



**China Minsheng Banking Corp., Ltd.**  
**Environmental, Social and Governance Report 2016**

## Contents

<b>About the Report</b> .....	3
1. Environmental, Social and Governance Management System.....	5
1.1 Core Concept.....	5
<i>Social Aspect</i> .....	5
<i>Environment Aspect</i> .....	6
1.2 Stakeholders Engagement .....	6
1.3 Materiality Assessment.....	7
2. Corporate Governance (Aspect B7).....	8
2.1 Anti-corruption .....	9
2.2 Anti-money Laundering .....	9
<i>Improvement of Employees' Cognition on Anti-money Laundering</i> .....	10
<i>Establishment of Risk Assessment Standards for Money Laundering</i> .....	10
<i>Promotion of Anti-money Laundering Management for Correspondent Banks</i> ....	10
<i>Remarkable Achievements in Anti-Money Laundering</i> .....	11
3. Product Responsibility (Aspect B6) .....	11
3.1 Customer Service .....	11
3.2 Protection for Customers' Rights and Interests.....	12
3.3 Brand Management .....	13
3.4 Intellectual Property Protection.....	14
4. Employee Care (Aspect B1-B4).....	14
4.1 Employment and Labour Standards.....	14
4.2 Remuneration and Welfare.....	15
4.3 Training and Development .....	16
4.4 Performance Evaluation and Promotion .....	16
4.5 Employees' Health and Safety .....	17
<i>Emphasizing Employees' Occupational Health</i> .....	17
<i>Providing a Safe Workplace</i> .....	17
5. Community Investment (Aspect B8) .....	18
5.1 Targeted Poverty Alleviation.....	18
5.2 Poverty Alleviation through Finance .....	18
5.3 Public Cultural Undertakings .....	19

5.4 Volunteering Service .....	19
5.5 External Charity Activities .....	19
5.6 Awards and Honours .....	20
6. Supply Chain Management (Aspect B5).....	20
6.1 Sustainable Procurement .....	20
6.2 Supplier Management .....	20
7. Environmental Responsibility (Aspect A1-A3).....	21
7.1 Green Office .....	21
<i>Increasing Efficiency</i> .....	21
<i>Power Saving</i> .....	21
7.2 Green Financial Business .....	22
<b>Appendix—— 《Environmental, Social and Governance Reporting Guide》</b> .	24

## About the Report

### *Introduction*

This report aims to disclose the Environmental, Social and Governance (ESG) management concepts of China Minsheng Banking Corp., Ltd (hereinafter referred to as ‘the Company’ in this report) (SEHK stock code : 01988) ), in addition to its relevant ESG performance in 2016, and thus , to enhance full understanding and communication between various stakeholders and the Company. This report should be read together with the *2016 Annual Report of China Minsheng Banking Corp., Ltd.* and the *2016 Corporate Social Responsibility Report of China Minsheng Banking Corp., Ltd.* to help the readers comprehensively understand the Company.

### *Reporting Period*

Unless otherwise specified, this report covers the period from 1 January 2016 to 31 December 2016.

### *Reporting Scope*

This report was prepared in accordance with relevant regulations of the Appendix 27 of Environmental, Social and Governance Reporting Guide (“the ESG Reporting Guide”) on *Rules Governing the Listing of Securities* issued by the Hong Kong Exchange and Clearing Limited. Additionally, the focused areas from stakeholders concerns and the Company’s unique business model were also taken into full consideration during the preparation process.

This report covers the Company’s ESG Management system and its relevant practices and performance in anti-corruption, product responsibility, employee caring, community investment, supply chain management and environmental responsibility. The reporting scope of relevant data and its calculation are noted in the report.

### *References*

This Report complies with the Appendix 27 of ESG Reporting Guide on *Rules Governing the Listing of Securities* issued by the Hong Kong Exchange and Clearing Limited. The reference to the ESG Reporting Guide is attached in appendix section.

### *Confirmation and Approval*

This Report was approved by the Board of Directors on 30 March, 2017.

## 1. Environmental, Social and Governance Management System

The Company is committed to establishing a high standard ESG Management System to strengthen its core competitiveness and thus enhance its brand value. By 31 December 2016, the Company had proactively carried out its ESG responsibilities and improved its ESG performance.

By firmly establishing the responsibility concept of “Minsheng Bank Serves the Public and People’s Livelihood, and the Public Supports to Minsheng Bank”, the Company proactively promotes the harmony between corporate development, social progress and ecological improvement, and strives for realizing high-level ESG Management System, so as to protect shareholders’ interest, increase corporate value and fulfill social responsibility.

