water consumption, paper consumption and waste to reduce resource consumption and pollutant emissions, and strives to build a green and low-carbon bank.



Green procurement

In order to standardize green procurement management, the Bank has revised the *Basic Regulation of China CITIC Bank on Procurement Management*, the *Measures of China CITIC Bank on Management for Centralized Procurement Suppliers*, the *Implementation Rules on the Rules of China CITIC Bank for Review of Centralized Procurement*, and the *Measures of China CITIC Bank on Management for Decentralized Procurement* to clarify to prioritize procurement of raw materials, products and services that are conducive to saving resources and minimize environmental impact after full consideration of environmental protection, resource conservation and circular low-carbon factors in the entire process of selecting suppliers to lay a solid institutional foundation for building a green supply chain and fulfilling the social responsibility for green environment.

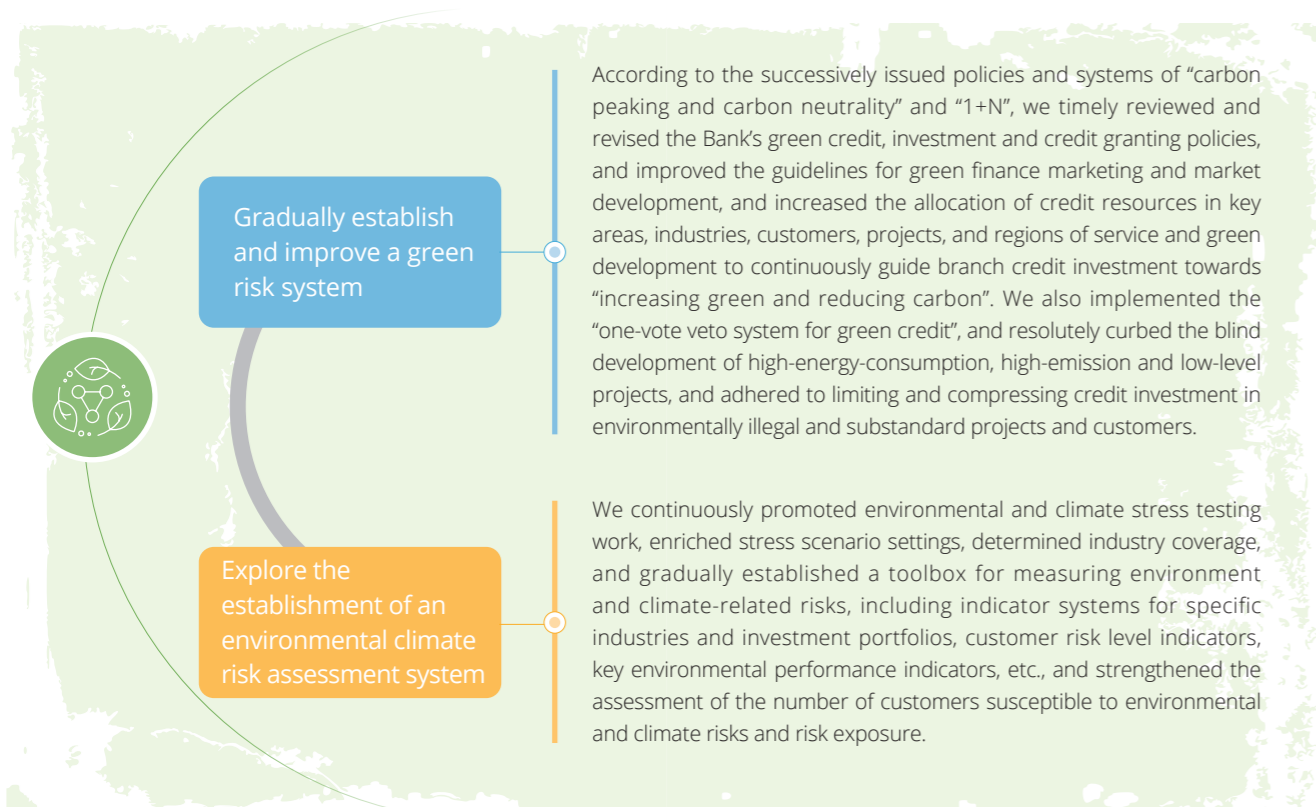


4 ENVIRONMENTAL RISK MANAGEMENT

The Bank has focused on strengthening environmental risk management, continuously optimized the environmental risk management system, consolidated the countermeasure of environmental risk, actively seized environmental opportunities, gradually deepened quantitative analysis of environmental and climate risks, and strives to improve the environmental risk management.

Environmental Risk Management System

In order to further strengthen the management of environmental and climate risks, the Bank has established a Green Finance Management Improvement Working Group responsible for perfecting the green finance management system, improving the environmental and climate information disclosure, managing and carrying out environmental and climate risk stress test. In addition, the *Green Finance Development Plan for China CITIC Bank (2023-2025)* is being formulated to clarify the direction of environmental and climate-related risk management:



Identification of Environmental Risks and Opportunities

The Bank has actively performed the identification and assessment of environmental and climate risks and opportunities, developed and improved the analysis process of environmental and climate risks and opportunities to enhance its own environmental management capabilities. In combination with the framework proposed by the Task Force on Climate-related Financial Disclosures (TCFD), focused on physical risks¹, transformation risks² and opportunities, based on our own business management, domestic and foreign policies, regulations and development trends, we have identified the environmental and climate risks and opportunities faced by the Bank, and further evaluated and analyzed the impact of these risks and opportunities on our future operations and business development.

1 Including risks of asset value decline or loss caused by sudden extreme weather, natural disasters, long-term changes in climate patterns and ecosystem losses.

2 Including risks caused by changes in public policies, technological breakthroughs, changes in market sentiment, business model innovation, etc.

Identification of environmental risks

In combination with the comprehensive risk management system and framework, the Bank systematically analyzed the impact of climate risk factors on credit risk, market risk, liquidity risk, operational risk, reputation risk, and scientific and technological risk, and formulated sound countermeasures to enhance the ability to resist environmental risks.

Type of Risk	Impact of Climate Risk	Countermeasures
Credit risk	The occurrence of extreme weather and natural disasters will lead to the depreciation of bank collateral. In the process of decarbonization and carbon reduction in enterprises, equipment upgrades and technological iterations lead to an increase in operating costs, which affects the company's debt paying ability.	Pay close attention to the green-related policy guidance, improve the related credit policy, integrate the environmental and climate risk review into the whole process management before, during and after the loan, and strictly implement the differentiated credit mechanism and the “one-vote veto system for green credit”.
Market risk	It will adversely affect the market prices of bonds, stocks, commodities, etc., and impact the value of bank assets.	Timely grasp the market and customer demand orientation for green-related products and services, and strengthen the development and innovation of green finance products and services.
Liquidity risk	The real economy will suffer losses so that banks are unable to obtain sufficient funds in a timely manner at reasonable financing costs to meet liquidity management requirements.	Pay close attention to market dynamics, promptly follow up, monitor, analyze and sort out customer operations, and deploy relevant buffer measures to reduce the risk of liquidity shortage.
Operational risk	Infrastructure damage and supply chain disruption may have an impact on the continuity of banking business, or banks may fail to adapt and follow up on public policies, laws and regulations in a timely manner.	Strengthen business and operation continuity management, establish a business continuity management mechanism and system, develop emergency plans and conduct regular drills to ensure business continuity and operational safety.
Reputational risk	The emergence of negative public opinion that is not conducive to climate and environmental improvement may lead to damage to the reputation of the Bank.	Actively implement low-carbon operation, give play to industry advantages, vigorously develop green finance, and establish a good image of responsible enterprises. Strengthen environment and climate-related public opinion monitoring and analysis, and establish a sound prevention and response mechanism to reduce the impact of negative events.
Scientific and technical risk	As a result, the original technology and equipment cannot be used, or the data infrastructure is damaged so that the Bank faces financial losses and information security risks.	Optimize and improve technical software and equipment, strengthen the capacity building of information technology personnel, and enhance the level of technical risk resistance.

Identification of environmental opportunities

The Bank actively seized the market opportunities in the transformation of a green, low-carbon, and environmentally friendly society, and vigorously promoted green business and product innovation.

- ▶ **Expand service areas:** We paid close attention to the financing needs of enterprises in high-carbon-emission industries for energy-saving equipment replacement, technology upgrading, and energy-saving carbon technology application in the process of carbon reduction and green transformation, and actively supported the green transformation and upgrading of traditional industries and the development of clean energy industries to expand the field of green credit services.
- ▶ **Promote product innovation:** We promoted the development of personal business loan business in the field of green finance, and helped the “carbon peaking and carbon neutrality” national strategy by supporting the new energy vehicle consumption loan business. In view of the development opportunities of green industries such as photovoltaic and lithium battery, based on the supply chain loan as the flagship product, we continued to strengthen the two-way integration of product technology innovation and application scenarios to accelerate the layout of green finance scenarios.

Measures for Environmental Risk Management

The Bank continuously optimized the measures for environmental and climate risk management based on credit due diligence, audit supervision and capacity optimization, and improved the quality and efficiency of environmental and climate risk management to enhance the ability to resist climate risks.

Strengthen environmental risk management throughout the credit process

Formulate the *Measures of China CITIC Bank on the Management for the Classification of Environmental and Social Risks* to assess credit customers in terms of energy consumption, pollution, land, health, safety, resettlement, ecological protection and climate change, formulate strict assessment standards, and strengthen the whole-process management of environmental risk.

Pre-credit investigation:

Due diligence for environmental and social risk of customers should be included into the pre-credit investigation process. According to the industry and regional characteristics of customers and their projects, the investigation contents of their environmental and social risk, including but not limited to pollution prevention and control, labor and working conditions, and the customer's environmental and social risk assessment and management system, should be clarified.

Review and approval:

The environmental and social risks of customers should be taken as an important part of the review and approval process. The environmental and social risks that should be addressed in the review and approval process should include but not be limited to compliance with industrial policies, project approval, approval and filing status, and environmental impact assessment and approval. Reviewers should provide clear review opinions on the environmental and social risks of customers, and those who do not comply with the relevant regulations on customer access, environmental and social risk management shall not enter the approval process.

Credit audit:

The management status of customers for environmental and social risks should be used as an important basis for credit audit. If significant risk hazards are found in the credit audit, credit can be suspended or terminated.



Post-credit management:

The targeted post-loan management measures should be developed and implemented for customers with potential significant environmental and social risks to inspect the implementation of customers' environmental and social risk management systems and risk response plans. The environmental and social risks of credit customers should be included into the risk warning mechanism, and relevant risk disposal measures should be timely taken when major environmental and social risk events occur.

Organize green finance audit

Include green finance in the comprehensive audit and related special audit plans implemented for the head office and branches, focusing on the following aspects:

The head office's overall deployment of green finance policies, including the head office's implementation of policies and measures to develop green finance business and promote the “carbon peaking and carbon neutrality”, and the implementation effect.



