



鄭州銀行股份有限公司 BANK OF ZHENGZHOU CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6196

Preference Shares Stock Code: 4613

2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



CONTENTS

ABOUT THIS REPORT	2
CHAIRMAN'S STATEMENT	4
PRESIDENT'S STATEMENT	6
I. ENHANCING GROWTH QUALITY AND EFFICIENCY AND BUILDING OUR UNIQUE FEATURES	8
1.1 Company Profile	8
1.2 Honors and Awards	9
1.3 Key Performance Indicators	11
II. PRACTISING RESPONSIBILITY PHILOSOPHY, STRENGTHENING RESPONSIBILITY MANAGEMENT	13
2.1 Social Responsibility Philosophy	13
2.2 Responsibility Management System	13
2.3 Stakeholder Engagement	14
2.4 Analysis of Material Issues	16
III. SERVING THE DEVELOPMENT OF LOCAL ECONOMY THROUGH INCLUSIVE FINANCE	18
3.1 Focusing on Financial Services for Commercial Sectors	18
3.2 Serving Small and Micro Enterprises	19
3.3 Supporting Rural Revitalization	21
IV. FINANCIAL RISK PREVENTION AND SOUND AND COMPLIANCE-BASED OPERATION	23
4.1 Improving Corporate Governance	23
4.2 Strengthening Risk Management and Control	24
4.3 Operating in Compliance with Laws and Regulations	25
4.4 Safeguarding Shareholders' Interests	28
V. IMPROVING SERVICE QUALITY AND DEVELOPING CITIZEN FINANCE	29
5.1 Optimizing Customer Experience	29
5.2 Promoting Product Innovation	30
5.3 Expanding Service Channels	32
5.4 Protecting Customers' Rights and Interests	34
VI. FOCUSING ON HUMANISTIC CARE AND INCREASING EMPLOYEE VALUE	36
6.1 Building "Home of Staff"	36
6.2 Helping Employees Grow	38
6.3 Protecting Employees' Rights and Interests	40
VII. PRACTICING GREEN DEVELOPMENT AND PROTECTING ECOLOGICAL ENVIRONMENT	42
7.1 Developing Green Credit	42
7.2 Promoting Green Services	43
7.3 Advocating Low-Carbon Operations	46
VIII. ENGAGING IN PHILANTHROPIC WORK AND REPAYING SOCIETY	48
8.1 Continuing Efforts in Targeted Poverty Alleviation	48
8.2 Partaking In Charitable Activities	49
8.3 Building a Harmonious Community	51
OUTLOOK FOR 2018	54
INDEPENDENT LIMITED ASSURANCE REPORT	55
ESG INDEX	58
GRI 4.0 INDEX	61
READER'S FEEDBACK	72

ABOUT THIS REPORT

This Environmental, Social and Governance Report (the “Report” or the “ESG Report”) reflects the performance of Bank of Zhengzhou Co., Ltd.* (“Bank of Zhengzhou”, “Zhengzhou Bank”, “the Bank” or “we”) in social responsibility in 2017, and highlights our efforts in promoting sustainable development of economic, social and environmental areas, which helps our stakeholders to gain a full understanding of the philosophy and practices of Bank of Zhengzhou in relation to corporate social responsibility.