### 1.1 Core Concept

Upholding the vision of “caring for the livelihood and serving the public” and sticking to the mission of “From the People and For the People”, the Company is committed to the sustainable development of environment, society and economy during its corporate development. An effective organization structure is the key to implement the ESG strategy. In the Company’s shareholder’s general meeting is the supreme power body of the Company, the Board of Directors is the core of decision making, the Board of Supervisors is the core of supervision, and the management, is responsible for daily operation management. The three bodies all perform their own roles with effective check and balance, so as to ensure the substantial implementation of the Company’s ESG responsibility.

### *Social Aspect*

Compliance operation is a basic management concept of the Company. The Company strictly complies with relevant national and local laws and regulations, and strives to match itself with international standards. Fairness and integrity are the basic principle of the Company’s sustainable development. It attaches great importance to corporate governance and constantly improves it by strengthening capability building in anti-corruption and anti-money laundering and increasing staffs’ awareness in integrity. For customers, the Company is committed to satisfying customers’ needs through improving

service quality, protecting customers' rights and interests, strictly managing its brand and constantly improving product responsibility performance. For its employees, the Company sticks to the "people-oriented" idea and established the concept of respecting people, cultivating talents and contributing to employees' achievements. As a result, the Company protects employees' legitimate rights and interests, and provides broad space for learning and development, so as to realize their personal value. For local communities, the Company insists on contributing to society and sharing achievements with society. The Company spares no efforts to support education, medical care and volunteer services, enhances investment in cultural undertakings and satisfies the needs of communities through in-depth communications. For suppliers, the Company established a just and fair procurement management system and promotes suppliers to implement their environmental and social responsibilities through the sustainable procurement principle.

### *Environment Aspect*

The Company insists on the ideal of green development. On one hand, the Company continually promotes green office and implements green operation; on the other hand, the Company proactively makes full use of the financial leverage role and optimizes the credit structure to support the energy-conservation and environmental- protection industries to promote industrial restructuring, and green finance, so as to support sustainable social development.

## 1.2 Stakeholders Engagement

The Company actively carries out communication with stakeholders to understand and response to their needs in a timely manner. Based on the features of our business, the Company has identified major stakeholders which include: governmental regulatory authorities, investors/shareholders, customers, employees, community and suppliers.

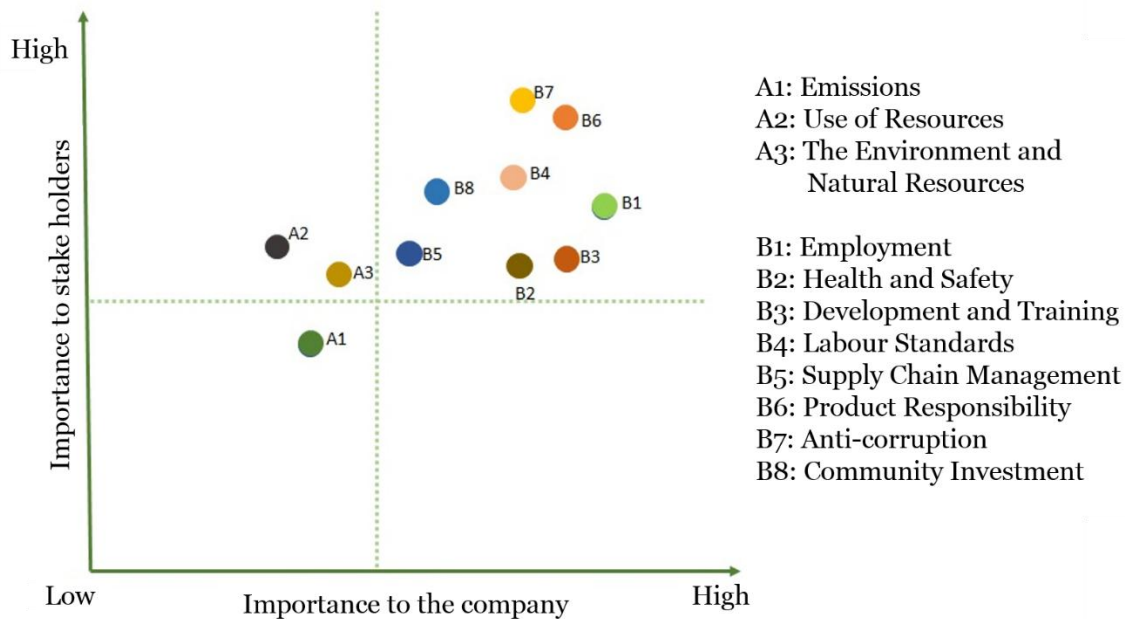
Major Stakeholders	Focus Areas	Major communication channels
<b>Governmental regulatory authorities</b>	<ul style="list-style-type: none"> <li>• Legal compliance</li> <li>• Transparency corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Participating in governmental regulatory meeting</li> <li>• Compliance reports disclosure</li> </ul>
<b>Investors/shareholders &amp;</b>	<ul style="list-style-type: none"> <li>• Compliant operation</li> <li>• Market expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders' general meetings of the Company</li> </ul>

	<ul style="list-style-type: none"> <li>• Product innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Company announcements</li> <li>• Online questionnaire</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer service</li> <li>• Privacy safety</li> <li>• Compliant</li> <li>• Customer right protection</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction survey</li> <li>• Customer service center</li> <li>• Hall complaints</li> <li>• Online questionnaire</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee's rights and benefits;</li> <li>• Remuneration system;</li> <li>• Labour standards;</li> <li>• Training and development;</li> </ul>	<ul style="list-style-type: none"> <li>• Congresses of workers and staff</li> <li>• Staff activities</li> <li>• Panel discussions</li> <li>• Questionnaire</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Community development</li> <li>• Social public welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Volunteer activities</li> <li>• Online questionnaire</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Transparent procurement;</li> <li>• Equal competition.</li> <li>• Win-win development</li> </ul>	<ul style="list-style-type: none"> <li>• Online questionnaire</li> <li>• Supplier assessment</li> <li>• Panel discussions</li> </ul>

### 1.3 Materiality Assessment

In 2016, through the Company's periodic investigation into the focus areas for stakeholders, combined with a consideration of its own strategic and operation plan, the Company assessed and filtered the relevant important subjects in accordance with domestic laws, regulations as well as the disclosure requirements of the SEHK, which are anti-corruption, product responsibility and the rights and interests of employees.





## 2. Corporate Governance (Aspect B7)

The Company is committed to continuously strengthening its internal governance, improving the business ethics standard within the Company, and safeguarding the interests of shareholders and stakeholders. In order to further enhance its governance, the Company continually keeps track of relevant national laws and regulations, as well as the latest guidelines and requirements issued by the regulatory authorities, implements relevant measures to strengthen the predictability guidance and support for operation and development and thus constantly improve the governance framework of the Company. In 2016, a total of 15 comprehensive reports and special reports were completed, in addition to 24 briefing reports for internal control and compliance, which provided an effective support for the Management in business operation and decision-making.

## 2.1 Anti-corruption

The Company strictly abides by relevant national laws and regulations, proactively screens and prevents risks in internal control system, to reduce the risk in corruption and bribery.

In 2016, the Company newly formulated the *Discipline Manuals for Employees of China Minsheng Bank* and the *Provisional Rules on Inspection Works of China Minsheng Bank* to improve employees' awareness on anti-corruption and prevent moral degeneracy, as well as to reinforce the supervision mechanism on management. Meanwhile, by reinforcing a series of measures such as the promotion of disciplinary education, emphasizing the management of case clues, emphasizing patrol inspection and routine investigation, implementing supervision and accountability mechanism, the Company severely investigates and deals with employees' misconducts of corruption and suspected involvement in commercial bribery.

## 2.2 Anti-money Laundering

The Company strictly complies with the *Anti-Money Laundering Law of the People's Republic of China* and the supervision requirements issued by the People's Bank of China (PBC), and continually strengthens internal control management for anti-money laundering.

In 2016, the Company revised four internal control standards, namely, the *Management Measures for Classification on Customers' Money Laundering Risks*, the *Guidelines on Anti-money Laundering for New Branches*, the *Management Measures for Risk Screening of Irregularities on Employees' Account* and the *Management Measures for Comprehensive Evaluation on Anti-money Laundering*. Additionally, the new *Management Measures for Risk Assessment on Money Laundering in Products/Business* was also developed. Meanwhile, a series of measures were implemented to gradually establish the management mechanism for weak points in the process of anti-money laundering.

### *Improvement of Employees' Cognition on Anti-money Laundering*

The Company proactively promotes trainings to raise employees' cognition on anti-money laundering, and strengthen the function of the core members from the leading team of anti-money laundering.

In 2016, the Company organized 8,420 sessions of anti-money laundering training with around 146,000 attendances and accumulated training hours of approximately 11,400 days. It arranged 4,161 promotion activities with 1.41 million pieces of promotion materials were delivered and around 6.27 million audiences attended.

### *Establishment of Risk Assessment Standards for Money Laundering*

The Company established scientific and objective risk assessment standards for money laundering in its products by applying quantitative method to improve the scientific and objective assessment of products. Furthermore, it also actively carries out customer identifications and risk grading, strictly fulfills the reporting obligations on large amount and suspicious transactions. In 2016, a total of 236,031,965 large-amount transactions were reported and a total of 1,624,014 suspicious transaction reports were filtered.

The Company also identified 6,876,665 new customers in 2016, re-identified 19,824,173 customers and limited settlement function for 16,979 accounts.

<b>Results of Risk Assessment on Money Laundering</b>		
<b>Risk Category</b>	<b>Accounts</b>	<b>Proportion</b>
Highest Risk	8,540	0.01%
Higher Risk	38,834	0.07%
Medium Risk	1,150,014	2.23%
Lower Risk	10,121,587	19.63%
Lowest Risk	40,216,991	78.03%

Note: The above data included the whole range of the Company in 2016.

### *Promotion of Anti-money Laundering Management for Correspondent Banks*

The Company actively promotes the mechanism construction in anti-money laundering management for correspondent banks. Based on the principle of "Risk-based Management", the money laundering risk analysis and early-warnings are constantly strengthened. Moreover, by combining external case information and internal monitoring data as well as applying the focus on the prevention of risks in terrorism financing and sanctions, the Company organized comprehensive investigation on the

existing customers, cross-border business and correspondent bank relationships that involved with North Korea, Sudan and Syria. Significantly, the Company strictly prohibited conducting business with the six countries that contain sanction risks, including North Korea, Sudan, Syria, Myanmar Iran and Cuba. Additionally, the Company periodically organizes analysis on categories of money laundering risks and screening money laundering risks in employees' behaviors within the Company.

In 2016, the Company published two editions of analysis reports on money laundering categories and 128 editions of risk warnings on money laundering. Furthermore, 2,965 risk events were intercepted, 13,240 employees were investigated and 220 suspicious employees were identified. Employees, who violated regulations, were punished accordingly by means of compliance conversation, circulation of notice of criticism, compliance score deduction, disciplinary sanction, etc.

#### *Remarkable Achievements in Anti-Money Laundering*

The Company achieved remarkable results in anti-money laundering and anti-terrorism financing. Several subsidiaries were highly appraised by the regulatory authority for their anti-money laundering achievements. Regarding the awards received in relation to anti-money laundering, 12 tier-one branches were given commendations for 15 advanced selection and recognition awards. In respect of the competition in anti-money laundering, 7 tier-one branches won 10 awards presented by the regulatory authority.

### **3. Product Responsibility (Aspect B6)**

#### **3.1 Customer Service**

The Company always integrates the concept of customer service into daily work and commits to providing satisfactory service for customer as well as continually improving customer experience.

- (1) According to the requirements of *the Management Measures for Customer Complaints for China Minsheng Bank*, the Company revised *the Detailed Rules of Handling Customer Complaints on the 95568 Channel*. It ensures that customers could give feedback of complaints through multiple channels, including the 95568 hotline, E-mail, WeChat, SMS and E-Connection. Complaints handling process should be completed within three working days to

guarantee the timeliness.

- (2) The Company took an active part in various activities organized by the China Banking Association (CBA) as well as providing trainings to customer service staffs from the 95568 channel for improving their financial knowledge and customer service skills. In 2016, the Company won again the awards of Comprehensive Demonstration Unit in the Fourth Outstanding Customer Service Center Selection and the Third Outstanding Customer Service Star Selection, which were both organized by the CBA. Furthermore, the Company won the Outstanding Innovation Award for its 95568 Digital Mapping System, and 13 employees won the awards of the Best Customer Service Star and the Outstanding Customer Service Star.
- (3) Through active linkage among various departments, the Company optimizes problem solving process in the following activities of unauthorized fraud of bank card, International General Integral (IGI), unauthorized transaction and complaints through self-service channels. Also by enhancing business standards and product functions, to reduce the repeated occurrences of similar consumer disputes.

As at the end of 2016, 413 cases of customer complaints had been received by the 95568 customer service center, which decreased 2% as compared with the end of the previous year. The satisfaction rate of feedback to customer complaints reached 97.15%, representing an increase of 0.69 percentage point as compared with last year. Meanwhile, the evaluation result of the 95568 channel was rated as excellent satisfaction for its customer service with the score of 99.25 averagely, which was 1.61 percentage point higher than that of the benchmarking bank.

### 3.2 Protection for Customers' Rights and Interests

In order to fulfill the requirements which are proposed by the State Council, China Banking Regulatory Commission (CBRC) and People's Bank of China (PBC) regarding the protection for financial customers' rights and interests., as well as safeguarding the lawful rights and interests of the Company's customers, the Company clearly stated the Strategic Development and Investment Management Committee is responsible for protecting the customers' rights and interests. In addition, the Company formulated a series of guiding systems for the protection of consumers' rights and interests, including

*the Working Guidelines on Protection of Banking Consumers' Rights and Interests for China Minsheng Bank and the Working Regulations on the Consumers' Rights and Interests Protection Committee for China Minsheng Bank.* Thus, a comprehensive consumers' rights and interests protection framework was developed.

Regarding information security incident management, the Company issued *the Measures for Information Security Incident Management for China Minsheng Bank*. Based on such measure, rules about information security incident classification and grading, information security incident monitoring and early-warning, safety inspection and evaluation as well as information security incident reporting and evaluation were specified.

In the year of 2016, the Company also forwarded *the Proposal for Strengthening Sensitive Information Security Management for Bank Cards and Preventing Terminal Machines Modification*, which was issued by the Payment & Clearing Association of China (PCAC). Moreover, the Company published *the Notice on Security Inspection for Sensitive Payment Information at Head Office*, in an aim to further improve the security level for payment information protection through examinations, strengthened standard management on specially engaged suppliers and merchant-acquiring outsourcing service.

### 3.3 Brand Management

The Company attaches great importance on brand management and establishes 15 single-item management systems, which based on the guiding system of *the Brand Management Measures*. It includes four categories of management systems, namely, the brand management system, the channel management system, the internal and external publicity management system, as well as reputational risk management system. In 2016, the Company issued the *Guiding Opinions on Strengthening Brand Consistency Management for the Bank* to comprehensively promote the standardization and unification for the Company's brand visual image. By enhancing sub-brands positioning under major business and determining the regulatory boundaries, the Company gradually entered the benign cycle of development, which the *parent brand drives sub-brands and sub-brands in return back-nurture parent brand*.

### 3.4 Intellectual Property Protection

The Company adheres to *Anti-Unfair Competition Law of the People's Republic of China* and related national laws and regulations in intellectual property protection. By conducting intellectual property related protections, the Company improves the rights protection system for intellectual products. In 2008, the Company published its first company-wide document on intellectual property rights. Based on such document, each year the Company has issued new regulations related to intellectual property management.

## 4. Employee Care (Aspect B1-B4)

### 4.1 Employment and Labour Standards

All employment of the Company abides by the national laws and regulations related to employment and labour, such as the *Labour Law of People's Republic of China*, and the *Law of the People's Republic of China on the Protection on Minors*. Provisions has been formulated, such as *China Minsheng Bank Recruitment Management Method*, *China Minsheng Bank labour Contract Management Method* and *China Minsheng Bank Attendance Management Method* to avoid child labour and forced labour, protect employees' legitimate rights and interests, and ensure fair and open job recruitment. In practice, all on-the-job labour-contract employees signed labour contracts with the Company. During the whole procedures, including signing, renewing and terminating labour contracts, the Company strictly follows laws and regulations, to ensure the process is fair and equal, irrespective of employees' gender, race, or other related factors, so as to safeguard the legitimate rights and interests of employees.

Key Performance Indicators			
Category	2014	2015	2016
Total number of employees (person)	57,406	57,228	56,168
Proportion of female employees (%)	54	55	54
Proportion of female managers (%)	38	37	38
Proportion of ethnic minorities (%)	3.97	4.2	4.54
Coverage of labour contracts (%)	100	100	100

Note: the data covers the whole company

This year, 313 college graduates were employed by the Company through unified recruitment. According to requirement of building a Talent Development System, 65 outstanding master graduates were selected to join the first phase of the “Sailing Plan” management trainee program, including 27 graduates from prestigious overseas universities such as the Imperial College London, London School of Economics and Australian National University. Besides, the Company improved its postdoctoral workstation. In addition to offering training to the postdoctoral researchers, the Company is also offering job vacancies for 4-5 postdoctoral researchers. By 31 December, 2016, there had been 6,268 employees aged above 40, 20,622 employees between 30 and 40 (included) years old, and 29,278 employees younger aged 30 or below. Employees with diploma degree or above accounted for 97.5%.

#### 4.2 Remuneration and Welfare

Adhering to the Minimum Wage Standard and related regulations on basic welfare, the Company provides all employees with basic social insurances for pension, medical treatment, unemployment, work-related injury and maternity. Besides, the Company also offers other welfare such as public accumulation fund, enterprise annuity, and supplementary medical insurances to improve the pension and medical security

In addition, the Company supports the work of trade unions. According to the *labour Law of the People’s Republic of China* and the *Regulation of Chinese Trade Unions*, the Company provides sufficient funds to support the trade union to carry out activities independently. The Company also democratically selects the trade union chairman to safeguard employees’ legitimate rights and interests. Based on the workers’ congress, the Company keeps promoting democratic management and improving the channels for democratic policy-making, democratic management and democratic supervision. In 2016, 28 branches held at least once or more workers congress. The by-election of employee supervisors were conducted successfully within the whole Company, and five proposals related to employees’ rights and interests protection were reviewed and approved at the meetings, including *Management Method on Employees’ Exit of China Minsheng Bank*, *Management Guidelines on Dispatched labour of China Minsheng Bank*, *Management Method on Employees’ Attendance of China Minsheng Bank*.



### 4.3 Training and Development

The Company developed a system for talent development based on the idea of integrating organizational and individual development. As a result, the Company made three special training plans, including “Accurate” Training for management personnel, “Categorized” Training for core talents and “innovation” Training for the reserve management talents, which has significantly improved employees’ general ability and professional skills, and met the needs for talent training in the new economic situation.

In 2016, the Company continued to optimize the development of the training system for professional talents. The Company issued *Implementation Rules on Training Talents with Professional and Technological Qualifications of China Minsheng Bank*, and continued to promote the development of the dual channel of “professional + management”. In 2016, 29 branches were selected to implement a comprehensive investigation for optimizing the dual channel, so as to revise and update the scope of posts with special professional and technological qualifications, implementation rules and capability models. Moreover, the Company also actively developed a platform for talents with professional and technological qualifications by organizing senior experts to carry out research projects, so as to better prepare talents with core professional and technological skills for promotion.

According to statistics, in 2016, 1.46 million person-times were involved in different kind of trainings, and 4,287 face-to-face training courses were conducted at all levels of the Company. The total learning hours of all employees reached 2.9 million hours. 66,522 person-times joined qualification examinations. Staffs who hold external high-end certifications like CFA, CPA and FRM accounted for 17%, a year-on-year growth of 70%. At the same time, the quality of team building and the training efficiency were substantially improved.

### 4.4 Performance Evaluation and Promotion

The company has established a sound performance evaluation system based on the position system. Each year, employees’ performance plan and goal are set, and the Company guides the operation institutions to carry out performance evaluation based on the performance evaluation system. In terms of promotion, the Company keeps

improving the evaluation and selection criteria to create a fair, just and competitive environment.

#### 4.5 Employees' Health and Safety

##### *Emphasizing Employees' Occupational Health*

The Company attaches great importance to the employees' health and safety. In accordance with relevant national laws and regulations such as the *labour Law of the People's Republic of China* and the *Regulation on Work-Related Injury Insurances*, the Company provides employees with comprehensive insurance plans, including accident injury insurance, medical insurance, etc. If an employee is injured, the comprehensive insurance plan will provide him/her with medical and insurance services. Besides, the Company also offers rational leaves for employees to take good rest for recovery in case of illness. According to statistics, in 2016, the coverage of employees' social insurance was 100%.

Besides, the Company allocated more than RMB 52 million for the physical examinations of over 46,000 employees. Some branches purchased EAP (Employee Assistance Program) services to provide employees with assistance in mental health.

##### *Providing a Safe Workplace*

In terms of safety, according to relevant national laws and regulations, a sound security system was established. Though strengthening business network's security management, promoting fire safety management at offices, and improving employees' safety and responsibility awareness, the Company has established a safe and reliable internal and external environment for business development.

In 2016, 1,145 cases and accidents were prevented, and interrupted, involving RMB 45.21 million, and 24 criminal suspects were captured by the police with the assistance of the Company.

## 5. Community Investment (Aspect B8)

The Company proactively communicates and engages with local communities to understand their needs. Positive responses have been given with related measures to better serve the public and give back to the society.

### 5.1 Targeted Poverty Alleviation

The Company actively responds to the government's call of targeted poverty alleviation. The Company's employees have been providing financial support to the targeted poverty- alleviation projects at Fengqiu County and Hua County of Henan Province, and Weiyuan County and Lintao County of Gansu Province 14 years in a row. Significantly, Weiyuan County and Lintao County were successfully lifted out of poverty in 2015. In 2016, the Company totally donated RMB 15,640,400 to Fengqiu County and Hua County. Based on the local needs, the Company decided to focus poverty-alleviation funds on projects such as education, health care, road construction and industrial development, so as to improve local educational resources, basic medical conditions and local economic growth. Specifically, RMB 8.85 million was donated to Hua County, including RMB 2.8 million for education, RMB 3 million for medical care, RMB 3 million for photovoltaic project and RMB 50,000 for village road reconstruction. Also, RMB 6.7904 million was donated to Fengqiu County, including RMB 1.74 million for education, RMB 402.07 million for equity poverty alleviation project, RMB 979,300 for medical care, and RMB 50,400 for village street lamp renovation.

### 5.2 Poverty Alleviation through Finance

In accordance with relevant regulations on poverty alleviation through finance required by the PBC and the Company's leading group on poverty alleviation through finance, the Company expanded its poverty alleviation work to nationwide poverty-stricken counties with a focus on poverty alleviation through financial innovation. Several cross-sectoral meetings concerning poverty alleviation through finance were held and related documents were issued in a timely manner, including the *Guiding Opinions on Implementing Poverty Alleviation through Finance* and the *Opinions on Strengthening the Supervision and Inspection of Poverty Alleviation through Finance*. Besides, the Company actively organized and coordinated all departments, sub-ordinated

organizations and branches to fulfill their duties to ensure the accomplishment of the mission with the highest standards.

### 5.3 Public Cultural Undertakings

The Company has made a difference in the field of public arts. Policies were formulated for public art institutions financially funded by the Company, such as the *Working System of Minsheng Art Institutional Management Committee* and the *Management Measures on Exhibitions at Minsheng Art Institutions*. In addition to improving these documents, the Board of Directors established the Public Welfare Decision-Making Committee in June 2016. Moreover, in accordance with related national policies and regulations such as the *Charity Law of the People's Republic of China*, the Company revised the management system for Beijing Minsheng Culture and Art Foundation and Shanghai Minsheng Art Foundation, to standardize the internal management and improve the operational efficiency, unify standards and realize compliance management, which laid a solid system foundation for future welfare donation and standardized operation of arts institutions.

### 5.4 Volunteering Service

Furthermore, the Company has been devoted to volunteering work and encouraging staffs to make use of their time and expertise to serve the communities and give back to the society by comprehensive promotion of responsibility. In 2016, there were 180 charity activities organized with 18,939 attendances of young employees.

### 5.5 External Charity Activities

In addition to self-organized charity activities, the Company also actively participated in several external public welfare activities. In April, the Company took part in the seminar organized by the Chinese Red Ribbon Foundation and Joint United Nations Program on HIV/AIDS (UNAIDS). In May, the Company organized the 2016 Meeting of the Board of Supervisors of Chinese Red Ribbon Foundation. In June, the Company took part in the opening ceremony of *Wu Zuoren* at Shanghai Minsheng Art Museum, which was held by the production team of the key public welfare project *Masters in a Hundred Years*. In August, the Company attended the opening ceremony of the “Village Summer Camp” of the first ME Plan.

## 5.6 Awards and Honours

In 2016, the Company's social responsibility work received praises from governmental departments, commonweal organizations and mainstream media. The Company won several prizes from the CBA, such as "*The Best Green Finance for Social Responsibility of the Year*", "*The Best Manager for Social Responsibility of the Year*" and "*Special Contribution in Branch for Social Responsibility of the Year*". Besides, the Company was awarded "*The First Prize of Social Responsibility Development Index for the Banking Industry*" and "*The Third Prize of Social Responsibility Development Index for the Top 100 Private Enterprises*" in "*Corporate Social Responsibility Research Report (2016)*" by the Chinese Academy of Social Sciences. The Company was also awarded "*Best Responsibility Enterprise*" by the *Southern Weekly*.

## 6. Supply Chain Management (Aspect B5)

### 6.1 Sustainable Procurement

A complete system of supplier management was established based on *Management Method for Procurement of China Minsheng Bank*, *Management Method for Bidding of China Minsheng Bank*, *Management Method for Suppliers of China Minsheng Bank*, *Procurement Incorruptibility Regulations of China Minsheng Bank*, etc., to provide guidance for the purchase of products and services. At the same time, suppliers are encouraged to include requirements of labour standards, environmental protection, occupational health and safety, and the business ethics into their management systems.

### 6.2 Supplier Management

In order to better carry out the policy of sustainable procurement, a strict supplier access system was established. The Company requires suppliers to comply with national laws and regulations, and to have good business reputation and perfect financial and accounting systems. The products or services they provide shall meet national and industrial standards and green procurement standards. Suppliers should be willing and able to provide products and services for the Company, and also accept the supervision and administration from the Company. Besides, to ensure that suppliers strictly abide by the supplier management standards, an evaluation system was established. The evaluation process contains regular evaluations (once a year) and overall evaluation after

the end of the contract. Evaluation and analysis of suppliers' performance is conducted by the centralized purchasing department, the purchasing department and the demand department. The evaluation results include three levels: excellent, qualified or unqualified, and the results will be an important basis for the Company's decision on future purchasing contract.

## 7. Environmental Responsibility (Aspect A1-A3)

The Company has been working on reducing its impact on environment for a long time. In addition to comply with the relevant laws and regulations, the Company also has been actively developing green financial business, advocating green office concept, and strengthening staffs' awareness of energy conservation and environmental protection, so that the Company can achieve the goal of energy conservation and emissions reduction.

### 7.1 Green Office

#### *Increasing Efficiency*

For a long time, the Company has been greatly improving the use efficiency of fixed assets in offices and reduced resource consumption by carrying out Fixed Asset Efficiency Management Plan for the purchase, use, storage, maintenance, allocation, inventory, and recycling of fixed assets. By the end of 2016, the original value of fixed assets which reached the end of estimated useful lives but still could be used normally had been RMB 1.12867 billion, which greatly saved the purchasing cost and reduced the consumption of natural resources. In 2016, the cost that the Company saved reached RMB 214.45 million. In daily work, the Company also advocates employees to improve the use efficiency of office supplies, for which the Company promote the 5R management concept, i.e., waste reduction, reuse, recycling, repair and refuse to buy products which are not sustainable. In addition, OA system has been made full use to solve problems online, and to improve the efficiency of document delivery.

#### *Power Saving*

The Company carries out energy conservation and emissions reduction in every detail. The branches of the Company are encouraged to use energy-saving lamp tubes and avoid consumption of standby power. The Company also encourages employees to use

lights only when it is necessary and to turn off electrical appliances in time when they are not used. Besides, measures are carried out to power-hungry appliances. Taking air conditions for example, temperature should not be set either too low or too high to avoid waste of energy. According to statistics, in 2016 the consumption density of electricity, natural gas and heating fell by 2.3% 7.52% and 10.39% compared with the previous year respectively.

In addition, the Company promotes the use of video conference and reduces traveling for meetings as much as possible so as to reduce emissions. In 2016, the number of video conferences between the Head Office and branches was 388, a year-on-year increase of 110%.

<b>Key Performance Indicators</b>			
<b>Indicators</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Number of video conference</b>	211	184	388

Note: Video conference number refers to the number of video conferences between the head office and the branches of China Minsheng Bank.

## 7.2 Green Financial Business

The Company has been actively promoting green financial business. According to regulatory requirements, the Company issued *China Minsheng Bank Provisional Management Method for Green Credit Management of China Minsheng Bank* as the guiding documents for green credit management, which specifies support to industries such as natural gas, wastewater treatment, solid waste treatment, contract energy management, etc. Besides, the Company issued *Environmental and Social Risk Assessment Standards and Compliance Audit List*, which sets out credit granting access standards for 26 industries with high environmental and social risks. Any environmental risk can be the overriding reason for disqualifying a company from getting credit. These 26 industries include electrolytic aluminum, steel, metal ore mining, cement, plate glass, coal, coking, shipping, printing and dyeing, leather, paper making and chemical industry. As of 31 December, 2016, the qualified rate of loan projects of the Company in the environmental impact assessment achieved 100%, and the green credit project loan balance amounted to RMB 13.823 billion.

Key Performance Indicators			
Indicators	2014	2015	2016
Green credit loan balance (RMB 100 million )	90.72	114.04	138.23
Proportion of loans to customers with excess capacity(%)	3.46	3.08	3.20
Amount of denied projects of high pollution, high energy consumption and over-capacity industries (RMB 100 million)	273.64	98.32	122.94

Note 1: The data covers the whole Company;

2: “**Amount of denied projects** of high pollution, high energy consumption and over-capacity industries” refers to the amount of loans rejected by China Minsheng Bank from industries set out in *the Provisional Management Method for Green Credit of China Minsheng Bank* ( Min Yin Fa [2015] No. 131).



## Appendix— 《Environmental, Social and Governance Reporting Guide》

Area	Subject	KPI	Notes
<b>Environment</b>	A1 Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Adopted
		A1.1 The types of emissions and respective emissions data.	To be adopted
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	To be adopted
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	To be adopted
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	To be adopted
		A1.5 Description of measures to mitigate emissions and results achieved.	Adopted
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Adopted
	A2 Use of Resources	Policies on the efficient use of resources (including energy, water and other raw materials).	Adopted
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	To be adopted
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	To be adopted
		A2.3 Description of energy use efficiency initiatives and results achieved.	Adopted
		A2.4 Description of whether there is any issue in	Adopted

		sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	
		A2.5 Total packaging material used for finished products (in tonnes) and (if applicable) with reference to per unit produced.	Not applicable
	A3: The Environment and Natural resources	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Adopted
		Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Adopted
<b>Social</b>	B1: Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, holidays and vacations, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Adopted
		B1.1 Total workforce by gender, employment type, age group and geographical region.	Adopted
		B1.2 Employee turnover rate by gender, age group and geographical region.	Not adopted
	B2: Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Adopted
		B2.1 Number and rate of work-related fatalities.	Not adopted
		B2.2 Lost days due to work injury.	Not adopted
		B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Adopted
	B3: Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Adopted
		B3.1 Percentage of employees trained by gender and employee category (e.g. senior management, middle	Not adopted

		management).	
		<b>B3.2</b> The average training hours completed per employee by gender and employee category.	Adopted
	<b>B4:</b> Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Adopted
		<b>B4.1</b> Description of measures to review employment practices to avoid child and forced labour.	Adopted
		<b>B4.2</b> Description of steps taken to eliminate such practices when discovered.	Not applicable
	<b>B5:</b> Supply Management	Policies on managing environmental and social risks of the supply chain.	Adopted
		<b>B5.1</b> Number of suppliers by geographical region.	Not adopted
		<b>B5.2</b> Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Adopted
	<b>B6:</b> Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Adopted
		<b>B6.1</b> Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
		<b>B6.2</b> Number of products and service related complaints received and how they are dealt with.	Adopted
		<b>B6.3</b> Description of practices relating to observing and protecting intellectual property rights.	Adopted
		<b>B6.4</b> Description of quality assurance process and recall procedures.	Not applicable
		<b>B6.5</b> Description of consumer data protection and privacy policies, how they are implemented and monitored.	Adopted

	<b>B7:</b> Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Adopted
		<b>B7.1</b> Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Not adopted
		<b>B7.2</b> Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Adopted
	<b>B8:</b> Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Adopted
		<b>B8.1</b> Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Adopted
		<b>B8.2</b> Resources contributed (e.g. money or time) to the focus area.	Adopted