The branches' implementation of green finance policies, including whether the borrowing enterprises comply with relevant regulations for environment, security and social responsibility, whether the relevant formalities submitted are compliant, effective and complete, and the Bank's control measures against environmental, security and social risks in the process of credit granting; the effectiveness of credit squeeze and drawing from the “high-pollution, high-consumption and overcapacity” industries.

Promote ability improvement

Pay high attention to the impact of environment and climate change on the industry, continue to pay attention to advanced methods of climate risk management, improve the scientific and forward-looking level of business operations and risk management, and strengthen environmental and climate risk management capabilities.

Organize training for carbon emission reduction loan, transmit the recognition standards, subsidy policies and work requirements for carbon emission reduction loan to branches, further guide branches to establish a sound working mechanism, and strengthen business marketing promotion.

Carry out green credit training, require branches to strengthen the “pre-loan investigation, in-loan review and post-loan inspection” for environmental protection issues in enterprises, strictly implement green credit identification management, and enhance the daily operational awareness and management ability of branches for green credit business.

Quantitative Analysis of Environmental Risk

In order to deeply explore the impact of environmental and climate risks, the Bank actively conducted quantitative analysis of environmental risks, continuously improved the methodology of climate stress test, enriched the types of testing scenarios, and enhanced the professional level of environmental and climate risk management to enhance the prudence of climate risk assessment. In 2021, the Bank participated in the climate risk stress test organized by the People's Bank of China to assess the potential impact of the target transformation of “carbon peaking and carbon neutrality” on the Bank's credit assets. The test results indicated that the credit risk of our customers in the thermal power, steel and cement industries has increased under the stress scenario, but the impact on our capital adequacy level was generally controllable. In 2022, the Bank continued to carry out a series of stress tests, including but not limited to solvency stress test, real estate stress test and internal capital assessment stress test, and conducted a prudent assessment under stress scenarios on multiple areas related to the effectiveness of the ESG system.



5

ENVIRONMENTAL IMPACT OF INVESTMENT AND FINANCING ACTIVITIES

The Bank constantly improved the green finance system, gave full play to the full financial license advantages of CITIC Group, innovated green finance products by carrying out green credit, green bonds, green funds, green finance, green leasing, green consumption, green consulting and other businesses, improved green finance service capabilities, and established a long-term mechanism of financial support for green economy development to help green transformation of economy and society.

Green Credit

The Bank adhered to the credit concept and model of healthy and sustainable development, actively built a long-term mechanism of credit support for green economy, used credit means to guide social control and reduce resource and environmental losses to promote the long-term coordinated development of economy and resource environment.

The Bank has formulated and issued the *Measures of China CITIC Bank on the Management for the Implementation of Green Credit* to define that the implementation of green credit was an important component of the Bank's corporate culture and development strategy, and require strong support for the development of green economy, circular economy and low-carbon economy, strict control of the financing needs in high energy consumption and high pollution industries, and promotion of innovation in green credit products and services. As of the end of 2022, the Bank has reached green credit balance of RMB 323.412 billion, an increase of over 57% compared to 2021, with a focus on infrastructure green upgrading, energy conservation and environmental protection industries, and achieved rapid development of green credit business.

Credit Direction	2022	2021
Green credit balance (RMB 100 million)	3,234.12 ³	2,054.25 ⁴
Energy conservation and environmental protection industry	1,013.28	530.97
Clean production industry	107.56	84.65
Clean energy industry	427.98	289.14
Ecological environment industry	290.17	176.04
Green upgrade of infrastructure	1,221.15	819.62
Green service	44.59	38.13
Green trade financing	54.76	77.70
Green consumption financing	74.63	38.01

Promote carbon-reduction supporting tool

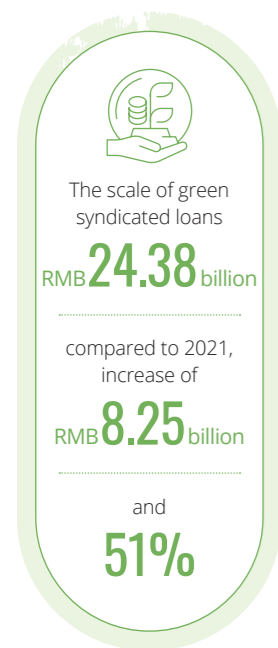
The Bank actively seized new opportunities for the development of green industries, timely tracked key projects in green fields such as energy conservation and environmental protection, low-carbon economy, circular economy, strategic emerging industries and high-end manufacturing identified by the State, actively improved the quality and efficiency of green finance services, followed the capital accumulation effect brought by carbon-reduction supporting tool to provide financial support for enterprises engaged in carbon emission reduction.

³ The indicator is calculated in accordance with the provisions of the *Circular of the General Office of the China Banking and Insurance Regulatory Commission on the Relevant Work of the Green Financing Statistical System*.

⁴ Due to rounding, the total balance of green credit in 2021 exceeded the total green credit amount. This data shall prevail.

Information on 2022 Carbon-reduction Loans by China CITIC Bank⁵

Field of Carbon-reduction	Number of Supported Projects	Loan Amount (RMB ten thousand)	Weighted Average Interest Rate (%)	Annual Carbon-reduction Driven (Carbon Dioxide Equivalent: Ton)
Clean energy	11	99,866.80	4.12	305,079.33
Energy conservation and environmental protection	3	47,233.23	3.32	79,203.38
Total	14	147,100.03	3.87	384,282.71



Develop green syndicated loan business

The Bank vigorously developed green syndicated loan business, focused on the financing needs of green industries, and supported the development of industries such as new energy battery manufacturing, urban rail transit, and photovoltaic power generation through syndicated loans. The scale of green syndicated loans in 2022 reached RMB 24.38 billion, an increase of RMB 8.25 billion or 51% compared to 2021.

Support the transformation and upgrading of traditional industries

The Bank actively implemented the national carbon peaking action plan, and strictly controlled high-energy-consumption and high-emission projects on the basis of fully considering the requirements of "energy supply guarantee" and "ensure 'six priorities' and stability in six areas", scientifically grasped the drawing rhythm, balanced the relationship between green transformation and energy pattern, development and emission reduction, overall and local, short term and medium and long term to support the green and low-carbon transformation and upgrading of traditional industries. The Bank continuously strengthened the management of the stock business of "high-pollution and high-consumption" industries, actively took action and took the initiative. As of the end of 2022, the Bank reached RMB 64.977 billion of the loan balance of "high-pollution and high-consumption" industries, accounting for 2.67% of company loans, a decrease of 0.08% compared to 2021.

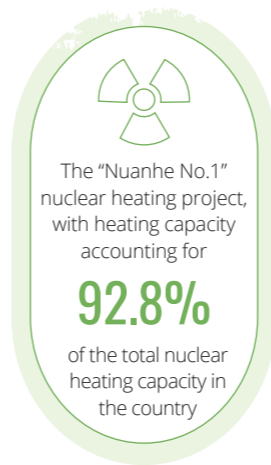


Case

Supporting the construction of mudflat photovoltaic field

In 2022, Lianyungang Branch of the Bank provided a syndicated loan of RMB 2 billion for a mudflat photovoltaic demonstration project. After completion, the project will become the world's first nuclear solar energy storage and multi-energy complementary project. Considering a 25-year operation period, the average annual on-grid energy is 2,233.3578 million kilowatt hours. Calculated based on the standard coal consumption of thermal power generation, it saves 681,200 tons of standard coal annually, reduces carbon dioxide emissions by 1.7711 million tons, dust by 1.16 tons, sulfur dioxide (desulfurization 80%) by 15,000 tons, nitrogen compounds by 6,800 tons, and saves 6.617 million cubic meters of fresh water, and reduces the corresponding wastewater discharge and warm drainage, resulting in significant environmental benefits.

⁵ The data in this table is compiled and disclosed in accordance with the requirements of the Notice of the People's Bank of China on Matters Related to the Establishment of Carbon Emission Reduction Support Tools.



Case

Assisting in the construction of the first nuclear heating project in China

From September to October 2022, the Bank's Nankai Subbranch invested RMB 100 million in green finance loans for the "zero carbon" heating city project of a financial leasing company. The project is one of three major nuclear heating projects in China, the "Nuanhe No.1" nuclear heating project of Shandong Haiyang Nuclear Power Station. It is the first and largest nuclear heating project in China, with heating capacity accounting for 92.8% of the total nuclear heating capacity in the country. Since the operation of the project, a total of 2.582 million gigawatts of clean heat have been provided externally, reducing raw coal consumption by 230,000 tons and reducing carbon dioxide emissions by 420,000 tons, helping Haiyang City in Shandong Province to successfully become the first "zero carbon" heating city in China.

Case

Investing in overseas loans in the photovoltaic field

In July 2022, CNCB Investment made overseas loan of USD 20 million for a new energy company limited by shares. The company is an internationally leading manufacturer of photovoltaic terminal application products, and its innovative carbon reduction technologies will strongly support the national energy development plan of replacing high-carbon energy with low-carbon energy and fossil energy with renewable energy to optimize the energy production and consumption structure.

Case

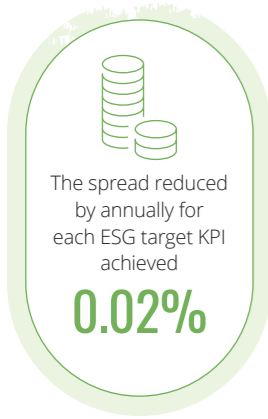
Landing the first Free Trade Zone NRA green overseas loan business in Yunnan province

In August 2022, Kunming Branch of the Bank successfully granted a Free Trade Zone NRA green overseas loan of USD 29 million to the overseas subsidiary of a leading foreign trade enterprise in Yunnan Province for the global purchase of raw materials for green agriculture. The project helps the company to successfully realize international industrial cooperation through the global supply chain and terminal chain, integrate global advantageous resources of green agriculture, and establish a green economy development model. The business is the first Free Trade Zone NRA green overseas loan in Yunnan Province, providing financial support for companies in Yunnan to "go global", pioneering innovation in overseas loan products, and effectively promoting the development of the green economy in Yunnan Province.

Case

Issuing green loans for inclusive corporate carbon-reduction supporting tool

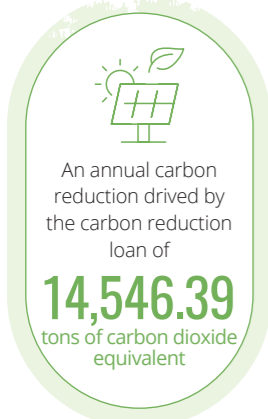
As a new energy pilot city in Shandong Province, Dongying City has made great efforts to develop wind power and photovoltaic industrial parks in recent years, focusing on the construction of a 10 million kilowatt integrated base for wind and photovoltaic Energy storage and transmission in salt marsh in northern Shandong, and actively creating a national modern energy economy demonstration zone. In June 2022, Jinan Branch of the Bank issued a green loan for inclusive corporate carbon-reduction supporting tool of RMB 3.81 million for a new energy enterprise to launch a distributed photovoltaic project. The project reached an average annual power generation of about 1.73 million kilowatt hours, saving approximately 622.8 tons of standard coal, reducing emissions of carbon dust by 470.6 tons, carbon dioxide by 1,724.8 tons, sulfur dioxide by 51.9 tons, and nitrogen oxides by 25.95 tons each year. This effectively optimized the energy structure and set a good example for small-scale fixed asset project green loan enterprises.