REPORTING PERIOD	1 January 2017 to 31 December 2017, except for certain information.
REPORTING CYCLE	Annually
REPORTING SCOPE	Unless otherwise specified, this Report focuses on Bank of Zhengzhou Co., Ltd., covering its subsidiaries, branches, sub-branches and special agencies.
BASIS OF PREPARATION	This Report was prepared pursuant to the disclosure requirements and recommendations under the Environmental, Social and Governance Reporting Guide contained in Appendix 27 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to: the Sustainability Reporting Guidelines (G4.0) of the Global Reporting Initiative (GRI); Opinions concerning Enhancing Corporate Social Responsibility of Banking and Financial Institutions issued by the China Banking Regulatory Commission (“CBRC”); Guidelines on Environmental Information Disclosure of Listed Companies of the Shanghai Stock Exchange issued by the Shanghai Stock Exchange; and Guidelines on the Corporate Social Responsibility of Banking Institutions of China issued by the China Banking Association.
DATA SOURCE	Financial data in this Report are derived from the 2017 financial statements of the Bank prepared in accordance with the International Financial Reporting Standards and independently audited by KPMG. In case of any discrepancy between figures in this Report and those contained in the 2017 Annual Report of the Bank, the latter shall prevail. Other data are mainly from the statistical data of the Bank’s internal systems and branches. Cases cited are real instances occurring in the course of the Bank’s daily operations. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Renminbi (“RMB”).

ABOUT THIS REPORT (Continued)

REPORT ASSURANCE

The board of directors of the Bank (the “Board of Directors” or “Board”) and all directors of the Bank (the “Directors”) guarantee that there is no false representation or misleading statement contained in, or material omission from, this Report and assume joint and several responsibility for the truthfulness, accuracy and completeness of the contents of this Report. KPMG Huazhen LLP was appointed to perform independent limited assurance on this Report in accordance with the International Standards on Assurance Engagements (ISAE) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information and issued an assurance report in respect thereof.

PUBLICATION

This Report is published in both print and electronic formats. The electronic version can be accessed and downloaded at <http://www.zzbank.cn> and <http://www.hkexnews.hk>. This Report is available in Chinese and English. If there is any conflict between the two versions, the Chinese version will prevail.

AUTHOR

This Report was prepared by the office of the Board of Directors of Bank of Zhengzhou, and was approved by the Board of Directors on July 18, 2018.

CONTACT INFORMATION

Office of the Board of Directors of Bank of Zhengzhou

Address: 22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan, China

Postal Code: 450046

Tel: +86-371-67009199

Fax: +86-371-67009898

E-mail: ir@zzbank.cn

* The Bank is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.

CHAIRMAN'S STATEMENT

In 2017, China's economy showed a steady upward trend amid ongoing supply-side structural reform, while tightening supervision and preventing financial risks became the theme for the development of the financial industry. During the year, we rose to the challenges and achieved remarkable operating results, with overall competitiveness improving noticeably. Meanwhile, we earnestly fulfilled our economic, social and environmental responsibility and continued to create value for the state, shareholders, employees, customers and the public.

Rooted in real economy. Serving the real economy is the innate duty and purpose of finance, and finance and real economy facilitate each other. Pursuant to the planning of the CPC Central Committee and the State Council, we took the initiative to adapt to the new requirements of supply-side structural reform by properly addressing excess capacity and supporting innovative development. Despite the impact of unfavorable factors such as economic downturn, we innovated loan models and continued to "Transfuse Blood" to real enterprises and increase credit input to small- and micro-sized enterprises. Furthermore, we implemented the rural revitalization strategy through optimizing service procedures for the "Three Rural Sectors (三農)" and developing agriculture-related financial products.

Forging service quality. We have incorporated the service philosophy of customer first into every aspect of our operations. Through regular popularization of service standards at outlets, we managed to enhance customer service and customer experience. Moreover, we adopted new technologies such as "Internet Plus" and big data to provide convenient and intelligent financial services and colorful life services for customers. As always, we have generously given back to society, and organised a variety of activities, such as providing public transportation subsidies, inviting citizens to tour the Garden Expo Park together and inviting VIP customers to enjoy New Year's Concert, to show that we care about customers' life and share the same breath with our customers.

Building a "Green" bank. From the perspective of sustainable development, we stringently implemented the state's green financial policy and established a sound green banking system. We reduced loans to industries with high-energy consumption, high pollution and overcapacity or enterprises with significant environmental and social risks, and implemented green credit incentive and assessment mechanism. We issued green financial bonds and increased loans granted for green industry projects. Furthermore, we vigorously promoted paperless office practices and low-carbon operations by launching the construction of intelligent paperless counter services and guiding and encouraging customers to conduct transactions through electronic channels, thereby reducing resource and energy consumption.

As the new era presents us with new missions, we shall embark on a new journey towards new goals and shoulder our responsibility to create a more brilliant future. In 2018, we shall bear in mind our original aspiration and implement the guiding principles from the 19th CPC National Congress. To this end, we shall, while maintaining sound operations and development, contribute more to social development and strive to protect the environment and together with all sectors of society, write a new chapter of harmonious economic, environmental and social development.

WANG Tianyu
Chairman

CHAIRMAN'S STATEMENT (Continued)

Chairman
WANG Tianyu



PRESIDENT'S STATEMENT

In 2017, facing the new normal of the state's economic development, our staff at all levels stayed firm and true to our original aspiration, insisted on serving the real economy and actively fulfilled their social responsibility, exhibiting that we are a local corporate bank with strong determination and a high strong sense of responsibility toward society.

Forging ahead, enhancing comprehensive strength. In 2017, we managed to secure business qualifications for fundamental financial derivatives, China Interbank FX Market Derivatives Membership and medium-term lending facilities, further replenishing our financial service tools. Moreover, we set up Zhumadian Branch and Kaifeng Branch, opened 21 sub-branches in Guangshan, Yuzhou and other places and promoted and established two county banks in Xunxian and Queshan, further expanding our financial services network.

Rooted in local communities, boosting transformation of local economy. In 2017, we granted loans of RMB118,207 million in total, which supported the construction of municipal facilities, high-end equipment manufacturing, trading logistics and other infrastructure and key industries; and we issued green financial bonds in an amount of RMB3 billion with the proceeds raised therefrom to be invested in projects related to energy conservation, clean transportation, clean energy, pollution prevention, resource conservation and recycling, ecological protection and adaptation to climate change. In addition, we advanced the work of creditors' committees and held joint sessions of creditors' committees on a regular basis, so as to exchange information with other creditor banks to prevent credit risks as may be caused by unilateral recalling or postponed disbursement of loans.

Striving for excellence, expanding the benefits of financial services. In 2017, we introduced intelligent counter paperless signature, pre-filling of forms and other functions and launched the "Fast Online Application (速申)" platform for credit cards, livelihood benefit platform as well as universal payment, combined payment, free deposit and other products, offering customers smoother services in handling business and wider channels for obtaining finance. With more diversified earnings on capital and more convenient payment means, the "Sense of Gain" on financial services has been increasingly improved.

Paying taxes as required by law, getting involved in philanthropic work. In 2017, our tax payments throughout year amounted to RMB2 billion, making us a major taxpayer in Henan province. In the year, we contributed a total of over RMB4.27 million to China Foundation for Development of Financial Education, Henan Youth Care Foundation and Zhengzhou Charity Federation, donated goods worth about RMB1.04 million to Zhengzhou Charity Federation, and provided financial assistance to five impoverished college students. These philanthropic practices have won us wide acclaim.

In 2018, we will keep in mind our social responsibility and mission, strive to boost differentiated, featured and refined development and build Bank of Zhengzhou into a top-notch public listed bank, giving back to all sectors of society with ever better results.

Shen Xueqing
President

PRESIDENT'S STATEMENT (Continued)

President
SHEN Xueqing



I. ENHANCING GROWTH QUALITY AND EFFICIENCY AND BUILDING OUR UNIQUE FEATURES

1.1 COMPANY PROFILE

Bank of Zhengzhou, incorporated in November 1996 and listed on the main board of The Stock Exchange of Hong Kong Limited (H Shares Stock Code: 6196) (Preference Shares Stock Code: 4613) in December 2015, is the first listed city commercial bank in Henan Province and the tenth in China. The Bank has 4,171 employees and 166 offices and outlets, including 12 branches located in Henan Province. