

**China Minsheng Banking Corporation Limited**

**2017 Environmental, Social and Governance  
Report**

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## About the Report

### Introduction

This Report aims to disclose the Environmental, Social and Governance (ESG) management philosophy of China Minsheng Banking Corp., Ltd. (hereinafter referred to as “the Company” in this report) (stock code: 01988) ), in addition to its relevant ESG performance in 2017, and thus , to enhance full understanding and communication between various stakeholders and the Company. This Report should be read together with the *2017 Annual Report of China Minsheng Banking Corp., Ltd.* and the *2017 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 2017 to 31 December 2017.

### Reporting Scope

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”), Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Exchanger Listing Rules”) by Hong Kong Exchanges and Clearing Limited (“HKEx”), the Company initiated preparation of the 2017 Environmental, Social and Governance Report of China Minsheng Banking Corp., Ltd (this Report). This Report was prepared in the consideration of stakeholder engagement and the natural of the Company’s business, as well as the ESG management philosophy and performance of the Company in 2017. The reporting scope of relevant data and calculation methods are also included in this Report.

### References

This Report complies with the ESG Reporting Guide set out in Appendix 27 to the Exchangers Listing Rules by Hong Kong Exchanges and Clearing Limited. The reference to the ESG Reporting Guide is attached in appendix section.

## Confirmation and Approval

This Report was deliberated and approved at the 7th meeting of the Seventh Session of the Board of Directors of the Company on 29 March 2018.

## **Environmental, Social and Governance Management System**

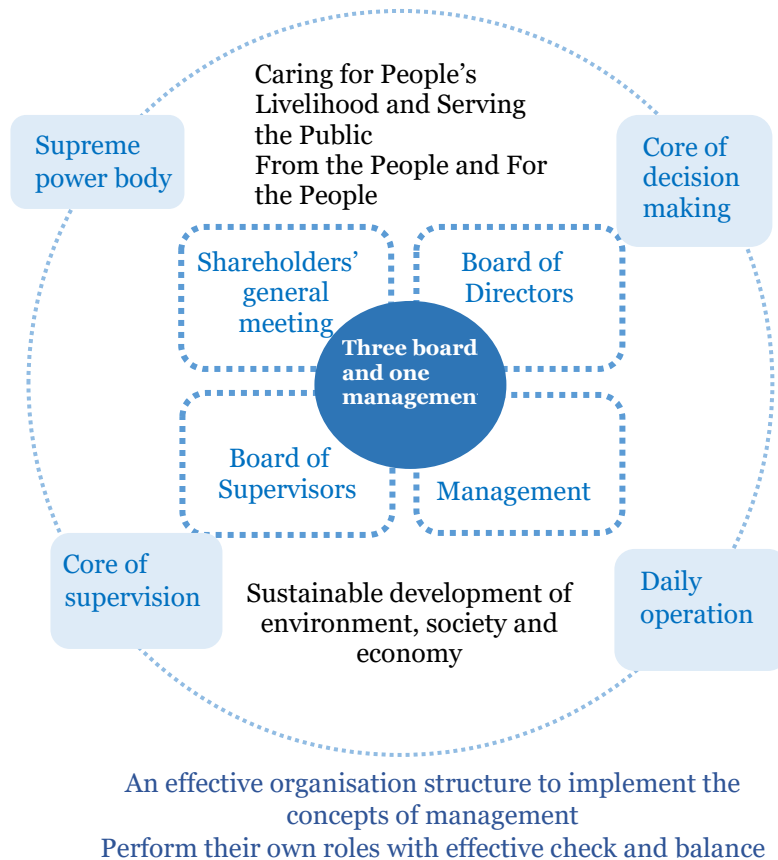
The Company is committed to establishing a high standard ESG management system to strengthen its core competitiveness and thus enhance its brand value. The Company had proactively carried out its ESG responsibilities and improved its ESG performance.

By firmly establishing the responsibility consciousness of “Minsheng Bank Serves the Public and People’s Livelihood, and the Public Support Minsheng Bank”, the Company proactively promotes the harmony between corporate development, social progress and ecological improvement, and strives for realising high-level environmental and social management, so as to protect shareholders’ interests, increase corporate value and fulfill social responsibility.

### **Core Concept and Management**

Upholding the vision of “Caring for People’s 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 and has established the organisation structure for implementing the relevant concepts of management in an effective manner.

The shareholders’ 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 above 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 together with fairness and integrity are basic management concepts of the Company. The Company strictly complies with relevant national and local laws and regulations, attaches great importance to corporate governance, constantly improves it by strengthening capability building in anti-corruption and anti-money laundering and increasing staffs' awareness in integrity, and strives to match itself with international standards.

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 establishes 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 realise their personal value. For local communities, the Company insists on contributing to society and sharing achievements of development

with society. The Company spares no efforts to support education, medical care and volunteer services, enhances investment in cultural welfare 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.

### Customers

- Improve service quality
- Protect customers' rights and interests
- Strictly managing its brand
- Improve product responsibility performance
- Satisfy customers' needs

### Employees

- Stick to the "people-oriented" idea
- Establish the concept of respecting people, cultivating talents and contributing to employees' achievements
- Protects employees' legitimate rights and interests
- Provide space for learning and development
- Realise their personal value

Social  
Aspect

### Communities

- Insist on contributing to society
- Share achievements with society
- Invest in education, medical care and volunteer services
- Enhance investment in cultural undertakings
- Establish in-depth communication with communities
- Satisfy the needs of communities

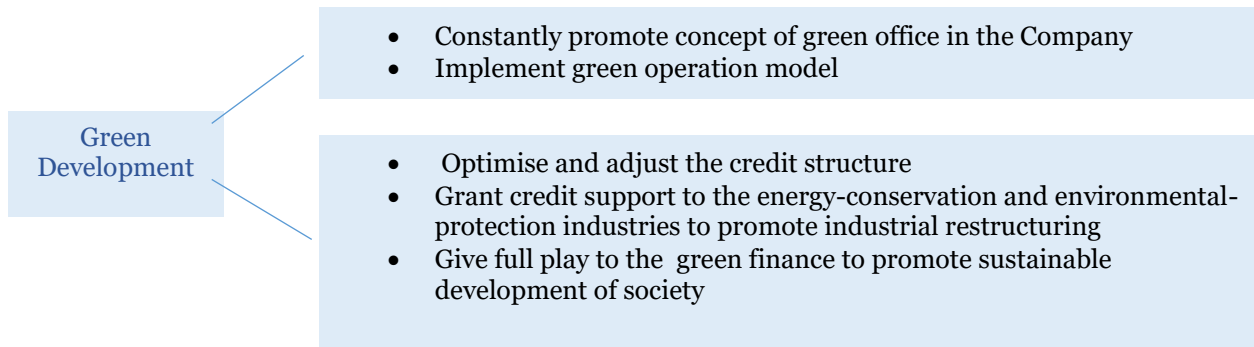
### Suppliers

- Establish a just and fair procurement management system
- Adhere to the sustainable procurement principle
- Promote suppliers to implement their environmental and social responsibilities



## Environmental 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 optimises 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.



## Stakeholders Engagement

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

<b>Major Stakeholders</b>	<b>Focus Areas</b>	<b>Major Communication Channels</b>
Governmental regulatory authorities	Legal compliance; Transparent corporate governance; Pay taxes in a timely manner;	Participating in governmental regulatory meeting; Compliant reports disclosure;
Investors & shareholders	Compliant operation; Market expansion; Product innovation;	Shareholders' general meeting of the Company; Company announcements; Online questionnaire;
Customers	Customer services; Personal privacy safety;	Customer satisfaction survey; Customer service centre; Online questionnaire; Hall complaints; Interview with account managers;
Employees	Employee's rights and benefits; Remuneration system; Labour standards; Training and development;	Congresses of workers and staff; Staff activities; Panel discussions; Online questionnaire;
Community	Community development; Social public welfare;	Volunteer activities; Online questionnaire; Panel discussions;
Suppliers	Transparent procurement; Equal competition; Commercial ethics; Mutual benefit and win-win;	Online questionnaire; Supplier assessment;