Case

Issuing the first cross-border syndicated project of “ESG Performance-linked Loan” in China

In June 2022, Guangzhou Branch of the Bank successfully issued the first “ESG Performance-linked Loan” cross-border syndicated project of HKD 785 million to an international holdings limited in Guangzhou. The loan incorporated enterprise ESG as a non-financial indicator embedded in customer credit review and ran through the entire credit business process. Meanwhile, a mechanism for reducing the ESG target spread was set, with KPI for greenhouse gas emissions, water consumption and gender diversity set for the next three years. ESG test is conducted on December 31 every year, and the spread is reduced by 0.02% annually for each ESG target KPI achieved.



Case

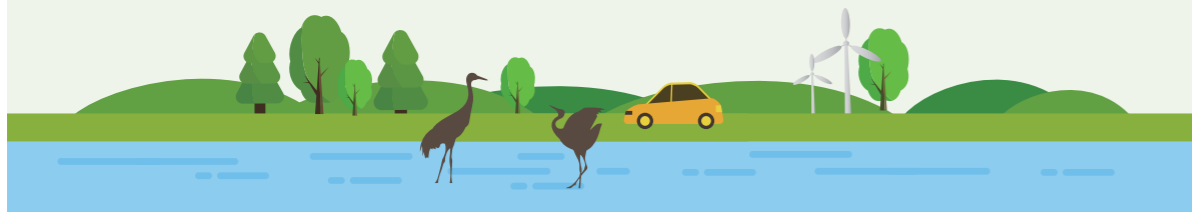
Promoting the optimization and upgrading of traditional manufacturing industries with carbon-reduction loans

In 2022, the Lanzhou branch of the Bank issued a carbon-reduction loan of RMB 200 million to a steel company limited by shares in Gansu Province for the optimization and upgrading of coke ovens. Relying on advanced coking technology, the company effectively improved the energy efficiency of boilers (kilns) and reduced the emissions of various pollutants. According to statistics, the carbon-reduction loan can drive an annual carbon reduction of 14,546.39 tons of carbon dioxide equivalent, and achieved the unity of economic and environmental benefits.

Case

Issuing loans for environmental protection and governance of nine plateau lakes

Kunming Branch of the Bank was actively involved in the protection of the nine plateau lakes in Yunnan Province. As of the end of 2022, it has provided financing of RMB 1.62 billion for the environmental protection and governance of the nine plateau lakes. As one of the nine plateau lakes, Fuxian Lake is an important strategic reserve reservoir for water resources in China. From January 2022, Kunming Branch began to provide loan support for the ecological immigration project around Fuxian Lake. The loan effectively met the funding needs during the project construction, helped relocate residents within the ecological red line around Fuxian Lake to contribute to ecological protection and restoration in Fuxian Lake.



Green Bond

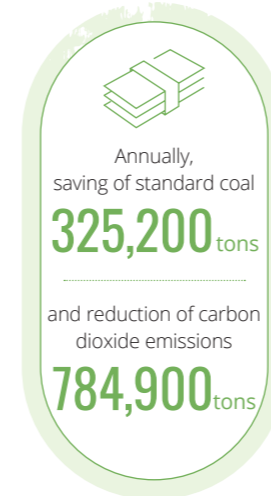
The Bank actively explored green bond issuance, promoted green bond underwriting, launched green bond investment, innovated green bond trading, and made full use of the price discovery and resource allocation functions of the financial market to give full play to the important support role of green bonds in leading green development and promoting energy conservation and emission reduction.

Green bond issuance

The Bank promoted the issuance of green bonds in an orderly manner. It has obtained the issuance quota of green financial bonds in 2023, which has been approved by the People’s Bank of China, and has completed sorting out the reserve projects in line with the *Catalog of Green Bond Support Projects*. The Bank will subsequently launch the issuance of green bonds in due time according to regulatory dynamics. In the future, the Bank will establish a special account for green finance bonds, effectively strengthen the management of the receipt, allocation and recovery of funds raised by green finance bonds, and ensure that the funds are earmarked for special purposes and used exclusively green industry projects during the duration of the bonds. During the idle period of raised funds, the idle funds will be invested in green bonds issued by non-financial enterprises in accordance with relevant regulatory regulations to improve the utilization efficiency of raised funds.

Green bond underwriting

The Bank deeply explored opportunities for green industry projects such as clean energy, clean transportation, green buildings, industrial transformation, and pollution prevention, and was committed to helping high-quality enterprises reduce financing costs, expand financing channels, and meet their diversified financing needs. In 2022, the Bank underwrote a total of 12 green bonds with a total amount of RMB 5.526 billion.



Case

Underwriting the first batch of national transition bonds

In June 2022, the Bank, as the lead underwriter, underwrote the transition medium-term notes of RMB 1 billion for Shandong Iron and Steel Group, which was one of the first five transition bonds in China. The raised funds for these notes will be used for the construction of the new and old kinetic energy conversion system optimization and upgrading project. After the project is completed and put into operation, it is expected to save 325,200 tons of standard coal and reduce 784,900 tons of carbon dioxide emissions annually. The successful implementation of the project has played a positive public demonstration role in promoting the low-carbon transformation and development of the steel industry.

Case

Underwriting Europe’s first biodiversity themed green bonds

In November 2022, CNCB Investment, as the overall coordinating agency, participated in underwriting the biodiversity themed green bonds denominated in USD by Bank of China Paris Branch. The bond is issued with a three-year term and a scale of USD 400 million, making it the first biodiversity themed green bond denominated in USD by a global financial institution. The raised funds from the bond will be used for precious plant protection, ecological restoration of natural landscape, national forest reserves, water environment treatment, ecological water environmental remediation, ecological water network construction, lake ecological environment protection and other projects. The bond has significant biodiversity protection benefits.

Case

Underwriting green “carbon neutrality” bonds

In September 2022, Fuzhou Metro Group Co., Ltd. successfully issued the second phase of green medium-term notes (carbon neutrality bonds) of RMB 500 million in 2022, which Fuzhou Branch of the Bank was one of the lead underwriters, and the raised funds will be used exclusively for the construction of Fuzhou rail transit projects. The bond project is expected to reduce carbon dioxide emissions by 231.21 tons and save standard coal by 115.22 tons annually. This reflects the Bank’s significant determination to actively promote green economic transformation and sustainable development, but also is a concrete practice of the Bank’s continuous response to the deployment of the Party Central Committee for green development strategy.

Case

Underwriting green technological innovation notes

In September 2022, BAIC Motor Corporation Limited successfully issued the second phase of the 2022 Green Medium-Term Note with a total issuance amount of RMB 1.5 billion, which the Bank was one of the joint lead underwriters. The raised funds are intended to be used entirely for the production of new energy electric vehicles in the Zhuzhou Base Technical Transformation and Capacity Expansion Project of BAIC Motor Corporation Limited. It is expected to reduce carbon dioxide by 2,248.82 tons, save standard coal by 1,947.72 tons, and reduce PM by 100.20 tons, reduce NO_x by 6.18 tons per year. In addition, the noise and vibration levels of the electric motor of the reformed new energy electric vehicle during operation are much lower than those of the internal combustion engine of traditional fuel vehicles to greatly improve the noise, vibration, and acoustic vibration roughness performance of the vehicle, and effectively reduce noise pollution.

Green bond investment

The Bank continued to focus on financial products with ecological environment themes such as carbon neutrality, and constantly strengthened support for green bonds. By the end of 2022, the total balance of green bond investment was RMB 10.676 billion, and the bond covered green asset-backed security, green financial bonds, green corporate bonds, green short-term financing bonds, green government bonds and other types.

Case

Investing in the first Ge-1 grade enterprise green bond in Henan Province

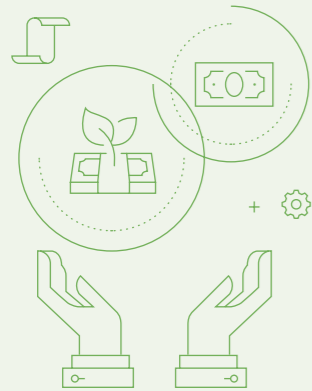
In September 2022, Zhengzhou Branch of the Bank successfully invested in the green short-term corporate bonds issued by City Development Environment Co., Ltd.. The total issuance scale of the bonds was RMB 700 million, and our investment amount was RMB 100 million. The raised funds of the bond are all used to repay the issuer’s interest bearing debts in the green industry. The bond is the first enterprise green bond certified by a third-party authoritative institution with the highest level of Ge-1 in Henan Province. The investment of Zhengzhou Branch is an important manifestation of the Bank’s efforts to help enterprises expand green financing channels and further improve their sustainable development capabilities.



Case

Underwriting the first medium and long-term green technological innovation note for a private enterprise in China

In August 2022, the first private enterprise “green + technological innovation” bond named “22 Chint MTN003” which the Bank was the lead underwriter was successfully issued in the inter-bank bond market. The bond was an issuance scale of RMB 500 million, a term of 3 years and an interest rate of 3.6%. The coupon rate was the lowest in recent years for domestic private enterprise medium-term notes with the same rating limit for the same period. Chint Group is a leading domestic industrial electrical appliance and new energy enterprise, as well as a globally renowned smart energy system solution provider. The raised funds of the bond are planned to invest in two photovoltaic cell module production projects. After the project is completed and put into operation, it is expected to reduce carbon dioxide emissions by 874,800 tons, replace fossil energy by 345,100 tons of standard coal, reduce sulfur dioxide emissions by 182.55 tons, nitrogen oxide emissions by 204.23 tons, and smoke and dust emission by 36.51 tons per year, which has good environmental benefits. The successful implementation of the bond is a beneficial practice for financial institutions in Wenzhou to use green finance tools to help the development of green and low-carbon industries, and is of great significance to broaden the financing channels of technological innovation enterprises and lead the green upgrading of industries.



Case

Underwriting the first green ABS business in Jilin Province

In April 2022, the Changchun Branch of the Bank, as one of joint lead underwriter, underwrote the first phase of the green ABS business of FAW Auto Finance for RMB 540 million in 2022, and invested RMB 108 million in the priority of green ABS. The raised funds will be used to support the financing leasing business of new energy vehicles. It is the first green ABS issuance by FAW Auto Finance and also the first green ABS business in Jilin Province. It provides new ideas for new energy vehicle enterprises to open up financing channels.

Case

Investing in the first green car rental asset-backed note in China

In February 2022, SAIC-GM Finance Co., Ltd. 2022-1 Green Asset-backed Note (ABN), which was an issuance scale of RMB 500 million and the Bank successfully invested RMB 109 million, was successfully issued in the inter-bank market. The note is the first green car rental ABN project in China, and the raised funds will be used entirely for the launch of new energy vehicle business or repayment of initial financial institution loans for new energy vehicle business. The successful implementation of the business is conducive to promoting the development of the new energy vehicle industry through green car financing leasing business, and demonstrates the determination of the Bank to assist in the development of the new energy industry.



Green bond trading

The Bank fully utilized the inter-bank bond market and leveraged its advantage of core market maker to provide strong support for the financing of green bond market entities. The Bank took the lead in and continues to conduct bilateral market-making quotes for green bonds among its peers to provide green bond pricing benchmarks and liquidity support for the market, and improve the activity of the green bond market. As of the end of 2022, the Bank reached RMB 39.662 billion of the cumulative transfer transaction scale of green bonds.

Case

Actively fulfilling market making responsibilities and assisting in the completion of green bond trading

The Bank successfully helped China Longyuan Power Group Corporation Limited (“China Longyuan”) to complete green bond trading by combining its own business characteristics with green finance opportunities to help enterprises save energy and reduce emissions in the market making trading center. On the one hand, as an important market maker in the inter-bank market, the Bank continued to carry out bilateral market making quotations for the “22 China Longyuan GN001” bonds issued by China Longyuan to provide continuous tradable market prices for the bonds to increase its market attention. On the other hand, through various forms such as requesting quotes and trading center X-bargain throughout the year, the Bank assisted in 8 transactions of the bond involving 7 counter-parties to enrich the counter-parties and increase the frequency of market transactions, and effectively enhance the activity of the green bond market.

The project related to the “22 China Longyuan GN001” bond reached 1.775 billion kWh of annual on-grid energy to save 576,600 tons of standard coal, reduce 1.564 million tons of carbon dioxide emissions, save 678,800 tons of water resources, and correspondingly reduce environmental pollution caused by hydraulic ash discharge water and warm drainage.



Other Green Finance Businesses

Green fund

The Bank has implemented and promoted the sales and services of green fund products, and focused on reviewing ESG theme, green, low-carbon and other green fund projects, and guiding social capital to diversified green industry. As of the end of 2022, the Bank had sold a total of RMB 143.6 million of ESG theme funds, including RMB 670,000 of ESG theme fund, RMB 6 million of social responsibility theme funds, and RMB 136.93 million of green, low-carbon and environmental protection theme funds, and was commissioned to sell RMB 118.9173 million of ESG theme-related holdings, including RMB 42.4445 million of ESG theme holdings, RMB 61.5152 million of social theme holdings, and RMB 14.9576 million of green theme holdings.

Green wealth management

The Bank actively delivered green value and creatively developed green wealth management products and services. In 2022, the Bank issued nine ESG and green theme products. As of the end of 2022, the Bank had 12 surviving green theme wealth management products with a scale of RMB 2.996 billion, and was commissioned to sell two ESG theme and green development-related wealth management products, with a cumulative sales volume of RMB 917 million and a product inventory of RMB 917 million.



Green leasing

The Bank regarded green leasing as a key direction for exploring financing leasing business, and focused on the three major areas of “clean energy, energy conservation and environmental protection, and new energy vehicles”, actively promoted innovation in green leasing business models and financial technology empowerment. As of the end of 2022, the balance of green environmental protection leasing accounted for nearly 60% of all leasing businesses, and green leasing balance reached RMB 25.828 billion.

Green consumption

The Bank continued to expand the business types and service scenarios of green consumption, created a “new energy + green finance” model, took new energy vehicle consumption credit as the key support direction of the Bank’s financial business of vehicle scenario in 2022, and introduced a credit policy of minimum 15% down payment of new energy vehicle loans, which was 5% lower than the down payment of ordinary vehicle loans. In 2022, the Bank provided nearly 60,000 green finance loans for battery electric vehicle consumption, newly issued related loans of nearly RMB 5.6 billion, covering more than 60 auto brands and more than 4,000 cooperative dealers to effectively expand the business scenario of the Bank for new energy vehicle consumption loans.

Green consultation

Relying on the expert resources of “CITIC Think Tank” and combining the license and consulting advantages of CIAM Carbon Assets, the Bank was committed to providing customers with services such as design of emission reduction and carbon reduction schemes, carbon asset management, carbon financial services, corporate and personal carbon accounts, and co exporting the “CITIC ‘carbon peaking and carbon neutrality’ full industry chain solution” with “green technology + green finance” as the core, to comprehensively help achieve the “carbon peaking and carbon neutrality” strategic goal.

In addition, as of the end of 2022, CNCBI has undertaken a total of nine “green sustainable financing structure consulting” projects, of which seven projects were exclusive green sustainable financing structure consultants.



Case

Creating the first cross-market ESG stock index customized by the wealth management subsidiary of the bank in China



CITIC Wealth Management created the “CSI - CITIC Wealth Coastal Core Economic Belt ESG Preferred 100 Index” with China Securities Index Co., Ltd. (CSI). The index selected 100 securities from listed companies in Shanghai, Shenzhen and Hong Kong that perform well in ESG and have both quality and value characteristics as index samples. By combining national strategies, ESG evaluation systems, and traditional multi-factor strategies, it provided investors with diversified investment plans. In January 2022, CITIC Wealth Management issued the Colorful Elephant ESG Fixed Income Enhancement One-Year Fixed Opening Number 1 Wealth Management Product, which included the index as the performance benchmark, with a fundraising scale of RMB 718 million. The product won the “Best Innovation Practice Award” in the 2022 “GF60 Green Finance Award”.

Case

Successfully qualified for custody of the RMB 10 billion green industry fund project

In the first quarter of 2022, Yibin City launched a RMB 10 billion green industry fund projects in order to promote the transforming and upgrading traditional industries the development of strategic emerging industries. In November 2022, Yibin Branch of the Bank successfully won the bid to become the sole custodian bank for the green industry fund. IDG Capital took the lead in strategic cooperation with the Yibin Municipal Government for the fund to promote the settlement of enterprises in various links of the crystalline silicon photovoltaic industry chain in Yibin. Within one year, Yibin City has achieved the development of the crystalline silicon photovoltaic industry from scratch and from the first to the best. The successful implementation of the fund project provided strong support for Yibin City to implement the “double wheel drive” strategy of transforming and upgrading traditional industries and accelerating the development of strategic emerging industries, and played a promoting role in enhancing the overall international competitiveness of China’s photovoltaic industry.

Case

Creatively developing household photovoltaic leasing business

In order to promote the expansion of the green energy business from a corporate model to a retail model, CITIC Financial Leasing has customized a photovoltaic financing leasing management system for household photovoltaic projects. The system can achieve online integrated services from facial recognition and big data screening to video interviews and electronic seals, and whole-life-cycle digital system management. CITIC Financial Leasing took advantage of the online and intelligent advantages of the system to actively collaborate with leading household photovoltaic manufacturer for innovation and research of household photovoltaic leasing projects targeting farmers. The leased property was the core equipment of the photovoltaic power station installed on the lessee’s roof. The lessee relied on the household distributed power station on his own roof to obtain fixed income, which can promote the development of the photovoltaic industry and effectively benefit farmers. As of the end of 2022, CITIC Financial Leasing has disbursed RMB 365 million for photovoltaic after-sales and leaseback services, and served 4,325 farmers in Henan, Hebei, Anhui and Shandong provinces. The household photovoltaic leasing business is an active practice of CITIC Financial Leasing in implementing the national “carbon peaking”, “carbon neutrality” and rural revitalization strategy, and also an innovative breakthrough in implementing the new retail transformation strategy.

Case

Exploring a new model of “point card approval”

In order to support the high-quality development of micro, small and medium enterprises in high-end manufacturing fields such as “specialized, refined, differential and innovative” and “Little Giant”, and solve the financing difficulties of enterprises, CITIC Financial Leasing has launched a “point card approval” mechanism for “specialized, refined, differential and innovative” enterprises. The “point card approval” mechanism adopted a multi-dimensional scoring mode, and reviewers can verify the credit limit based on the “Point Card Credit Limit Approval Form” within two working days, formulate approval, efficiently and accurately approve, and help enterprises quickly implement their financing leasing projects. In December 2022, CITIC Financial Leasing adopted the “point card approval” mechanism and successfully launched a RMB 20 million financing lease business for a “specialized, refined, differential and innovative” special automobile enterprise in Henan, and quickly met the demand for purchasing hydrogen fuel cell vehicles to provide support for promoting the healthy and orderly development of the hydrogen energy electric vehicle industry.

Case

Creatively launching the “E-Auto Finance” product

In combination with different downstream channel models of new energy vehicles, based on customized, online and low-carbon product design concepts, focused on three key directions of product innovation, model innovation and technological innovation, the Bank has launched a customized “financing + settlement” series of innovative product packages - “E - Auto Finance”, to help new energy vehicle OEMs and downstream channel distributors obtain diversified, online and innovative regulatory “financing + settlement” integrated financial services.

Product innovation

The “E - Auto Finance” product included sub-products such as order financing, delivery financing, commission loan, and large amount collection card, and supported online operations of financing application, financing review, vehicle supervision and financing repayment. Among them, delivery financing supported real-time loan disbursement of 7*24 hours, and commission loans supported automatic approval. The product is highly automated and online, and can achieve low-carbon and efficient business processing.

Model innovation

The “E - Auto Finance” product was based on a new scenario of “online APP ordering and offline delivery” for new energy vehicles, and integrated financing products with settlement products to achieve a full process capital closed-loop from consumers placing orders and paying deposits to vehicle delivery and final payment, and meet customers’ multi-dimensional financial needs.

Technological innovation

In response to the high level of electrification and intelligence of new energy vehicles, remote vehicle positioning and electronic locking as well as an innovative supervision mode of vehicle supervision from manual control to machine control, and from offline to online mode, are achieved through direct connection with the vehicle OEM system to reduce the costs of vehicle delivery supervision and improve risk management capabilities.

As of the end of 2022, the Bank had 1,587 new energy vehicle brand credit cooperation customers, accounting for 20% of the total number of automotive finance customers in the Bank. The cumulative financing amount was RMB 82.3 billion, accounting for 16% of the total scale of the Bank’s automotive finance business.



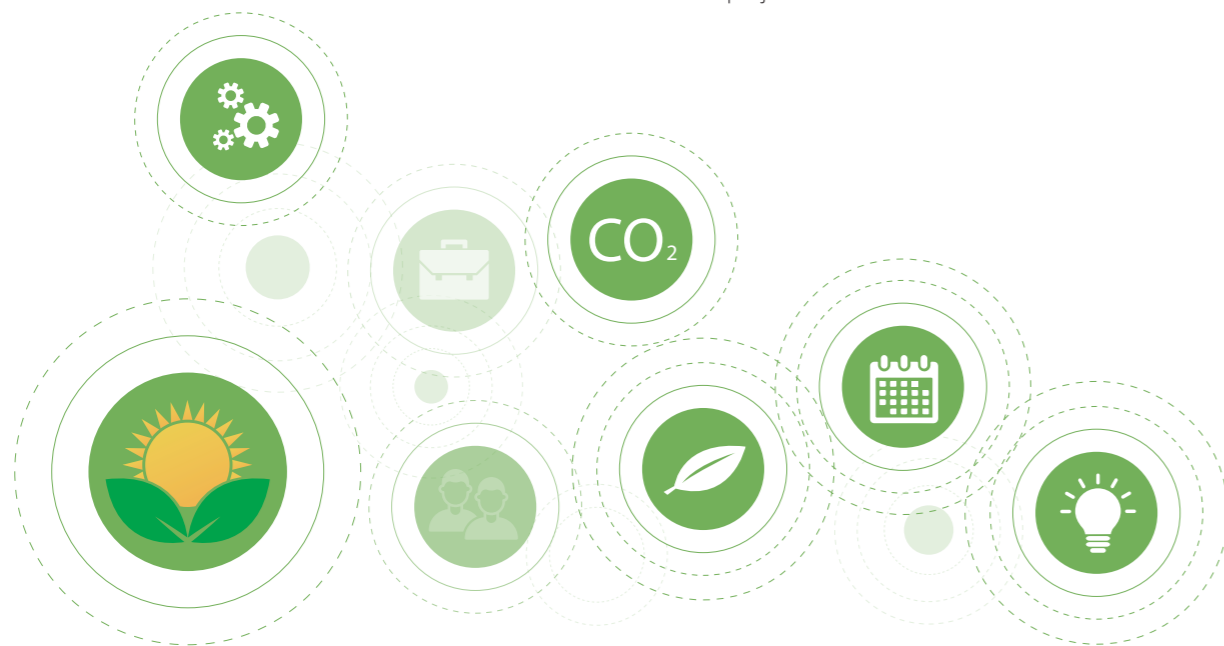
Case

Cement kiln exhaust gas capture and purification food grade CO₂ (dry ice) project

CIAM Carbon Assets was committed to providing customers with a full industry chain service of “technology + engineering + finance” by integrating the Carbon Capture, Utilization and Storage (CCUS) technology with a university expert team and collaborating with CITIC Heavy Industry Engineering Technology Co., Ltd. and local branches. In 2022, it successfully launched and promoted the cement kiln exhaust gas capture and purification food grade CO₂ (dry ice) project of Tangshan Yannan Cement Co., Ltd. The first phase of the project, with an investment of RMB 62 million, can recycle 100,000 tons of carbon dioxide gas annually, produce 20,000 tons of food grade liquid carbon dioxide and 80,000 tons of dry ice annually. It has been listed as a key project in Hebei Province in 2022. The successful implementation of the project has important demonstration significance for promoting the green and low-carbon transformation of cement industry enterprises.

Measurement of Environmental Impact of Investment and Financing Activities

Based on the guidance requirements of the *Circular on the Work Related to the Green Financing Statistical System* (Banking and Insurance Regulatory Letter [2020] No. 739) issued by the former China Banking and Insurance Regulatory Commission, and according to the types and corresponding data of energy conservation and emission reduction in project approval documents, project feasibility study reports or project environmental impact assessment reports, in combination with the proportion of project loan balance to total project investment, the Bank is studying and promoting the systematic construction of carbon emission measurement for credit projects.



6 ENVIRONMENTAL IMPACT OF BUSINESS ACTIVITIES

The Bank integrated green development into its business management philosophy, continuously strengthened the construction of green banks, implemented green energy-saving office and green procurement, promoted the construction of green outlets and green data centers, actively carried out green environmental protection publicity activities, and practiced the concept of green development through practical actions.

Measurement of Environmental Impact of Business Activities

Greenhouse Gas Emission Situation

Indicator	Unit	2022	2021
Total greenhouse gas emissions⁶ (Scope 1 and Scope 2)	ton	158,529.10	164,345.10
Per capita greenhouse gas emissions	ton/person	2.59	2.77
Direct emissions of greenhouse gas (Scope 1)⁷	ton	5,606.67	6,668.93
Fuel consumption of official vehicles	ton	2,392.36	3,936.40
Diesel for facilities	ton	14.75	11.34
Natural gas	ton	3,075.44	2,589.29
Gas	ton	29.37	27.28
Liquefied petroleum gas	ton	94.75	104.62
Indirect emissions of greenhouse gas (Scope 2)⁸	ton	152,922.43	157,676.17
Purchased electricity	ton	152,922.43	157,676.17

⁶ The greenhouse gas inventory in this report includes carbon dioxide, methane and nitrous oxide mainly sourced from purchased electricity and fuel and presented in terms of carbon dioxide equivalent, including direct emissions (Scope 1) and indirect emissions (Scope 2).

⁷ The direct emissions of greenhouse gas in this report are calculated based on the *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories* published by the Intergovernmental Panel on Climate Change (IPCC).

⁸ The indirect emissions of greenhouse gas in this report are calculated based on the *2019 Baseline Emission Factors for Regional Power Grids in China* published by the Ministry of Ecology and Environment of the People's Republic of China, the latest emission coefficient data published by Hong Kong Electric Company Limited, and the latest emission coefficient data published by CLP Group. Among them, due to the lack of baseline emission factors in the Tibet power grid and the local power grid in the UK, and the less impact and importance of purchased electricity data from Lhasa Branch and London Branch, the purchased electricity from Lhasa Branch and London Branch is not included in the statistical scope of greenhouse gas emissions.

Energy Consumption Situation

Indicator	Unit	2022	2021
Total energy consumption⁹	MWh	277,158.43	291,477.56
Per capita energy consumption	MWh/person	4.54	4.92
Direct energy consumption¹⁰	MWh	26,202.96	30,040.12
Fuel consumption of official vehicles	MWh	9,772.83	16,080.26
Diesel for facilities ¹¹	MWh	56.11	43.13
Natural gas	MWh	15,728.24	13,242.00
Gas	MWh	218.65	203.09
Liquefied petroleum gas	MWh	427.13	471.64
Indirect energy consumption¹²	MWh	250,955.47	261,437.44
Purchased electricity	MWh	250,955.47	261,437.44
Consumption of tap water	ton	2,053,398.88	2,463,067.33
Per capita consumption of tap water	ton/person	33.61	41.57
Purchase quantity of A4 copy paper	Ten thousand packets	53.19	59.05

Low-carbon Business Situation

Indicator	Unit	2022	2021
Substitution rate of paper bills	%	100	100
Substitution rate of individual electronic banking transactions	%	99.72	99.65

⁹ The total energy consumption in this report includes direct energy consumption and indirect energy consumption.

¹⁰ The direct energy consumption data in this report is calculated based on fuel consumption and the relevant conversion factors provided by the *General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020)*, the national standard of the People's Republic of China, including natural gas, gas, diesel for facilities, liquefied petroleum gas, and fuel consumption of official vehicles.

¹¹ Diesel for facilities refers to the diesel consumed by standby generator and a small amount of stoves.

¹² The indirect energy consumption data in this report is calculated based on electricity consumption and the relevant conversion factors provided by the *General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020)*, the national standard of the People's Republic of China.

Objectives of Green Operation

The Bank has set objectives of green operation around energy conservation, emission reduction, waste reduction and water conservation, and promoted the management of the carbon footprint of its own operation to create an image of green bank.



Management Measures for Green Operation

The Bank continued to optimize green environmental protection measures, promoted innovation in green office practices, continuously improved the level of informational and intensive management, established green development concepts such as conservation, low-carbon, environmental protection and sustainable development throughout the Bank, promoted the transformation of its own green and low-carbon operation, and gradually and orderly reduced its carbon footprint.

Advocate green office

Intelligent office

The headquarters building of the Bank adopted a central control system to intelligently manage energy consumption. For lighting equipment, only necessary fire safety lighting was retained in the office area, and other lighting facilities were automatically turned off during the lunch break; the lighting facilities in the entire floor were automatically turned off at 19:30 after work. The energy consumption of the air conditioning system in the office area of the headquarters building can be collected and monitored in real time through the central control system. Meanwhile, a third-party system platform can be used to store such data to conduct data analysis, and continuously improve the energy efficiency ratio of the air conditioning.

Green travel

The *Measures of China CITIC Bank on the Management for Official Vehicles* was formulated, upon which official vehicles should be managed in accordance with the principles of "unified management, budget constraints, strict conservation and full-process control". Staff were encouraged to take public transportation or subway when going out for official activities, and reasonable route plans were developed based on the number of people, destination distance, weather and other conditions to promote green commuting.

Paper saving

Printing and copying, double-sided printing, making recycled paper business cards, and supporting the production of electronic business cards were replaced with e-mail to reduce paper usage. In 2022, the Bank achieved online and paperless contract production and sealing, and completed the first electronic seal contract, which will effectively reduce paper usage after it is promoted throughout the bank.

Waste treatment

The principle of "appointed place, classified storage and professional recycling" was followed. For domestic and food waste, the Bank assigned a special person to manage it and treat it in categories of "kitchen waste", "other waste", "waste grease", etc. The electrical and electronic waste was recycled by manufacturers with relevant environmental protection qualifications.

Case

Launching the "Invoice Folder" product to assist enterprises in realizing paperless office

The Bank launched electronic invoice management for corporate customers - "Invoice Folder" product to provide corporate customers with electronic invoice collection, authenticity and weight verification, reimbursement, filing and other electronic invoice full-process management services, reduce paper waste caused by printing accounting vouchers, improve reimbursement efficiency and reduce labor management costs while solving the problem of unified management of paper and electronic invoices. By the end of 2022, it has provided 8,838 corporate customers with electronic invoice full-process management services, helping enterprises to realize paperless electronic invoice management in the whole process.

Case

Realizing online operation and intensive management of corporate express delivery

In January 2022, Beijing Branch of the Bank launched a new express delivery management system successfully. Employees of Beijing Branch and its subbranches can complete online submission, approval and logistics tracking through the system, and achieve online operation and intensive management. This not only improved the daily office efficiency of employees and the management level of corporate express delivery in various units, but also effectively reduced paper consumption of express delivery documents.

Case

Realizing digital transformation of contract management

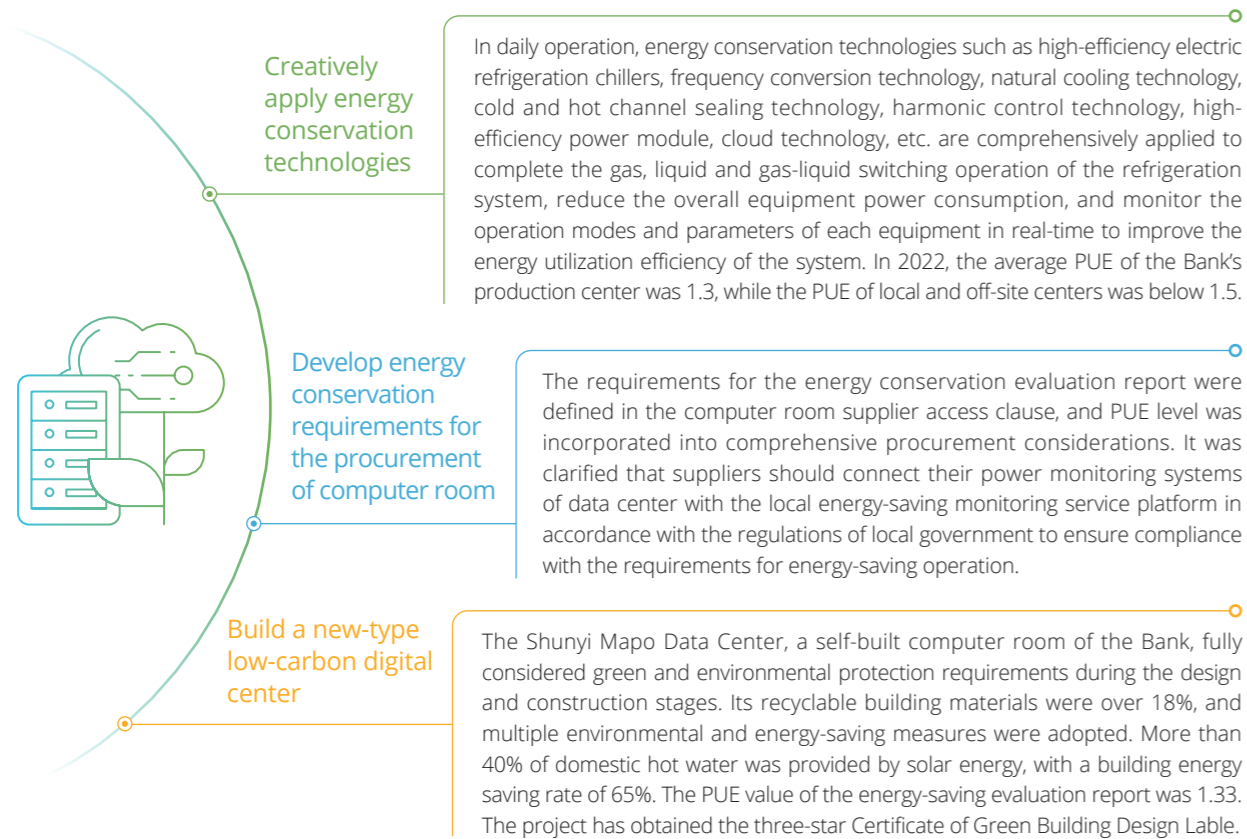
In 2022, the Bank's procurement sharing platform successfully launched electronic contract editing and electronic seal function. The function relied on the interconnection between the centralized procurement sharing platform and the affairs center to complete the full closed-loop management from contract drafting to signing process initiation, notification sending, online electronic signature and contract archiving. Online closed-loop management of centralized procurement contracts was used to digitize procurement supply chain scenarios and standardize procurement management. The successful launch of electronic centralized procurement contracts has helped reduce the use of paper contracts and fully implemented the concept of green and low-carbon office.

Building green outlets

The Bank attached great importance to the construction of green outlets and required that the environment-friendly building materials must be used, and dust and noise reduction measures must be taken to reduce negative impacts on the environment during the relocation and renovation of outlets. In 2022, fabric materials were used for the decoration of the partitions of financial service area, sofas in the waiting area, and seats for personal and corporate business customers in outlets to effectively reduce noise pollution and improve the quality of the acoustic environment. The Bank also required LED energy-saving light tubes to be used for the exterior light boxes and indoor hall-down lights of new outlets constructed since 2015.

Building a green data center

The Bank continuously optimized the energy efficiency of the data center to reduce energy consumption by means of technological innovation and intelligent operation.



Practice green procurement

Improve management system	Strengthen the full process audit	Carry out training promotion and implementation
<ul style="list-style-type: none"> ◆ The Bank clearly advocated green procurement in the procurement management system, and prioritized the introduction of energy-saving and environmental protection suppliers and the selection of energy-saving and environmental protection products while ensuring product risk control and availability priority. The Bank required to prioritize the selection of goods and services that have obtained national certification for energy-saving products and environmental labeling products under the same conditions in the bidding documents and procurement contracts for office supplies and related supporting services. 	<ul style="list-style-type: none"> ◆ In terms of the audit of candidate suppliers for procurement projects, the Bank took into account the requirements for environmental risk information screening. ◆ In terms of procurement plan preparation, the Bank further implemented green procurement requirements, and proposed energy-saving and environmental protection requirements for product selection testing, product performance, etc., and added non-price evaluation indicators such as green construction guarantee measures for engineering projects, and set green environmental protection contract terms for packaging materials, product transportation, etc. ◆ In terms of procurement review, the Bank deducted the scores of suppliers who do not meet environmental requirements, and gave preference to green suppliers. ◆ In terms of contract performance, the Bank included the environmental protection requirements in the comprehensive evaluation indicators of supplier level evaluation, and appropriately increased the evaluation scores for suppliers who practice green environmental protection concepts. 	<ul style="list-style-type: none"> ◆ The Bank creates green procurement training micro-lessons, and advocated the concept of green procurement throughout the Bank to enhance employees' awareness of green environmental protection. In addition, the Bank regularly promoted the concept of green development to suppliers by means of on-site inspections, online monthly meetings, and integrity, self-discipline and compliance management talks, and guided them to continuously improve their sustainable development management level.

Green environmental welfare

The Bank attached great importance to the cultivation of employees' environmental awareness, actively created a green and low-carbon cultural atmosphere, encouraged and called on employees to actively participate in green environmental protection public welfare, and disseminated the concept of green development through practical actions.

Case

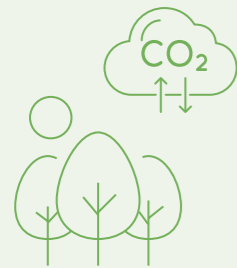
Protecting lucid waters and lush mountains, CITIC Youth is in Action

In August 2022, representatives of young volunteers from the Youth League Branch of Xinxiang Branch of the Bank carried out a voluntary activity of "environmental protection is up to me" in Xishangshui Village, Weihui City, Xinxiang. Volunteers picked up garbage along the way and actively advised tourists to put their garbage into garbage bags to protect the lucid waters and lush mountains, and participated in environmental welfare activities, gathered agglomerated the light of public welfare and agglomerated the power of youth to transmit positive social energy.



Case

Carry out green activities to enjoy a low-carbon life



To advocate for employees to practice the healthy lifestyle concept of green, low-carbon and environmental protection, Guangzhou Branch of the Bank held a special event called “Taking a New Road to Show Style and Strive for the Future” on the 26th anniversary of the establishment of the green and low-carbon series of activities, and 2,761 employees participated in the event. The event revolved around the concept of “green, low-carbon, energy-saving, and emission reduction” healthy life, and included various fun activities such as “walking together for 26 years”, “green, low-carbon, and environmental protection knowledge quizzes”, and “green, low-carbon behavior check-in”, and combined the “green, low-carbon, energy-saving, and emission reduction” healthy living concept with the national health movement to guide employees to become disseminators, practitioners and demonstrators of green and low-carbon fashion.

Case

As the beautiful spring arrives again, it is the perfect time to plant the tree of “public-welfare”

In order to firmly establish the green development concept of “lucid waters and lush mountains are invaluable assets”, employees of multiple institutions under Nanjing Branch of the Bank organized voluntary tree-planting campaign in various regions in March 2022. Among them, Taizhou Branch under Nanjing Branch, in collaboration with Taizhou Traffic Industry Group, carried out the voluntary tree-planting campaign of “Add New Green and Create New Prospect” in Taizhou Baili Garden Citizen Park, and planted more than 200 red maple, wax plum, camphor and various fruit trees. While reducing carbon emission and planting trees, they also promoted the environmental protection concept of protecting the environment and low-carbon living to the society.

Case

Environmental conservation for wild birds to protect ecological balance

Shanghai Branch of the Bank has established a volunteer team of environmental conservation for wild birds to dedicate to wildlife conservation and patrol such as wild bird patrols, dismantling illegal bird nets, rescuing trapped wild birds, etc.. The “Environmental Conservation for Wild Birds” activity was launched in May 2016. As of the end of 2022, 151 activities were carried out and 657 volunteers participated in these activities. The foot patrol in the forest land reached 1,865.90 km, 1,788 illegal bird nets were dismantled, 269 remaining nets were removed, and 309 live birds, including spotted doves, oriental turtle doves, turdus naumanni, Pale Thrushes, Siberian Rubythroats, and oriental scops owls, were successfully rescued to fully practice the concept of biodiversity conservation.



7
DATA
MANAGEMENT

The Bank attached great importance to data sorting, verification and protection, strictly followed the laws and regulations for data governance and information security, built a top-down data governance system, clarified the focus of data management and information security, implemented information security safeguards, continued to strengthen the capacity building of data security, improved the emergency management processes of information security, and strengthened business continuity management to comprehensively improve data and information security quality.

Build Data Governance System

The Bank actively promoted the construction of the data governance system, clarified the responsibilities and specifications of all relevant departments, coordinated and cooperated with each other to jointly promote internal data management to ensure the normalization of data sorting and verification process, information security protection, and build a high-quality data and information security bank. The Bank has obtained ISO20000 (IT Service Management System) certification, through continuously optimizing service processes, improving IT service management and continuously improving IT service availability, reliability and security to effectively ensure that IT services meet business development needs.

The Board of Directors of the Bank closely monitored information security and technology risk management. The Board of Directors fulfilled its responsibilities in information technology management to carry out supervision and inspection of information technology risks in strict accordance with *the Guidelines on Management for Information Technology Risk of Commercial Banks* issued by the former China Banking and Insurance Regulatory Commission. In 2022, the Board of Directors reviewed the annual report on information technology regulatory rating and rectification, mainly including information technology regulatory rating results, overall evaluation, major problems and risks, regulatory opinions and suggestions and rectification measures, covering overlay network security and data security assurance, and also reviewed the Bank's annual report on information technology risk management, which mainly includes an overview of annual information technology risks, a summary of major information technology risks, and key points for information technology risk management in 2022, and involves the improvement of the network security management system and the construction of financial data security protection system.

The Bank has established an Information Technology Committee chaired by the bank leader in charge of technology, responsible for reviewing the Bank's information construction plan and annual information work plan, and reviewing the Bank's information technology risk policies, coordinating the solving of major information technology risks and information security matters, and monitoring information technology investments, and reviewing the introduction and application plans of important new technologies, and reviewing the main information technology work systems and major application requirements, promoting process integration and information sharing throughout the Bank, and coordinating and solving major issues during the process. In 2022, the Information Technology Committee held a total of 11 meetings and reviewed 29 topics, mainly including the self-inspection report on strengthening information technology compliance management, the application for the establishment of a new information and innovation system infrastructure construction project, the application for the hardware expansion project of the information and innovation renovation system, and the application for the establishment of the information and innovation basic software expansion project, etc., in order to continuously promote the implementation of information security management work.

Improve the Quality of Data Management

The Bank continued to strengthen data statistics, organization and verification management. In terms of green operations, the Bank required the head office, branches and subsidiaries to regularly collect energy consumption data such as water, electricity and natural gas, and form a ledger managed by dedicated personnel, and report it to the head office's sustainable development management system. The Bank reported any management loopholes found in combination with third-party spot checks each year, such as false reports, omissions, and administrator negligence, and required immediate rectification.

In terms of green finance, the Bank improved the green finance data quality control system in strict accordance with *the Guidelines on Data Governance of Banking Financial Institutions* issued by the former China Banking and Insurance Regulatory Commission, continued to maintain and update the internal green finance data management information system, regularly carried out training on green finance data statistics and submission, and established a regular inspection mechanism and assessment system for green finance data quality to constantly improve green finance data governance capability. The Bank has established a standardized management mechanism for external reporting of green finance data to fully guarantee the quality of green finance data management. The internal credit data management system can support the selection of green loan labels under the *Circular of the People's Bank of China on Revision for the Special Statistical System of Green Loans*, *the Catalogue of Guidance for Green Industry*, and *the Circular of the General Office of the China Banking and Insurance Regulatory Commission on the Relevant Work of the Green Financing Statistical System*. The regulatory report platform system identified relevant labels and automatically retrieved relevant data from them to generate a special statistical table for green loans. The risk management department reviewed the green loan data on a quarterly basis and submits it to the finance and accounting department for overall reporting to ensure the authenticity and accuracy of the green loan data.

Strengthen Data Security Protection

The Bank implemented management work for network security, data security, customer personal information protection by means of institutional guarantee, system construction, audit supervision, capacity building and product guarantee in strict accordance with the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China* and other relevant laws and regulations.

 <p>Institutional guarantee</p>	<ul style="list-style-type: none"> In 2022, the Bank revised and issued the <i>Measures of China CITIC Bank on the Management for Information Security</i>, the <i>Measures of China CITIC Bank on the Management for Customer Information Protection</i>, the <i>Measures of China CITIC Bank on the Management for Electronic Data Security</i> and other information security protection related systems and norms to clarify the Bank's data security classification standards, and the security protection management requirements for personal information and electronic data in all aspects of the life cycle, and standardize control measures such as data encryption, minimum authorization, and anonymization during the collection and use of customer information with the premise of safeguarding customer rights and respecting customer wishes, and establish comprehensive emergency plans, risk management, event reporting, and public opinion monitoring mechanisms to effectively prevent data and personal information security risks.
 <p>System construction</p>	<ul style="list-style-type: none"> In terms of data resource side, the Bank refined the network layer, system application layer, function and user behavior layer by layer, and took measures such as network partitioning, user and permission management, and user behavior auditing, etc., to strengthen customer information and data security protection capabilities. In terms of data transmission, the Bank took the measures such as review and approval mechanisms, sensitive data screening mechanisms, data encryption and desensitization mechanisms, etc., to ensure the security of the transmission process. In terms of data user side, the Bank took the measures such as strengthening personnel access authentication, terminal security control, and user behavior auditing, etc., to ensure the security and compliance of customer data operation and use. The Bank developed and implemented the classified and graded data protection to classify security levels based on the sensitivity of customer information and data, and take measures such as encryption and desensitization to strengthen the protection of highly sensitive data.
 <p>Audit supervision</p>	<ul style="list-style-type: none"> The Bank conducted a special audit for information technology annually to audit seven traditional areas, including information technology governance, information technology risk management, information security management, development and testing management, operation and maintenance management, business continuity management and IT outsourcing management by combining off-site and on-site audits. The Bank carried out special audit on credit investigation and compliance, and continued to pay attention to the security protection of the bank-wide customer information in all aspects of the whole life cycle, such as collection, transmission, storage, use, deletion and destruction before, during and after the event, and implemented targeted audit procedure on information security management links such as identity and access management, communication security, physical and environmental security, and external personnel security.
 <p>Capacity building</p>	<ul style="list-style-type: none"> The Bank provided eight training sessions on safety awareness education and customer information protection for all employees by means of terminal screensaver broadcast, enterprise WeChat official account contents and online courses to continuously strengthen their safety awareness. The Bank provided more than 10 training sessions for information technology employees by means of online and offline lectures and exams, and promotion on department homepage, including training for new employees, development security, data security, security attack and defense, and information security management system, to comprehensively enhance their professional technical and management abilities.

Case

China CITIC Bank won the title of “Financial Technology Product Certification Demonstration Institution”

In 2022, 10 APPs such as China CITIC Bank mobile banking and Mobile Card Space, passed strict testing and certification review, and successively passed the “Financial Technology Product Certification”, and passed the “Mobile Client Application Software Filing” of the National Internet Finance Association of China, so as to achieve controllable quality in terms of client software security, bar code payment security, customer personal information protection, etc. In November 2022, as one of the first 17 institutions to pass the “Financial Technology Product Certification”, the Bank was awarded the title of “Financial Technology Product Certification Demonstration Institution” at the “Transmit Trust and Serve Development” certification ceremony held by the China Financial Certification Authority (CFCA), marking that the self-developed mobile financial client software in the Bank has been recognized by national authoritative institutions and has reached a high level in the industry of financial technology product quality and safety.



Awarded the title of “Financial Technology Product Certification Demonstration Institution”

Implement Data Security Emergency Management

The Bank has formulated the *Measures of China CITIC Bank on the Management for IT Production and Operation Continuity* and the *Measures of China CITIC Bank on the Management for Information System IT Continuity* in accordance with the *Guidelines for the Supervision of Business Continuity of Commercial Banks* and the *Guidelines for the Supervision of Data Centers of Commercial Banks* and other laws, regulations and policies to improve network security risk prevention capabilities and ensure the safe operation of important information systems. The Bank strictly adheres to the relevant standards for establishing and maintaining business continuity management, and has passed ISO22301 (Business Continuity Management System) certification to reduce the risk of interruption events and continuously strengthen its rapid response and recovery capabilities in the event of interruption events.

The Bank comprehensively reviewed emergency plans for emergencies, ensured that the emergency plans of each system fully covered various basic scenarios, and established a comprehensive event handling process and notification mechanism to effectively respond to data security incidents such as data leakage, loss, data damage, deletion, or tampering caused by external attacks. If a data security incident occurs, the Technology Operations Center of the Bank will take timely technical measures in accordance with the plan, block known system vulnerabilities and technical defects, control the scope of data anomalies, carry out data recovery and traceability analysis based on the actual situation, and report relevant events to the information technology management department. The information technology management department is responsible for assessing the impact of the event and grading it, reporting the event to the China Banking and Insurance Regulatory Commission according to the grading result, and notifying the electronic data competent business department simultaneously so as to initiate corresponding business emergency plan.

In 2022, the Bank organized and implemented multiple special emergency drills for information security, such as strengthening data center infrastructure, network facilities, important information systems, and important data security protection, and strengthened the monitoring and inspection to ensure the reliability of the basic environment. The Bank has conducted main and backup switch drills, local and remote disaster recovery switch drills, network area switch drills, and important scene desktop drills for the purpose of achieving 100% coverage of all important information system important scene drills in the headquarters and branches, 100% coverage of all core network equipment important scene drills in the headquarters and branches, and 100% coverage of important scene drills in the computer room infrastructure of the headquarters and branches.



8 INNOVATION AND RESEARCH

The Bank gave full play to the synergy advantage with CITIC Group, combined with the strategic cooperation of third parties, and continued to innovate the low-carbon and green financial service system and build innovative advantages in the field of green finance by means of special research on green finance, online financial service development, and green finance product research and development.

Innovation of Green Finance Products

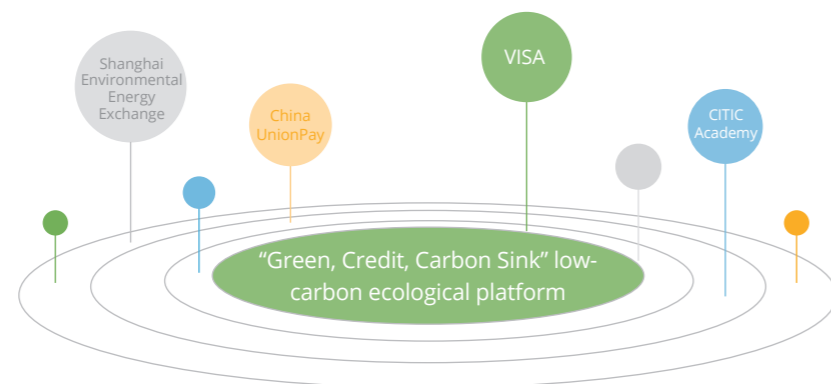
The Bank continued to improve its green product system, developed diversified green products and services such as green consumption and green supply chain, deeply explored green finance product innovation to improve the comprehensive service capability of green finance.

Personal carbon reduction account - "CITIC Carbon Account"

- The "CITIC Carbon Account" is the first personal carbon reduction account led and launched by a bank in China, mainly providing account functions such as carbon account opening, accounting, accumulation, query, exchange, and trading. Through the "CITIC Carbon Account", users' green low-carbon behavior can be measured and traced, and green consumption behavior can be digitized, visualized, capitalized and valued, so as to effectively guide users' green consumption and low-carbon life, drive the transformation of the production end, form a green industry chain, help the government, enterprises, partners and users to achieve carbon emission reduction and carbon neutrality development goals, and promote the green transformation of the social economy.
- "CITIC Carbon Account" has won numerous awards, including the "Green Finance Pioneer Innovation Award" of the first Greater Bay Area Green and Sustainable Finance Summit hosted by the Shenzhen Municipal Government, the "ESG Communication" Gold Award of the 2022 Golden Flag Award, and the "Environmental Protection and Green Communication" Gold Award of the 18th CIPRA Awards, it has also been selected for the "2022 Global Corporate Social Responsibility Case Tour" and "Ecological Brand Development Report (2022)" held by CCTV International Online.

Launch the "Green, Credit, Carbon Sink" ecological platform and build a low-carbon ecological alliance

The Bank officially launched the "Green, Credit, Carbon Sink" low-carbon ecological platform, aiming to actively promote green innovation, broaden the cooperative ecology, give play to the synergy between the industrial chain and the ecosystem, and work with multiple partners in the industrial chain to achieve two-way empowerment and jointly promote green finance innovation. The first batch of partners include institutions such as Shanghai Environmental Energy Exchange, VISA, China UnionPay, and CITIC Academy, which have conducted relevant cooperation based on low-carbon business.



Collaborate with VISA to develop sustainable business strategies

- In August 2022, the Credit Card Center of the Bank and the global digital payment company VISA jointly announced the formal signing of a memorandum of strategic cooperation on sustainable business. Both parties will practice the concept of financial responsibility and green finance, jointly support and help the development of sustainable business, carry out research and practice around sustainable business and low-carbon economy; join hands in green innovation, broaden the cooperative ecology, and play the synergistic effect of industrial chain and ecosystem.
- Based on the Bank's personal carbon inclusive platform - "CITIC Carbon Account" and VISA's "Environmental Protection Equity Portfolio" project, both parties will explore the carbon account cooperation mode and carry out relevant innovative businesses around consumer carbon footprint (carbon emissions calculator), green environmental education, carbon offset and carbon neutrality.

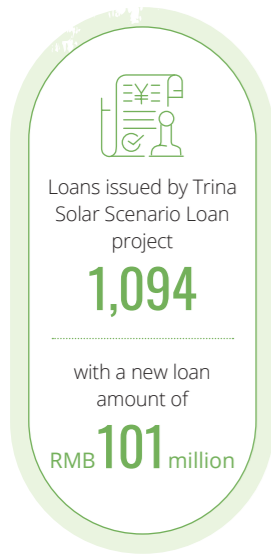
Pilot business of green supply chain finance

Shanghai Branch of the Bank has successfully completed the first trial order for green supply chain finance business in collaboration with our strategic partner Ouyeel Financial Services. The trial order carried out data collection and tracking of the whole process of green electricity from generation to consumption by taking the coal photovoltaic project commissioned by Baosteel Group to be constructed by Baowu Clean Energy Co., Ltd. as application scenarios and allowing the blockchain carbon finance service platform to provide green electricity certificate storage services for both supply and demand parties. The Bank approved the green finance quota for the supply and demand of green products based on the certificate storage data of the carbon financial service platform and the support orientation of energy conservation and emission reduction. Through identifying green subjects, endorsing green data, deepening green transmission and supervision, the pilot reduced the risk of green finance, improved the efficiency of green management and control, and achieved information sharing, and made breakthroughs in green finance subject innovation and mode innovation.

Innovate the loan scenarios of new energy vehicles

The Bank has collaborated with Xiaopeng Motors for online direct-mode vehicle scenario loan business. Consumers can directly apply for new energy vehicle consumption loans from the Bank after placing orders through the Xiaopeng Motors APP. Through automated approval, online signing, and loan issuance methods, we aim to enhance the efficiency of loan processing and effectively meet the demand for online financial products under the new energy vehicle consumption mode, and help the development of the new energy vehicle industry.





Develop the "Trina Solar Scenario Loan"

The Bank actively carried out personal scenario operation loan business, and promoted supply chain scenario loans as its flagship product to provide customers with comprehensive, convenient and efficient online self-service financing services. The Bank has creatively developed the "Trina Solar Scenario Loan" product which provided online financial services for the entire process of loan application, approval, signing, withdrawal, and repayment for its downstream distributors through a system data direct cooperation with Jiangsu Trina Smart Distributed Energy Co., Ltd. In 2022, Trina Solar Scenario Loan project issued 1,094 loans in total, with a new loan amount of RMB 101 million to effectively expand the personal scenario business loan model of green finance.

Innovation in the photovoltaic financing leasing system of "Financial Leasing e-citizen"

In response to the call of the State on support for green development and rural revitalization, according to the concept of "making financial services benefit thousands of households", CITIC Financial Leasing launched the rural household distributed photovoltaic retail leasing business, and customized the "Financial Leasing e-citizen" photovoltaic financial leasing management system with the help of digital transformation, and focused on building a five in one energy system of "wind, light, water, storage, and hydrogen" to achieve new breakthroughs in energy storage and hydrogen energy business.

Establish the first green sub-branch in Henan Province

In October 2022, the first sub-branch in Henan Province named "Green" - China CITIC Bank Xinyang Yangshan Green sub-branch officially opened. As an exclusive green finance comprehensive service sub-branch in Xinyang, the sub-branch took green finance as its business theme, green credit as its main characteristic business, focused on supporting the optimization and upgrading of green low-carbon, clean energy, ecological restoration and other industries, fully supported enterprises and projects involving green loans, and helped the development of Xinyang's green industry. In addition, the sub-branch displayed distinctive posters with slogans such as "enjoy a better life with green finance", "financial resources towards green economy, and delivering gold with 'Two Mountains' theory", set up a green finance exhibition area, established a green credit zone, and specifically connected with green finance projects in Xinyang City. Xinyang Yangshan sub-branch integrated the concept of green office into daily life and was committed to becoming a benchmark sub-branch integrating green elements with the concepts of green development.



Research on Green Finance

The Bank organized and established a professional research team in the way of "combining full-time and part-time jobs, the head office and branches, and the risk line and business line". The team focused on green low-carbon industries such as photovoltaic, wind power, energy storage, biomass power generation, and "carbon peaking and carbon neutrality" strategic industries such as steel, paper making, coal, cement, etc., to carry out in-depth research on a number of green finance industries, so as to improve the Bank's awareness of green concepts, and enable green business development.

Issue the 2022 Low-carbon Life Greenpaper

The Credit Card Center of the Bank, in collaboration with professional research institutions, has focused on the values, awareness, action, and expectations of low-carbon living among the public in the new era, conducted market research, and issued the "2022 Low-carbon Life Greenpaper". This is the first research report on consumer low-carbon lifestyle behavior issued by a domestic banking institution to understand the current attitudes and practices of the public towards green consumption and low-carbon life, and provide forward-looking insights into people's future expectations for green and low-carbon life. The Greenpaper proposed five highlights: "everyone pursues low-carbon, green life becomes a consensus", "digital services as new blue ocean", "low carbon practice, knowledge and action have not yet been unified", "low carbon is not passive, but actively influences others", "green original aspiration makes every low carbon meaningful".



Develop the "Guidelines for Individual Voluntary Carbon Reduction Measurement Methods in Paperless Scenarios"

The Credit Card Center of the Bank, in collaboration with CIAM Carbon Assets, actively conducted research on carbon emission reduction measurement methodology under the guidance of the Shanghai Environmental Energy Exchange, and successfully developed the "Guidelines for Individual Voluntary Carbon Reduction Measurement Methods in Paperless Scenarios" based on the Bank's electronic bills, electronic credit cards, online payments, and other related financial scenarios, which have been reviewed and certified by the Shanghai Environmental Energy Exchange and relevant experts.

Cooperation to develop the formulation of the "China Green Bond Principles" by the Green Bond Standard Committee

As a member institution of the Green Bond Standard Committee, the Bank has collaborated with various member organizations and institutions of the Green Bond Standard Committee to formulate the "China Green Bond Principles" which clarified the four core elements of green bonds in combination with international practices and domestic reality and proposed basic requirements for green bond issuers and relevant institutions. The Principles have been reviewed and approved during the meeting of the Green Bond Standard Committee.



FUTURE OUTLOOK

With the proposal of the “carbon peaking and carbon neutrality” national strategic goal, accelerating the development of green finance and practicing green operation has become an inevitable trend for the sustainable development of commercial banks.

The Bank will continue to improve its sustainable development governance system, and effectively play an effective role to lead the Bank to gradually achieve green development. The Bank will vigorously develop green finance, actively promote the construction of “green bank”, and enrich green finance products and services, and promote green finance product innovation to help to achieve the goal of “carbon peaking and carbon neutrality”. The Bank will also strengthen green operation management, implement low-carbon and environmental protection measures, and enhance the awareness of energy conservation and environmental protection among all employees to create a green and low-carbon bank.

In the future, the Bank will continue to fulfill its corporate mission of “create value for customers, seek happiness for employees, make profit for shareholders and perform responsibility for society”, fully support the comprehensive green and low-carbon transformation of the economy and society, practice the green concept together with stakeholders to lead the green coordinated development.

APPENDIX

Appendix 1: Index of Indicators for the *Guidelines on Environmental Information Disclosure for Financial Institutions*

Content of Indicators		Chapter of Disclosure
Annual Overview		About us
Environment-related governance structure of financial institutions	Information about the green finance related committees set up at the board level, their environmental related strategic objectives, analysis and judgment of environmental related risks and opportunities, management, supervision and discussion of environmental related issues.	1. Environment-related Governance Structure
	Information about the management positions or internal institutions related to green finance set at the senior management level, the main responsibilities and reporting routes of the management positions or internal institutions.	1. Environment-related Governance Structure
	The implementation and effectiveness of green finance related work at the professional department level within the scope of department responsibilities.	1. Environment-related Governance Structure
Environment-related policies and systems of financial institutions	The internal management systems related to the environment formulated by financial institutions, especially the new policies and measures implemented during the reporting year.	3. Environment-related Policies and Systems
	The implementation of national and regional environmental policies, regulations, and standards related to financial institutions.	3. Environment-related Policies and Systems
	The compliance of financial institutions with international conventions, frameworks, and initiatives related to climate and environment.	3. Environment-related Policies and Systems
Innovation in environment-related products and services of financial institutions	The innovative green finance products and services developed by financial institutions.	8. Innovation and Research
	The environmental and social benefits of green product innovation in financial institutions.	8. Innovation and Research
Process of environmental risk management in financial institutions	The process of identifying and evaluating environment-related risks.	4. Environmental Risk Management
	The process of managing and controlling environment-related risks.	4. Environmental Risk Management
Impact of environmental factors on financial institutions	Environmental risks and opportunities for financial institutions.	4. Environmental Risk Management
	The quantitative analysis of environmental risks in financial institutions.	4. Environmental Risk Management

Content of Indicators		Chapter of Disclosure
Environmental impact of investment and financing activities of financial institutions	The environmental impact of investment and financing by commercial banks.	5. Environmental Impact of Investment and Financing Activities
	Measurement and expression of the impact of environmental risks on investment and financing of financial institutions.	5. Environmental Impact of Investment and Financing Activities
Environmental impact of business activities of financial institutions	The direct greenhouse gas emissions and natural resource consumption generated by the operating activities of financial institutions.	6. Environmental Impact of Business Activities
	The indirect greenhouse gas emissions and indirect natural resource consumption generated by products or services purchased by financial institutions.	6. Environmental Impact of Business Activities
	The environmental benefits generated by environmental protection measures taken by financial institutions.	6. Environmental Impact of Business Activities
	The quantitative measurement of the environmental impact of business activities.	6. Environmental Impact of Business Activities
Data sorting, verification and protection	Regularly sort and verify the quality of environment-related statistical data of the institution, establish a data management system and process, and further improve the quality of relevant basic data to ensure the timeliness and accuracy of data and external disclosure information.	7. Data Management
	Adopt corresponding technical means to ensure data security and the rights and interests of data subjects.	7. Data Management
	Establish emergency plans and take timely measures for potential data security incidents or data security accidents.	7. Data Management
Innovation and research achievements of green finance	The cases of innovative practice of green finance.	5. Environmental Impact of Investment and Financing Activities 8. Innovation and Research
	Various domestic and foreign researches on green finance and environmental risk analysis and their achievements and future outlook.	8. Innovation and Research Future Outlook
Other environment-related information		Preparation Explanation Appendix

Appendix 2: Index of Framework for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Content of Indicators		Chapter of Disclosure
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	1. Environment-related Governance Structure
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	1. Environment-related Governance Structure
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	4. Environmental Risk Management
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	2. Environment-related Strategy and Objective 4. Environmental Risk Management
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	4. Environmental Risk Management
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	3. Environment-related Policies and Systems 4. Environmental Risk Management
	b) Describe the organization's processes for managing climate-related risks.	3. Environment-related Policies and Systems 4. Environmental Risk Management
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	3. Environment-related Policies and Systems 4. Environmental Risk Management
Indicators and Objectives	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	5. Environmental Impact of Investment and Financing Activities 6. Environmental Impact of Business Activities
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	6. Environmental Impact of Business Activities
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	6. Environmental Impact of Business Activities



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