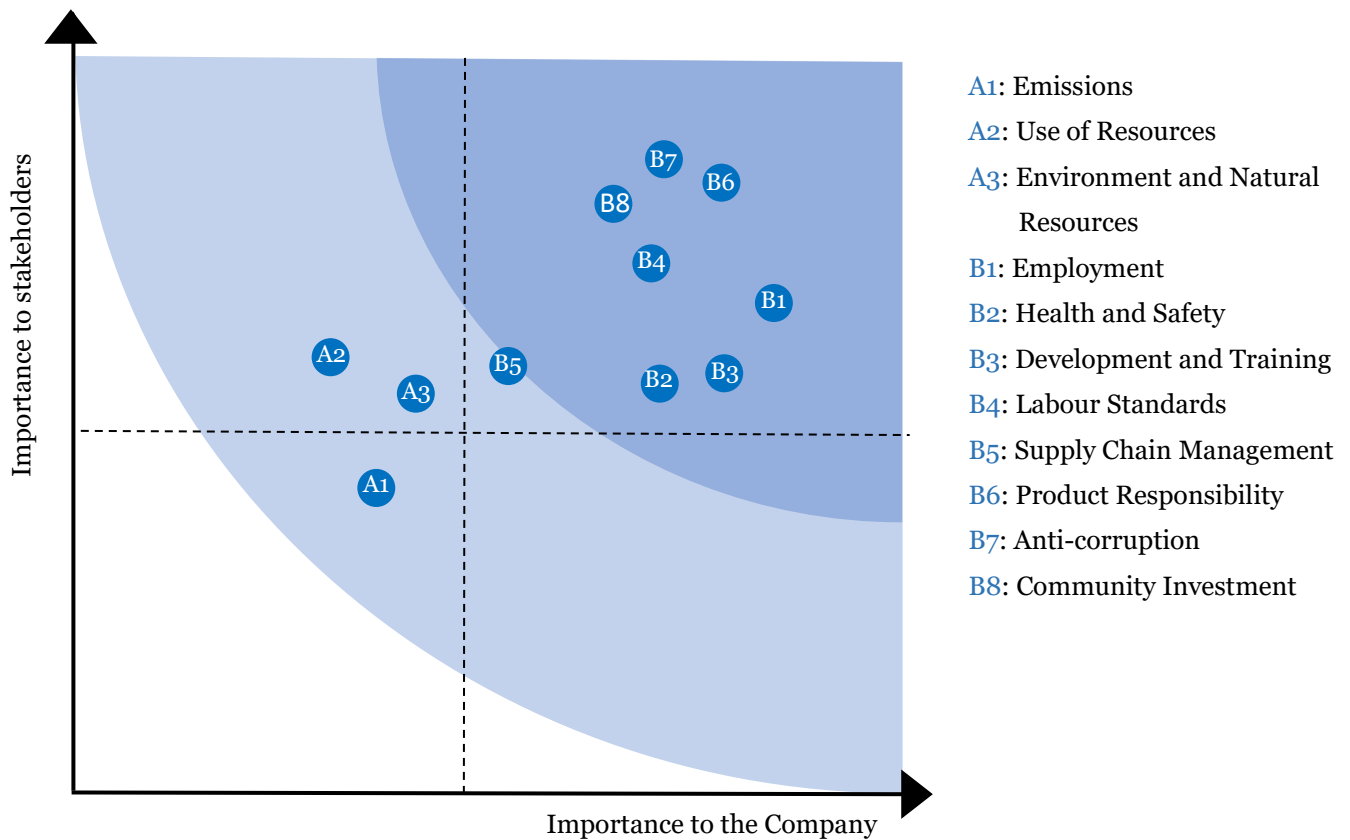
## Materiality Assessment of ESG Topics

In 2017, through the periodic investigation into the stakeholders' demands, combined with contents of the integral strategies and operation directions, the Company assessed and identified the most important topics of this year in prerequisite of compliance with relevant domestic laws, regulations as well as the disclosure requirements of the HKEX, which are corporate governance-related topics like product responsibility, anti-corruption and anti-money laundering, employee care-related topics such as employment, health and safety, and development and training as well as community investment-related topics.

### Important topics in 2017:

- Product responsibility
- Corporate governance
- Employee care
- Community investment

Matrix of Materiality Assessment on the Company's ESG Topics



## Product Responsibility

### Protection for Customers' Rights and Interests

The Company is committed to safeguarding customers' legitimate rights and interests and actively fulfilling the requirements proposed by the State Council, China Banking Regulatory Commission (CBRC) and People's Bank of China (PBOC) regarding protection for financial customers' rights and interests. In 2017, the Company clearly stated that protection for customers' rights and interests should fall within the management of the Strategic Development and Investment Management Committee under Board of Directors. In addition, the Company took numerous measures, including improving policies and institutions and establishing the Customers' Rights and Interests Protection Committee, with a view to pushing ahead the protection for customers' rights and interest constantly.

#### Measures to Safeguard Customers' Rights and Interests in 2017

- Formulated a series of programmatic documents for customers' rights and interests protection
  - *Working Plan Concerning Protection for Customers' Rights and Interests in 2017*
  - *China Minsheng Bank's Contingency Plan Regarding Protection for Customers' Rights and Interests*
- Established the Customers' Rights and Interests Protection Committee
  - Carried out activities on the Customers' Rights Day
  - Advocated financial knowledge for millions of households and in campus
  - Designed the first cultural brand for customers' rights and interests protection
- Further enhanced the management for the customers' information safety
  - Printed and circulated the *Notice on Further Strengthening Customers' Information Protection across the Bank*

### Customers' Complaints and Feedback

The Company is always devoted to providing high-quality services for customers. It has established a sound complaint and feedback mechanism to actively respond to the complaints and suggestions from customers and address their concerns in a timely manner, with an aim to improve customers' experience and enhance customers' satisfaction.

## Complaint Handling Mechanism

The Company released the *Management Measures for Customer Complaints (revised)* at the end of 2017, which clarified the definition of complaint, complaint classification and grading, roles of departments, handling process, analysis and improvement as well as performance assessment in an all-round manner, thus standardising the complaint management across the Bank in a sound way. Meanwhile, the Company optimised the performance assessment in terms of complaint handling and took measures to include the assessment for complaint management in the Company's assessment for service quality in the form of gaining or deducting points. Thus, the Company facilitated the branches to put value on complaint management.

To enhance the effectiveness of complaint management, the Company focused on building an mechanism to analyse customers' complaints at the beginning of 2017 and held the Company-wide complaint analysis conference quarterly to enable the responsible departments at Head Office to have an in-depth analysis on the recurring complaint issues and key cases and discuss the latent problems as regards management and business. The Company also supervised and urged the departments to find a solution in a planned and targeted manner within limited periods.

In the meantime, the Company provided instruction for weak links and key areas in the complaint management and required responsible departments to define their rectification aspects and worked out specific measures for subsequent improvement in a systematic rectification report, so as to effectively prevent and control relevant risks. In addition, the Company further reinforced the standardisation of complaint classification and rating to enhance scientificity and uniformity of customers' complaint management, laying solid foundation for standardising complaint management and improving handling efficiency.

## Regulation on Complaint Letters and Visits

The Company has clearly defined the work scope and duties regarding complaint letters and visits in the *China Minsheng Bank's Management Measures for Complaint Letters and Visits*, sifted through the content of complaint letter and visit management comprehensively and enriched the corresponding handling process. Pursuant to the *China Minsheng Bank's Management Measures for Complaint Letters and Visits*, the Company adheres to the principle that the involved department should make reply in 7 days and conclude in 30 days or no more than 45 days in case of complicated matters.

### Principle for Handling Complaint Letters and Visits

Reply in **7** days

Conclude in **30** days

Conclude in **45** days for complicated matters

With regard to mass visits, the Company sorted such information as organisation and leadership, division of labour as well as handling and resolution systematically and supplemented and improved the management institutions and regulations for mass visits, providing guidance and standard for handling of mass visit.

- Printed and circulated the *Notice on Further Strengthening the Handling of Mass Visits* Stipulated the number of people participating in mass visits, handling duration and follow-up processing
- Issued the *Contingency Plan for Mass Visits at Head Office* Sorted and regulated the emergency response to mass visit incidents at Head Office

## 95568 Complaint and Feedback Mechanism

The Company opened customer service hotline 95568 to handle various customers' complaints and record their feedback. The Company also formulated the *Detailed Rules of Handling Customer Complaints on the 95568 Channel*. In addition to 95568 hotline, customers can give feedback via E-mail, WeChat Official Account, CMBC website and mobile bank, and all these feedback should be processed within 3 working days.

### 95568 hotline



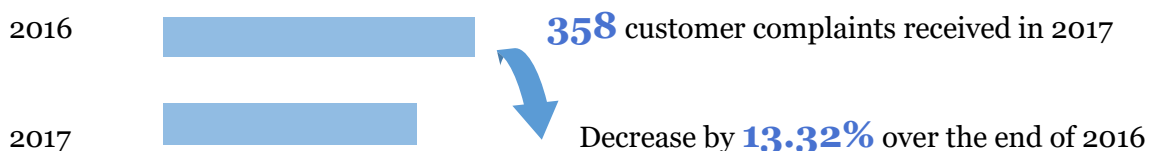
Complaints handled within **3** working days

Since the first quarter of 2017, the Company conducted analysis on complaints received via 95568 hotline to optimise relevant work processes. Meanwhile, by virtue of customer complaint analysis mechanism at Head Office, the Company conducted in-depth analysis on the recurring complaint issues and key cases, and thus made further optimisations.

Besides, the Company also took numerous measures in improving the efficiency and quality of customer service staff in handling work orders. In 2017, the Company revised the *Management Measures for Work Order Management by China Minsheng Bank's 95568 Service Staff*, which clearly stated the work order handling process for service staff and their segregation of duties. The *Management Measures for Work Order Management by China Minsheng Bank's 95568 Service Staff* has improved the post setting and division of duties, regarding work order analysis and problem feedback as common duties of Head Office, branches and sub-branches. It also optimised the work order handling throughout the process and proposed special requirements for the work order handling and reply links.

Serving as an proper response to the emergency complaint incidents during the National Day of 2017, “95568 Emergency Complaint Handling and Reporting Mechanism during National Day” was established by the Company for the first time, which realised quick coordination among Head Office, branches and sub-branches for 7 emergent situations including retained cards in ATMs, complaints for outlets, bank card fraud and unknown transactions, incorrect accounting and certificates past due. No material complaints were received from customers during the National Day.

#### Customer Complaints Received via 95568 Hotline



- ✓ Customer satisfaction for the handling of complaints reached **96.37%**, at par with that at the end of last year.
- ✓ The Company achieved **excellent** performance in customer satisfaction, with an average score of **99.1** points.

### Industry Cooperation

The Company took an active part in relevant activities organised by the China Banking Association (CBA), with a view to enhancing service quality within the industry. In the third session of “Looking for Good Voice” professional skill contest held by the CBA, the Company stood out from 65 representative teams of 55 banks and awarded “Best Team”. All the five candidates were granted with “Individual Comprehensive Award”.

### Customer Complaints at Outlets

The Company also values complaints and suggestions from customers at outlets and always adheres to the customer-oriented service. Since the launch of service monitoring in 2012, the basic service quality at outlets has been improving year by year. In 2017, the monitoring standards for basic services have been revised and improved and the *Basic Service Monitoring Indicator System of China Minsheng Bank V2.0 (for trial)* was released. The service quality monitoring system covers all physical channels, including standard outlets, convenience outlets, off-bank self-service banks and rural banking outlets. The Company conducted multi-channel monitoring by investigating publicly and privately, so as to provide better service experience for customers and enhance customer sanctification.

In addition, the Company actively publicised the Omni-channel customer complaint process across the Company at all outlets.



### Customer-oriented Service at Outlets

- We have attached importance to complaints and suggestions from customers at outlets and established a monitoring system for service quality covering all physical channels of the Bank:
  - Quality of basic services has been gradually improved since 2012 since the monitoring system was put into operation.
  - The monitoring standards for basic services have been revised and improved in 2017.
- We have publicised the processes for customer complaints so as to resolve complaints in a manner that would satisfy customers:
  - Omni-channel complaint processes are publicised at all outlets.
  - Customers could make complaints to hotline 95568 through a direct call at all outlets.
  - The processes for complaints at each standard outlet were promoted to be fully publicised by taking such measures as service monitoring and assessment.

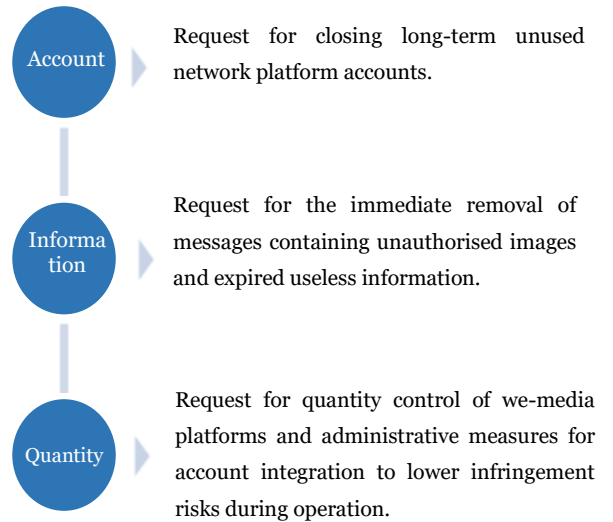
### Brand Management

The Company attaches great importance to brand management. By the end of December 2017, it has established 20 separate management systems under the framework of *Measures for Brand Management*. The standardisation and unification of visual images of the Company's brand culture was promoted in an all-round way with the issuance of *Application Specification of Primary Vision of New Brand Concept* and *Specification Manual for Promotion of Corporate Culture Concept*, and accompanying by external and internal promoting activities in various forms through multiple channels. We have complied with applicable laws and regulations and protected our own legitimate rights and interests while publicising our brand externally.

### Intellectual Property Protection

The Company has adhered to *Anti-Unfair Competition Law of the People's Republic of China* and applicable laws and regulations, carried out work related to protection of intellectual property, and improved the system for intellectual property protection. In 2008, the Company published its first company-wide document on intellectual property rights. Based on such document, the Company has issued new regulations related to intellectual property management each year.

In 2017, the Company unveiled the *Notice on Further Strengthening the Use and Management of Pictures in Marketing Activities*, which analyses the possible infringement risks and liabilities of unauthorised use of on-line pictures in we-media marketing activities, and explicitly proposes management requirements for we-media and network platforms such as Weibo and Wechat. Since the issuance of the notice, the Company has paid full attention to the department of we-media operation management and issued relevant notices on inspection. The Company's exposure to infringement risks arising from we-media has been greatly reduced as each subsidiary quickly implemented the inspection system.



## Corporate Governance

### Legal Compliance

Compliance with laws and regulations is a fundamental premise for the Company's sound operation. The Company had formulated the *Agenda of Building Law and Compliance Awareness (2017-2019)* and the *Implementation Plan of Building Law and Compliance Awareness (2017-2019)* with the aim to carry out legal compliance promotion activities over the Company. The Company organised and encouraged the heads of subsidiaries to deliver themed lectures and reports on the culture and concept of rule by law to all employees so as to reach the consensus on the rule by law and legal compliance through classified and layered education and trainings. Meanwhile, the Company prepared *the Bottom Line of Compliance* and *Cautionary Criminal Cases for Banking Professionals* and other materials for training courses, and released 16 on-line training courses for legal compliance. In addition, the Company has also promoted education and trainings for key personnel regarding compliance with laws and regulations. As a result, the awareness of legal compliance of all employees has been significantly enhanced. In terms of performance assessment, the Company has set up the rule of accumulated points during the legal compliance training based on positions of employees so as to promote and supervise the implementation of arrangements and requirements for legal compliance education.

#### Promoting Legal Compliance Training and Education



- The Bank has organised **385** training sessions on law for managerial personnel at all levels.
- Participants totalled **16,212**.
- New employee orientation trainings on compliance involved **44** aspects.
- Participants totalled **2,170**.
- The Bank has carried out **1,239** legal compliance training courses for employees at all lines of business.
- Total participants **108,923**.
- **159,242** visits were achieved for on-line courses of legal compliance.

The Company has also organised each subsidiary to promote internal publicity of legal compliance through a variety of channels and platforms, and continued to report to the Ministry of Justice, China Banking Regulatory Commission, China Banking Association, the People's Bank of China and other regulatory authorities on the ideas, measures, and results of the construction of the rule by law in Minsheng.



The Wechat platform for legal compliance was established, on which: **127** articles publicising legal compliance were published; followers amounted to nearly **12,000**; **18** episodes of *Law Online* were prepared and published.



Subsidiaries were organised to carry out over **410** internal activities for publicising legal compliance through varied channels and platforms. **602** articles publicising legal compliance were pushed and published;



Relevant external publicity and communication were conducted continuously. The number of reports to the Ministry of Justice, China Banking Regulatory Commission, China Banking Association, the People's Bank of China and other regulatory authorities on the ideas, measures, and results of the construction of the rule by law in Minsheng reached more than **150**. The Company was highly appraised by the Legal Department of China Banking Regulatory Commission and more than **40** local regulatory and administrative departments.



More than **150** influential media organisations have reported on the Company's endeavour to the construction of rule by law in **207** articles.

## Anti-Corruption

In adherence to the principle of integrating punishment and prevention while attaching great importance to the latter and in strict compliance with national policies and regulations on anti-corruption, the Company has enforced strict Party discipline and self-governance, continuously strengthened supervision, focused on creating a culture of integrity, and further promoted publicity and education on anti-corruption by sustained development of its brand of education and publicity.

Over the year, in terms of management measures, the Company has earnestly implemented the "Eight-point frugality code" to strengthen the construction of work style.

As discipline and rules were placed at the foremost status, the Company has practised "Four forms" of discipline supervision and enforcement. The Company has also effectively integrated case management, abnormal employee behaviour, investigation on letters, visits and whistle-blowing and accountability to increase accountability for violations of rules and regulations, actively building an atmosphere that ensures employees dare not and cannot be corrupt and safeguarding the sustainable business development. In the same year, the Company has officially implemented the accountability authority revised in 2016, which requires the employees, middle management, and business units of each branch to accept full limits of accountability authority, address issues with accountability authority and promote the balance of responsibility, right and interest for accountability. Branches and business units at all levels have set up accountability commissions, which ensures effective implementation of accountability from the perspective of organisational level.

### Anti-Money Laundering

In strict compliance with *Anti-money Laundering Law of the People's Republic of China, Measures for the Administration of Financial Institutions' Reporting of High-Value Transactions and Suspicious Transactions* and other supervision requirements for anti-money laundering, the Company has strengthened internal control and management on anti-money laundering by continuously improving related policies and systems, and launched the construction of system for anti-money laundering in core functional departments within all lines of business by promoting the first-tier branches to formulate relevant systems and rules, thus forming a company-wide matrix anti-money laundering system.

A company-wide matrix anti-money laundering system was established.

- **9 systems were revised and improved, including:**  
*Regulations of China Minsheng Bank on Anti-Money Laundering,*  
*Measures of China Minsheng Bank for the Administration of Reporting of High-Value Transactions and Suspicious Transactions,*  
*Measures of China Minsheng Bank for the Administration of Client Identity Identification and Transaction Recording, etc.*
- **6 new systems were set up, including:**  
*Administrative Measures of China Minsheng Bank against Money Laundering and Terrorist Financing,*  
*Guidelines of China Minsheng Bank's Second-tier Branch on Administration of Anti-Money Laundering, etc.*
- **Construction of the system for anti-money laundering were launched in 7 core functional departments within all lines of business, including:**  
Internet Finance Department,  
Operation Management Department,  
Transaction Banking Department, etc.

### Strengthening Employees' Awareness of Anti-Money Laundering

The Company has actively promoted trainings on anti-money laundering to raise employees' awareness of anti-money laundering and strengthen the function of members of the anti-money laundering leading group.

In respect of anti-money laundering publicity, in the first half of 2017, the Head Office launched an "Anti-Money Laundering Month" to publicise laws and regulations related to anti-money laundering. More than 2,000 branches participated in the event. The Head Office took full use of its publicity platforms such as official websites, WeChat, and external media, while each branch carried out on-site publicity, distributed materials and organised publicity activities of anti-money laundering both on campus and in communities.

The Head Office organised a total of 3 large-scale trainings on anti-money laundering, while each branch conducted relevant trainings involving all the staff in 2017.

### 3 related large-scale trainings organised by the Head Office included:

- Face-to-face trainings provided by experts from Bank of China at the semi-annual conference for senior management and the third quarter conference for elites;
- On-site trainings for business backbones and specialists of anti-money laundering; and
- On-site trainings in rural banks and the second-tier branches in the second half of 2017.

### Relevant trainings involving all the staff in each branch included:

- Anti-money laundering trainings for new employees;
- Anti-money laundering trainings for senior management; and
- On-the-job trainings for full/part-time specialists of anti-money laundering.

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The number of anti-money laundering trainings:

 **9,041**

The number of participants:

 Over **156,400**

The cumulative duration of training courses:

 Over **11,805** days


The number of publicity activities:

 **4,670**

The number of publicity materials distributed:

 Over **1.22** million

The number of people engaged in the publicity activities:

 Over **7.33** million

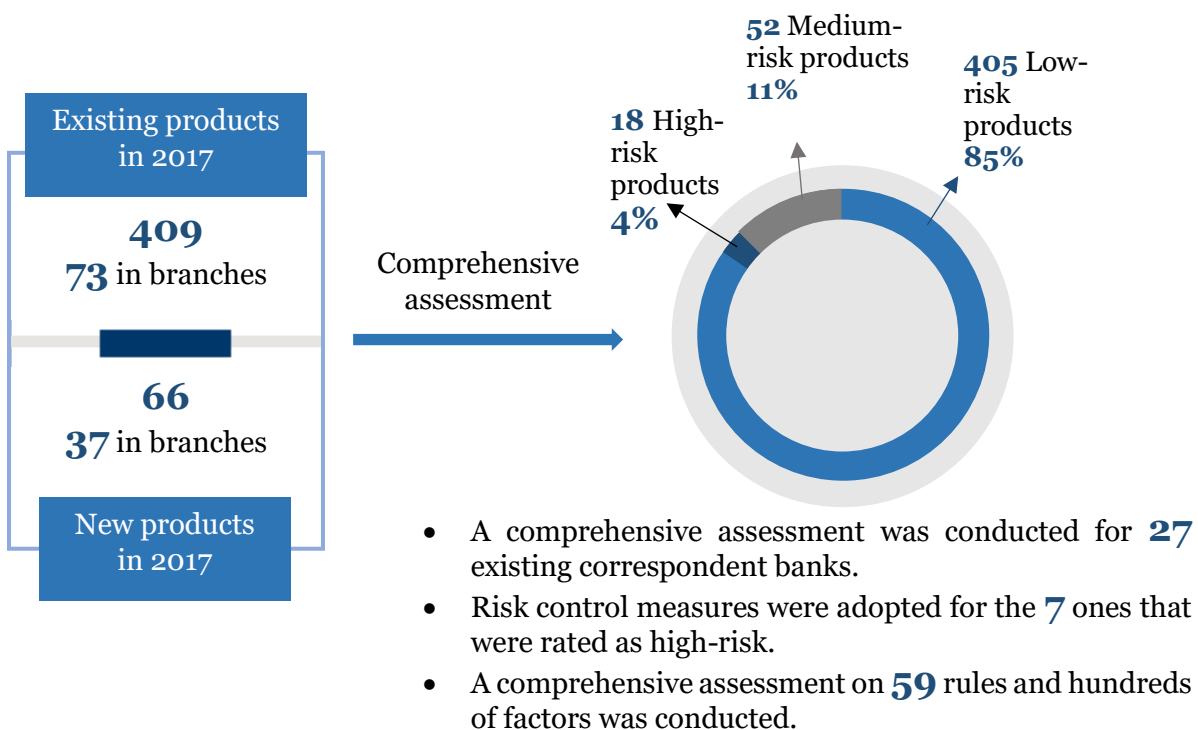
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## Establishment of Risk Assessment Standards for Money Laundering

The Company has set up scientific and objective risk assessment standards for money laundering as to products, businesses, correspondent banks and rule models, and has issued corresponding risk warnings and requirements and taken administrative measures for high-risk products and businesses based on the assessment.

In 2017, a comprehensive risk assessment was conducted for 409 existing products and 66 new products, and corresponding risk warnings and administrative measures and requirements were set out for high-risk products according to the assessment. A comprehensive assessment was conducted for 27 existing correspondent banks for the first time, as a result, risk control measures were adopted for the 7 ones that were rated as high-risk; and a comprehensive assessment for 59 rules and hundreds of factors was conducted.

At the same time, the Company actively organised the identification of customers and the classification of risk levels, and strictly fulfilled the obligation to report large-amount and suspicious transactions.





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

The Company has vigorously promoted the building of the anti-money laundering management mechanism in correspondent banks, and continuously enhanced the risk analysis and warning of money laundering in accordance with the “risk-based” principle. The Company has also regularly organised the analysis of the types of money laundering risks and the investigation of risks arising from employees' money laundering using information of external cases and internal monitoring data so as to mainly prevent the risks of terrorist financing and sanctions.



## Achievements in Anti-Money Laundering

Evaluation Rating of Anti-Money Laundering Efforts	Honours and Awards	Competitions in Anti-Money Laundering
14 first-tire branches were awarded <b>A Class</b> in terms of efforts made in anti-money laundering.	11 branches won 17 advanced awards.	7 first-tier branches won 12 awards granted by the regulatory authority.

## Employee Care

### 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 *Labour Contract Law of the People's Republic of China*. During the whole process, 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 diversity factors, avoid child and forced labour and safeguard the legitimate rights and interests of employees. In 2017, in order to further standardise the management of labour relations, safeguard the legitimate rights and interests of employees and the Company, and build a harmonious and stable employee relation, the Company revised the *Administrative Measures of China Minsheng Bank for Labour Contracts*, which strengthened the Company's compliance management of labour relations. Adhering to the local minimum wage standards and related regulations on basic welfare, the Company provides all employees with basic pensions, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance. Besides, the Company also offers other welfare such as housing funds, enterprise annuity, and supplementary medical insurances to improve the pension and medical security.

In 2017, the Company further stipulated the entry criteria and selection process for all kinds of personnel recruitment to ensure the quality of personnel by means of systematic control. The Company collectively organised the recruitment of fresh graduates over the whole Bank from September to December, with more than 70,000 resumes being received across the country. By the end of December, more than 1,100 graduates have accepted the offers from the Company. The Company recruited middle-to-high level talents twice over the year and released 468 positions, mainly including management positions such as heads of branches and middle-to-high level professional technical positions specialising in investment banks, financial markets, asset management, risk management, and data analysis. The Company has received 10,260 resumes from job seekers and hired 303 of them eventually.

### “Sailing Plan”

The Company’s “Sailing Plan” is an independently strategic training program for talents. Regarded as an “incubator of elites and talents for Minsheng”, the program is committed to continuously cultivating vigorous and professional reserve talent teams featured by quality and loyalty. So far, the “Sailing Plan” has been continuously recruiting fresh postgraduates from top 10 domestic universities, such as Qinghua University and Beijing University, and top 50 overseas universities. Following the two-year systematic training and job rotation for grass-roots positions and with the assistance of the whole-process instruction from tutors and counsellors and IT system support, these fresh graduates tended to fully understand the operation system of banking business, familiarise themselves with business knowledge and skills, and quickly integrate into the corporate culture in an effective way, emerging as the backbone reserve talents for each professional line of business. Nearly 150 fresh graduates were engaged in the plan from 2016 to 2018, in which they were trained for 23 specialised departments of the Head Office, with the positions covering five major business sectors.

In 2017, the Company won 7 employer brand awards, including:

- 1) China Top 30 Employers of the Year – “China’s Best Employer Award 2017”, one of the most influential and authoritative employer brand awards in the industry, which was sponsored by the Corporate Social Responsibility and Employer Brand Communication Research Centre of Beijing University. The Company has awarded this honour for six consecutive years;
- 2) Employer Excellence of China--“Employer Excellence of China 2017”, an authoritative honour for companies in China making significant contribution to human resource management. The Company has won the award for the sixth year in a row;
- 3) Excellence in Talent Acquisition Strategy - “Excellence in Talent Acquisition Strategy 2017”, an authoritative honour for companies in China making significant contribution to human resource management. The Company won this single award for the first time;
- 4) The 15th Top 50 Employers of College Graduates in China;
- 5) The 15th TOP 15 Employers in Financial Sector of College Graduates in China - “The Best Employers of College Graduates in China”, a first and authoritative domestic employer brand award with the largest number of participants and the most powerful influence. The Company has won “Top 50 Employers of College Graduates in China” and “TOP 15 Employers in Financial Sector of College Graduates in China” for the second year in a row;
- 6) Top 100 China Best Employers - an award for excellent employer brand selected by the public;
- 7) China’s Best Employers 2017 - an award jointly selected and granted by the China Institute of Employer Brand and other institutions.

### Employment - Related Performance Indicators

Indicator	2015	2016	2017
<b>The total number of employees at the end of the reporting period:</b>	57,228	56,168	55,265
<b>Female employees (%)</b>	55	54	54
<b>Female management personnel (%)</b>	37	38	38
<b>Minority employees (%)</b>	4.2	4.54	4.32
<b>Employees covered by social security contributions (%)</b>	100	100	100
<b>Signing rate of labour contracts (%)</b>	100	100	100
<b>Local employees in Hong Kong branch (%)</b>	62	59	57

### Training and Development

The Company has developed a system for talent development based on the idea of integrating organisational and individual development, under which three special training plans were set out, including “Accurate” Training for management personnel, “Categorised” Training for core talents and “Innovative” Training for the reserve management talents, which has significantly improved employees’ general ability and professional skills, effectively expanded the sources of reserve cadres and met the needs for talent training in the new economic situation.

The Company continued to steadily advance the integrated construction of learning and development in 2017. It enriched training resources, innovated learning methods, and optimised mechanisms and policies by effectively linking learning with employees’ career development, which achieved remarkable results. During the reporting period, the Company organised a total of 4,522 face-to-face trainings, with the number of participants added up to 1.6 million. The Company completed 1,394 research projects and organised 7 internal exams for job qualification with 69,300 examinees. The percentage of holders of internal professional qualification certification reached 90%, while the percentage of holders of external core certification such as CFA, CFP and ACCA registered 20%. All indicators have increased significantly compared with previous years.

At the same time, the Company quantified and included the outcomes of employees who contributed their expertise to curriculum development, teaching, and publishing of professional paper in indicators of the evaluation mechanism for qualification of technical professionals, which aroused the enthusiasm of employees to participate in the

construction of the learning and development system and created closed-loop management of “learning-development-contribution”. Thanks to scientific planning, strict management and control, and enhanced evaluation, the Company’s learning atmosphere has become increasingly strong, and the quality of its employees has been continuously improved, providing a solid talent guarantee for its transformation. According to the overall deployment of the Three-Year Plan for the construction of the learning and development system, the Company will comprehensively improve training and operational support capabilities to corporate university standards, further strengthen the integration of internal and external resources, promote centralised operation and intensive management for various projects and make sustained efforts to develop training and management based on the needs for talent training, so as to continuously achieve cost reduction and efficiency.

## Safety and Health

### 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 schemes, including accident insurance, comprehensive medical insurance, etc.

### Safety and Fire Protection

#### *Fire Safety Management*

In strict compliance with national laws and regulations related to safety protection, the Company has established a sound safety monitoring and controlling system and is committed to creating a safe and reliable environment, internally and externally, for business development by means of strengthening security management in outlets, enhancing fire safety management at offices, and improving employees’ safety awareness.

In 2017, the Company placed more emphasis on security, aiming at consolidating the security base and improving the fine management level. For this end, the Company revised and improved relevant systems.

Fire Safety	<p>The <i>Regulation on Fire Safety Management</i> was revised to integrate "Ten Don'ts" for fire protection, non-smoking regulations and the prohibition of the use of small appliances. At the same time, such related contents as organisations and responsibilities, key locations of fire protection, fire engineering construction management, fire inspections, fire protection archives, publicity and education and drills were incorporated in the regulation.</p>
	<p>The <i>Fire Prevention and Emergency Evacuation Plan</i> was revised to clarify the relevant requirements for the emergency system, duties and responsibilities, disposal procedures, time limits and routes of reporting, prevention mechanisms, and conclusion and evaluation.</p>
Safety Management of Vaults	<p>The <i>Regulation on Safety Management of Vaults</i> was revised to incorporate contents such as the construction, approval and management of vaults, and to standardise the construction of vaults, physical and technical protection, watch, guards and security inspections.</p>

### *Safety Evaluation and Inspection*

The Company identifies existing security risks by means of multi-dimensional security evaluation and inspection to ensure full implementation of security management systems and efficient execution of security tasks.

Inspection on Vaults	Over the year, special inspections on the 15 vaults in 13 branches were jointly carried out by the Security Department, the Operation Management Department and the Financial Market Department from the Head Office. The inspections focused on the foundational management and security operation of the vaults, including operation and maintenance of security facilities, functional zoning and management of vaults, on-duty shifts and watch, preparation of emergency plans and drills, access control, handover of tills, various registration management, handover and custody of guns and bullets, etc. Branches were required to rectify problems found and reported during the inspection.
Safety Evaluation of the Whole Bank	During the year, the Company deployed the safety assessment and acceptance of the whole bank, implemented new standards for safety evaluation and guided the branches to complete high quality annual safety assessment in the establishment of “Safe Branches”, promoting the security of the branches to a new level.
Year-end Safety Inspection	At the end of the year, the Head Office organised year-end safety inspections, which focused on 15 branches. 7 second-tier branches, 46 sub-branches, 8 community outlets and 6 rural banks were inspected for on-duty management monitoring, fire safety management at offices and the implementation of security measures at key locations. In addition, security instructions were provided for existing problems to help branches to improve security measures and management.

### Security Training.

In 2017, the Company strengthened safety training by building security teams and providing professional security trainings for security managers.

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Skill Trainings for Security Teams	The Company deployed and carried out skill competitions of unified training subjects, standards and requirements for the security teams. Daily trainings were consisted of professional knowledge training, formation display, physical training, cudgel play and fire hose relay. The branches carried out scientific trainings according to the practical situation.
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Professional Trainings for Security Managers of the Second-tier Branches and Rural Banking Outlets	The Company organised professional security trainings for security managers of the second-tier branches and rural bank outlets in Nanjing. There were 102 participants. The training focused on the general information of the construction of “Safe Sub-Branches”, requirements for fire drills and inspections, anti-terrorism situation and countermeasures, and management functions of the security teams.
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### Security Performance

In 2017, the Company did not have major safety responsibility accidents, nor did it have accomplished security cases.

• <b>3,519</b> security events and incidents were successfully prevented.	• <b>217.92</b> million RMB was involved.	• Assisted the police in catching <b>39</b> suspects.
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### Protection of Employees' Rights and Interests

As the Company valued employees' basic rights and interests, it has formulated comprehensive policies and systems to ensure the protection of employees' rights and interests.



## Democratic Management for Employees

Adherence to relevant provisions of the *Trade Union Law of the People's Republic of China* and the *Constitution of the Chinese Trade Union*, the Company has sustained the trade union by fully accruing trade union funds and supported independence of the trade union and democratic election of its chairman so as to protect the legitimate rights and interests of employees. The Company has adhered to the promotion of corporate democratic management with the Congress of Workers and Staff as its core and broadened the channels for employees' democratic decision-making, democratic management and democratic supervision. In 2017, 45 branches completed the voting for candidates of supervisors in accordance with the *Candidate of Supervisors of the 7th Board of Supervisors of China Minsheng Banking Corp., Ltd.* at the Congress of Workers and Staff or Assembly of Staff and Workers, and reviewed and approved the *Collective Contract of China Minsheng Bank* (Draft 2017-2019).

### Exchange Meeting for Staff Representatives and Supervisors

The Head Office organised an exchange meeting for staff representatives and supervisors to summarise proposals raised by more than 1,000 employees presented at over 50 congresses of workers and staff held by 48 grass-roots trade unions within the whole bank.

The meeting was not only an important approach for staff supervisors to directly obtaining an understanding of demands of employees at different positions, but a significant action to fulfill employees' rights to know, to participate, to express and to supervise.

## Protection of Female Employees' Rights and Interests

The Company has actively organised club activities and cultural and sports activities which are conducive to the physical and psychological health of female employees for the purpose of enriching female employees' knowledge and showing care for their physical and psychological health.

### Caring for Female Employees

In 2017, in response to the unified arrangement of Chinese Financial Workers' Unions, the Company's branch in Jinan showed care for a female employee, a single mother in economic difficulty, with RMB 3,000.

### Assisting and Supporting Employees in Straitened Circumstances

The Company has earnestly assisted and supported employees living in straitened circumstances and improved the registration of employees in difficulties according to *Records for Assisting and Supporting Employees in Difficulties in Chinese Financial Workers' Unions System*.

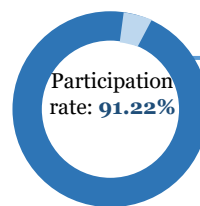
### Sending Warm Regards during the Spring Festival

During the New Year's holiday and the Spring Festival, the Company sent regards to model workers in difficulties and employees in dire straits in cooperation with Chinese Financial Workers' Unions, and assisted the workers' unions in visiting key provinces to show care for these employees. In 2017, the Company sent regards to a total of 49 employees in difficulties.

### Employee's Rights and Benefits

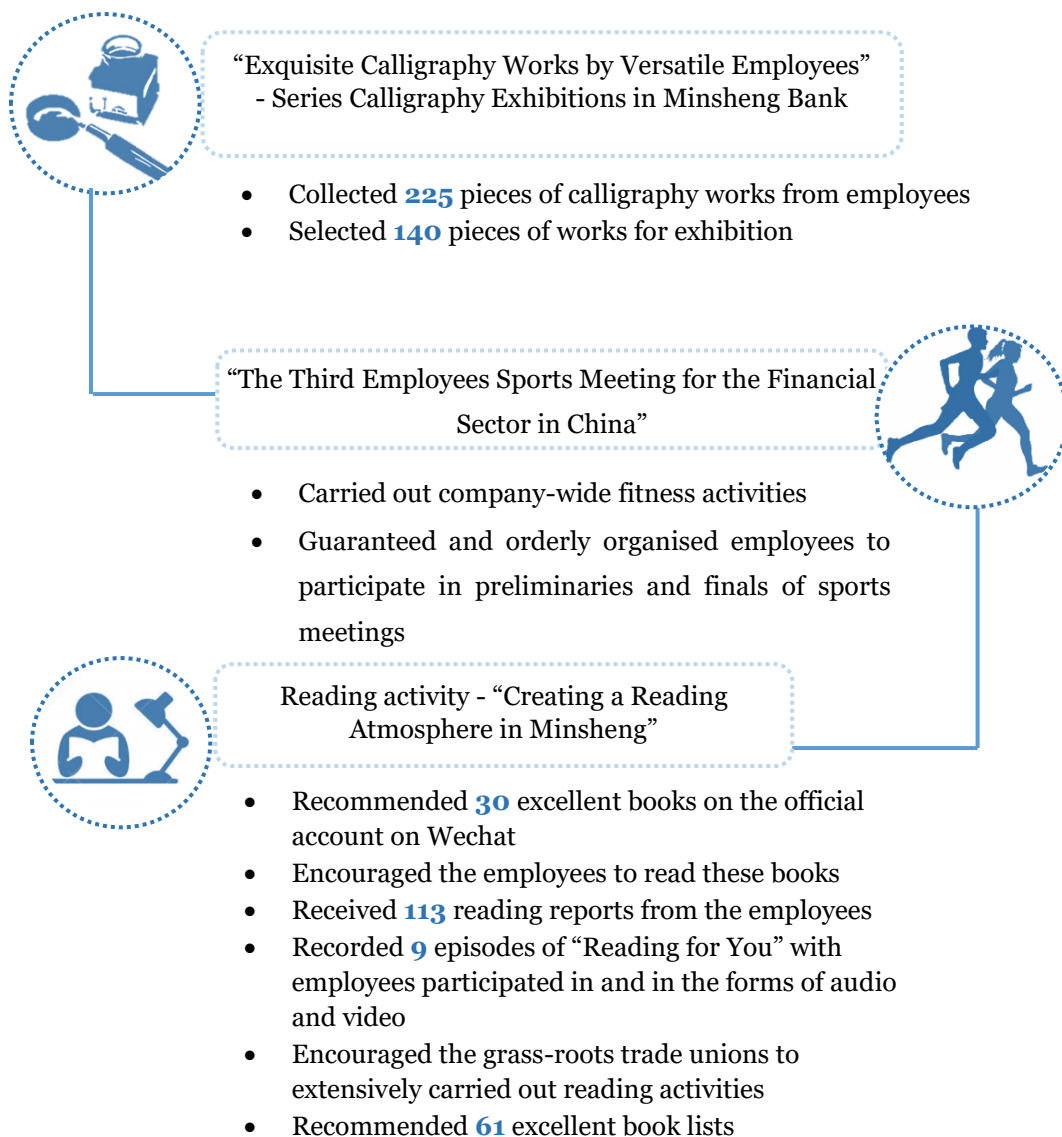
On the basis of protecting basic rights and interests of employees, the Company has vigorously provided employees with additional benefits and work - life balance so as to improve employee well-being. The Head Office regularly assessed the employee well-being index, and promoted the inclusion of the assessment results into the year-end assessment of subsidiaries' balance scorecards. According to the evaluation and data analysis, the Party Committee and subsidiaries of the Head Office effectively and closely monitored work and living conditions of employees, and provided data support and scientific decision-making basis for targeted improvement, continuously enhancing employees' sense of well-being.

#### Assessment and Data Analysis of Employee Well-being Index



The total number of employees of the whole bank: **56,204**  
Participants: **51,271**

The Company has also actively organised cultural and sports activities for employees to enrich their cultural and sports life. In 2017, the Company organised the following cultural and sports activities:



In addition, the Company has set up additional incentive systems to give commendation to employees with outstanding performance.

#### **Administrative measures for selection of May 1st Labour Medals and Awards**

Based on realities and the *Administrative Measures of the Chinese Financial Workers’ Unions for the Selection of the May 1st Labour Awards and Medals*, the Company has formulated the *Measures of China Minsheng Bank Trade Union for the Selection and Commendation of May 1st Labour Awards and Medals* to standardise the selection and management of the medals and awards.

## Community Investment

Adhering to the principle of "From the People, For the People", the Company continued to fulfil its social responsibilities. As a corporate citizen, it actively bore social responsibilities when rendering high-quality financial services to the market and customers. The Company launched a cultural condensation program in 2017 and formulated the *Minsheng DNA - Handbook on Corporate Culture of China Minsheng Bank*, in an effort to actively deliver the cultural concept of Minsheng in the new era to the public in local communities and to achieve corporate development, social progress, and improvement of people's livelihood.

### Fulfilling the Responsibility of Poverty Alleviation

The Company thoroughly implemented the spirit of central work conference on development - oriented poverty reduction and formulated the *Targeted Poverty Alleviation Plan for 2017*, which focused on the development of rural education, medical care, and infrastructure construction and gave full play to the Company's advantages in banking so as to support the development of poverty-stricken areas by means of financial services.

## Targeted Poverty Alleviation Efforts in Hua County and Fengqiu County in Henan

In 2017, focusing on targeted poverty alleviation, the Company continued the poverty alleviation work in Hua County and Fengqiu County in Henan, improved poverty alleviation mechanisms, and conducted in-depth field research. In combination with its own characteristics and the actual needs of the two counties, the Company carried out multi-level targeted poverty alleviation measures in various forms, which placed education at the forefront, valued medical care as its foundation, and fully tapped stock rights and funds in diversified ways. New progress and achievements in targeted poverty alleviation have been made.



On 1 November 2017, Hua County was lifted out of poverty successfully.



In Fengqiu County, **17,000** people were free of poverty and seemed impossible to be pushed back into poverty.



In 2017, the rewards the Company obtained:

- ✓ 2017 “Outstanding Poverty Alleviation Case Award” jointly awarded by the State Council Office for Poverty Alleviation and Chinese Academy of Social Sciences
- ✓ Selected Case in "Poverty Alleviation Blue Book (2017)" of Chinese Academy of Social Sciences
- ✓ 2017 “Banking Financial Innovation Award for Poverty Alleviation” award by Sina Finance
- ✓ 2017 “Excellent Competitiveness Financial Poverty Alleviation Bank” awarded by China Business Journal



## Supporting Public Cultural Undertakings

Widely acclaimed by the public, Shanghai and Beijing Minsheng Art Museums founded by the Company continuously provide public services, making outstanding contributions to cultural exchanges and public education. By the end of 2017, the number of people visiting Shanghai Minsheng Art Museum exceeded 200,000 throughout the year, 8 major exhibitions and art projects and 101 public education activities were held. Among them, “Poetry Comes to the Museum” was named as “2017 Special Activity: Lifetime Learning and Experience Base for Shanghai Residents.” Beijing Minsheng Art Museum attracted more than 1 million on-site and on-line visitors throughout the year and 13 large-scale art exhibition projects were held. Among them, the exhibition “China Contemporary Art Yearbook Exhibition 2015/2016” was selected as 2016 Exchange and Promotion Project sponsored by National Cultural Fund. The Company organized 150 public education activities, at the same time, it provided public educational activities, especially for its customers and employees, which were widely praised.

In 2017, the Company sponsored the “Grandmaster of the Century” large-scale art exhibition “Grandmaster of the Century —43 Masterpieces of Literary and Artistic Works”, attracting tens of thousands of visitors. More than 50 mainstream media such as CCTV reported on this exhibition which showed breadth and depth of the Company's cultural undertakings, and reflected the Company's distinctive responsibility system that focuses on cultural commonweal and promotes cultural heritage.

## Promoting Public Innovative Undertakings

The Company uses its own characteristics to launch innovative undertakings activities such as “I Determine the Power of Minsheng’ Love - ME Public Innovative Undertakings Funding Program”, it aims to explore new ideas for charitable public welfare with Minsheng’s spirit.

#### ME Public Innovative Undertakings Funding Program

In 2015, on the occasion of the 20th anniversary of the Company, it launched the first “I Determine the Power of Minsheng’ Love - ME Public Innovative Undertakings Funding Program”. With the criteria of “innovation, execution, continuity and influence”, the Company provided 500,000 yuan Public Innovative Fund for each selected project. The funded projects covered five major livelihood areas such as community development, education support, environmental protection, cultural protection, health and hygiene. At the end of 2017, a total of 1,185 projects applied for the fund, and 63 projects among them obtained it, over 30 million RMB was invested in the Program. Areas benefiting from the Program covered 29 provinces/municipalities/ Autonomous Regions across the country. The number of direct beneficiaries reached 180,000, and indirect beneficiaries exceeded 250,000. This not only brought positive changes to the beneficiary groups, but also social organization made great improvement in the public awareness of social influence.

## Supply Chain Management

### Sustainable Procurement

A complete system of supplier management was established based on *Management Method for Procurement*, *Management Method for Bidding*, *Management Method for Suppliers*, *Procurement Incorruptibility Regulation*, 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.

### 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 should 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.



## Environmental Responsibility

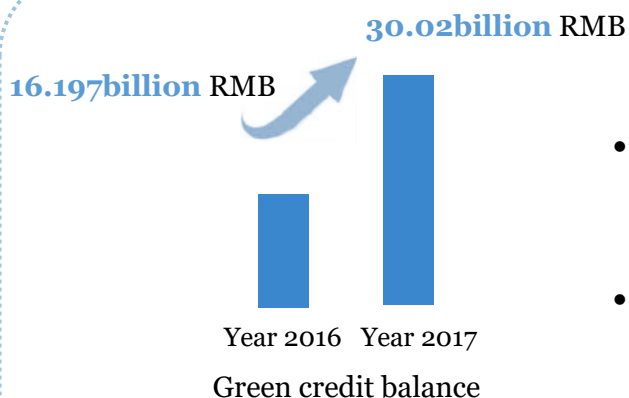
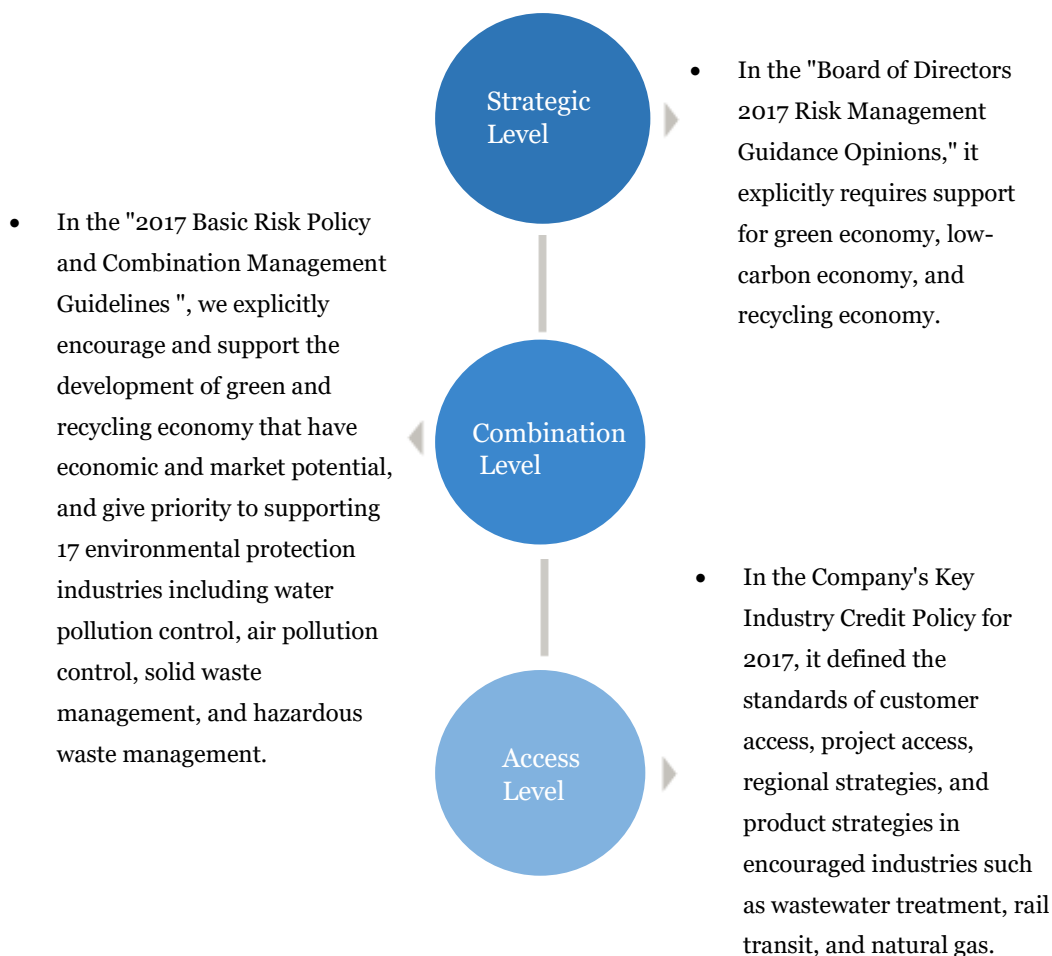
The Company practices a sustainable development concept of low carbon and environmental protection, energy conservation and emission reduction. Based on compliance with national and regional laws and regulations, the Company also actively practices green procurement concepts, enhances employees' awareness of environmental protection, and implements various measures which support green offices to promote the development of environmental protection charitable activities. At the same time, as a financial institution, the Company also continues to promote green credit business, achieve multi-dimensional energy conservation and emission reduction, so as to fulfil environmental responsibility.

### Green Credit Business

The Company integrates the concept of green development into its business. In 2017, in accordance with the overall requirements for accelerating the reform of the ecological civilization system and building a beautiful China proposed by the 19th National Congress, the Company actively implemented the solemn promise made in the “Commitment on Green Credit of the Chinese Banking Industry” and promoted green credit from strategic perspectives. The Company increasingly supports the green economy, low-carbon economy, and recycling economy, strengthens prevention of environmental and social risks in order to optimize the credit structure and promote the transformation of the development model.

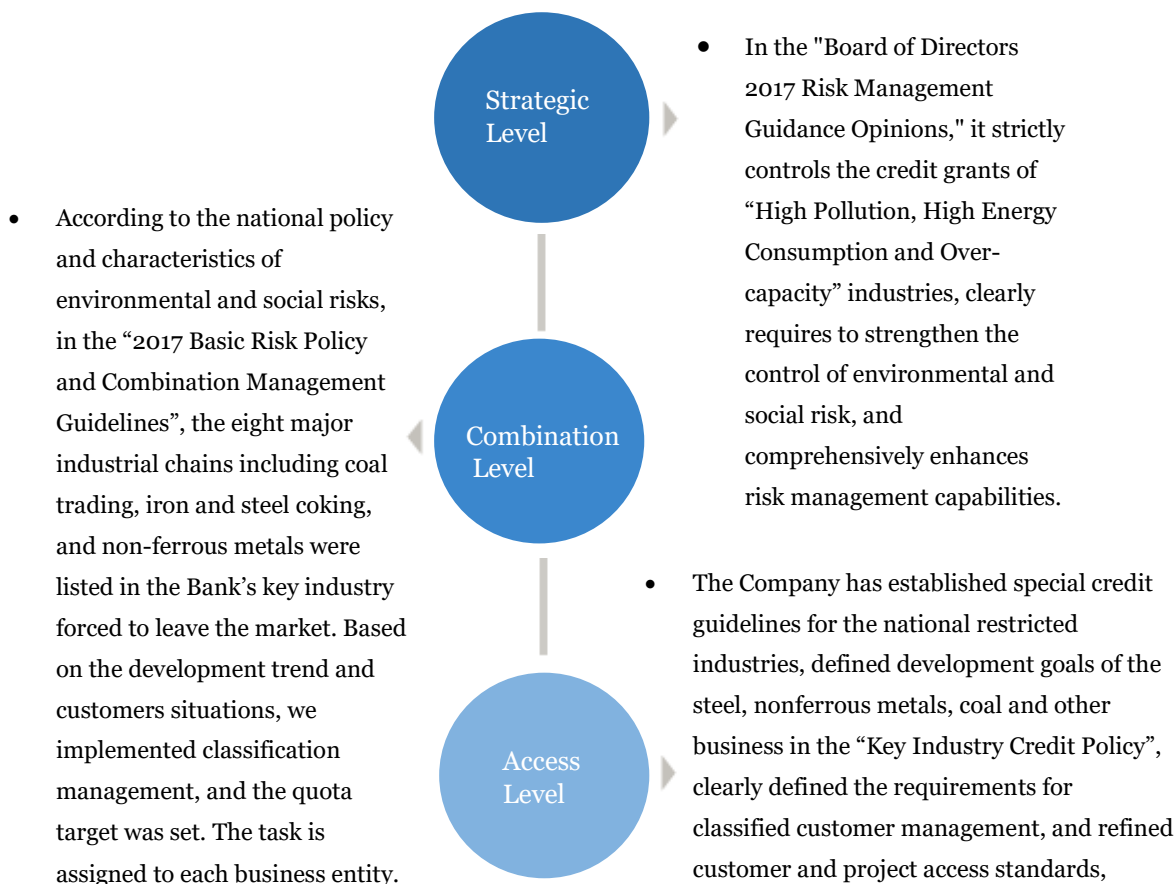
In 2017, the Company formulated a multi-level green credit policy from the perspective of strategy, combination and access. On the one hand, it fully supported green credit, and on the other hand, it continuously strengthened the control of loans to “High Pollution, High Energy Consumption and Over-capacity” industries.

## Supporting Green Credit Business



- Successfully issued the first Green Transportation Right of trust benefit ABS product in China.
- Total raised capital reaches **1.5** billion RMB

## Strictly Controlling “High Pollution, High Energy Consumption and Over-capacity” Industries



In 2017, the loans balance of overcapacity industry reduced to RMB **75.918 billion**



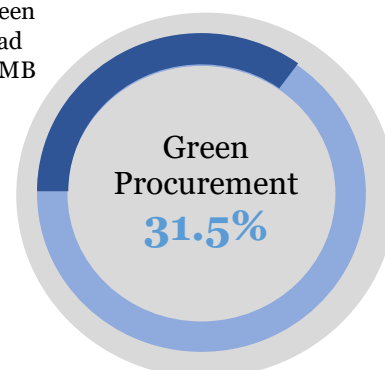
Year 2016    Year 2017

The rate of overcapacity industry loans is **2.7%**, reduced by **0.5%** compared with last year

## Green Procurement

The Company actively implements green procurement, it complies with *Management Method for Suppliers of China Minsheng Bank*, 98 suppliers in 11 categories of items such as self-service equipment, safe deposit boxes, cash registers are applied with the centralized purchase price management, quality management, supply management, service management, so as to enhance centralized procurement benefit. The Company gives priority to products with environmental protection signs. In 2017, the examination rate of suppliers in the Head Office reached 100%.

Total amount of green procurement in head office reached to RMB **752 million**



## Green Operation

The Company sticks to the concept of “Building a green enterprise and adhering to green management”, it advocates walking and reducing the use of elevators. In order to reduce the emission of pollutants, the Company carried out scrapping and replacement for old and over-standard emission vehicles and optimized the usage progress of company buses, controlled the emission of company buses, and reduced the usage frequencies of company buses. We encourage employees to purchase new energy vehicles to use resources rationally and reduce the consumption of them.

In order to improve the efficiency of water use, the Company regularly inspects the integrity of the various water pipelines in the office, and has special personnel responsible for the daily maintenance of the equipment. By installing water-saving and spill-prevention devices, the waste of water resources can be reduced. In the promotion of water conservation, we positively guide our staff by means of water-saving propaganda slogans and corporate media.

Besides, the Company focuses on “saving costs and improving efficiency” and positively promotes the management of fixed assets. At the end of the reporting period, the original value of durable fixed assets reaching useful life while the Company could still use normally amounted to RMB 1,565.3 million, the annual cost savings reached to RMB 297.41 million, the recycling amount of discarded computers was 0.15 tons, and the recycling amount of used toner cartridges was 3,659, we greatly saved purchase costs and natural resources.

#### “Saving Cost, Improving Efficiency”

- The value of fixed-assets reached expired date while still under using **1.565,3 million** RMB
- Cost saving reached **297,41 million** RMB
- Recycling abandoned computers reached **0.15** tonnes
- Recycling abandoned tonner cartridge reached **3,659 pieces**

#### Public Environmental Undertakings

In terms of public environmental charitable activities, the Company gives full play to its main business advantages, actively carries out diverse public environmental charitable activities, strengthens communication with stakeholders, practices green development concept, raises the awareness of environmental protection in the entire society, and promotes sustainable development.

#### “Green Development and Peering with People”

On March 19th, Wuhan Branch, together with Wuhan Hankou River Beach Management Office, carried out public environmental charitable activities with the theme of “Green Development and Peering with People”. During the activity, we watered for the "Minsheng Bank Voluntary Forest," picked up garbage from the river and beach, called on the public to take action together to increase awareness of low-carbon environmental protection and promote a green and healthy lifestyle, jointly pushing Wuhan's ecological civilization construction to a new height.

## Environmental Data Performance Summary

### Emission

Item <sup>1,2</sup>	Total
<b>Air emissions (Tonnes)</b> <sup>3</sup>	1.36018
NO <sub>x</sub> (Tonnes)	1.36
Sulfur dioxide (Tonnes)	0.00018
<b>Greenhouse gas emissions (Scope 1&amp;2) (Tonnes of CO<sub>2</sub>e)<sup>4</sup></b>	70,093.96
<b>Tonnes of CO<sub>2</sub>e emission per employee per year (Scope 1&amp;2) (Tonnes of CO<sub>2</sub>e/employee)</b>	3.88
<b>Direct greenhouse gas emissions (Scope 1) (Tonnes of CO<sub>2</sub>e)</b>	9,517.88
Natural gas (Tonnes of CO <sub>2</sub> e)	4,858.90
Petroleum gas (Tonnes of CO <sub>2</sub> e)	21.93
Diesel (Tonnes of CO <sub>2</sub> e)	430.02
Company vehicles (Tonnes of CO <sub>2</sub> e)	4,207.03
<b>Indirect greenhouse gas emissions(Scope 2) (Tonnes of CO<sub>2</sub>e)</b>	60,576.08
Purchased electricity (Tonnes of CO <sub>2</sub> e) <sup>5</sup>	60,576.08

Note:

1. The scope of environmental data only includes the head office and 42 tier 1 branch head offices.
2. When referring to emission intensity, energy consumption intensity and waste intensity, the scope of employee only includes employees from the head office and 42 tier 1 branch head offices.
3. Due to the natural of the Company's business, the main air emissions are consist of NO<sub>x</sub> and Sulfur dioxide, that generated by company vehicles.
4. Due to the natural of the Company's business, the greenhouse gas emissions include carbon dioxide, methane and nitrous oxide, mainly resulted from outsourcing electricity, natural gas consumption, diesel consumption of diesel-powered generators and company-financed vehicles. Greenhouse gas emissions are measured in carbon dioxide equivalents and calculated based on the Baseline Emission Factors for Regional Power Grids in China (2015) issued by National Development and Reform Commission and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories of Intergovernmental Panel on Climate Change.
5. The greenhouse gas emissions of Hong Kong branch office was calculated by conversion factor provided from local power supply company. The greenhouse gas emission of Tibet branch was not included due to the conversion factor is not disclosed.

## Energy and Water Consumption

Item	Total
<b>Energy consumption(MWh)<sup>1</sup></b>	<b>134,323.30</b>
Direct energy consumption(MWh) <sup>2</sup>	43,773.07
Natural gas(MWh)	24,849.11
Gasoline(MWh)	15,393.19
Diesel(MWh)	3,367.40
Petroleum gas(MWh)	163.37
Indirect energy consumption(MWh)	90,550.23
Purchased electricity(MWh)	90,550.23
Energy consumption per employee per year(MWh/employee)	7.43
<b>Water consumption (Tonnes)</b>	<b>843,133.33</b>
Water consumption per employee per year(Tonnes/employee)	46.62

Note:

1. The categories of the Company's energy consumption are natural gas, gasoline, diesel, petroleum gas and purchased electricity.
2. Energy consumption data is calculated based on the conversion factors provided in the General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2008) by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardization Administration of the People's Republic of China.

## Waste Management

Item	Total
<b>Hazardous waste (Tonnes)</b>	<b>208.35</b>
Lead-acid battery (Tonnes)	185.20
Hazardous waste materials(Tonnes) <sup>1</sup>	23.15
Hazardous waste per employee per year (Tonnes/employee)	0.01
<b>Non-hazardous waste (Tonnes) <sup>2</sup></b>	<b>12,053.51</b>
Domestic waste(Tonnes)	9,217.08
Canteen waste (Tonnes)	2,351.59
Office supplies waste (Tonnes)	140.42
Electronical supplies waste (Tonnes)	6.88
Electronical products waste (Tonnes)	304.59
Security equipment supplies waste (Tonnes)	15.24
Security products waste (Tonnes)	17.71
Non-hazardous waste per employee per year (Tonnes/employee)	0.67

**Note:**

1.The hazardous waste materials include toner cartridge, carbon powder and cartridge. The number was calculated from purchase order provided from corresponding suppliers.

2.The domestic waste and canteen waste were calculated by date provided from waste recycler. The office suppliers waste include office desks, chairs, bookshelves, file cabinets that with fixed-asset serial numbers. It was calculated based on the actual abandoned data. The electronical supplies waste include U disk, teller's machine supplies, portable disk, mouse and keyboard. The number was calculated from purchase order provided from corresponding suppliers. The security equipment supplies waste include fire extinguishers, walkie-talkies and LED flashlights. The number was calculated from purchase order provided from corresponding suppliers. The security products waste include door security parts and monitoring system parts that with fixed-asset serial numbers.



## 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.	Environmental Responsibility (Page 43 to 44)
		A1.1 The types of emissions and respective emissions data.	Environmental Data Performance Summary (Page 45)
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Data Performance Summary (Page 45)
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Data Performance Summary (Page 47)
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Data Performance Summary (Page 47)
		A1.5 Description of measures to mitigate emissions and results achieved.	Environmental Responsibility (Page 43 to 44)
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Responsibility (Page 43 to 44)
	A2 Use of Resources	Policies on the efficient use of resources (including energy, water and other raw materials).	Environmental Responsibility (Page 43 to 44)
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and	Environmental Data Performance

		intensity (e.g. per unit of production volume, per facility).	Summary (Page 46)
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Data Performance Summary (Page 46)
		A2.3 Description of energy use efficiency initiatives and results achieved.	Environmental Responsibility (Page 43 to 44)
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Responsibility (Page 43 to 44)
		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.	Environmental Responsibility (Page 40 to 44)
		Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Responsibility (Page 40 to 44)
	<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.
		B1.1 Total workforce by gender, employment type, age group and geographical region.	Employee Care (Page 25 to 34)
		B1.2 Employee turnover rate by gender, age group and geographical region.	Employee Care (Page 27)
			—
	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.	Employee Care (Page 28 to 31)
		B2.1 Number and rate of work-related fatalities.	—

		B2.2 Lost days due to work injury.	—
		B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Care (Page 28 to 31)
	B3: Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Care (Page 27 to 28)
		B3.1 Percentage of employees trained by gender and employee category (e.g. senior management, middle management).	—
		B3.2 The average training hours completed per employee by gender and employee category.	—
	B4: 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.	Employee Care (Page 25)
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	Employee Care (Page 25)
		B4.2 Description of steps taken to eliminate such practices when discovered.	Employee Care (Page 25)
	B5: Supply Management	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management (Page 39)
		B5.1 Number of suppliers by geographical region.	—
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management (Page 39)
	B6: 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.	Product Responsibility (Page 11 to 17)
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable

		B6.2 Number of products and service related complaints received and how they are dealt with.	Product Responsibility (Page 13 to 14)
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility (Page 16)
		B6.4 Description of quality assurance process and recall procedures.	Not adopted
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility (Page 11)
	B7: 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.	Corporate Governance (Page 18 to 24)
		B7.1 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.	—
		B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate Governance (Page 18 to 24)
	B8: 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.	Community Investment (Page 35 to 38)
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment (Page 35 to 38)
		B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Investment (Page 35 to 38)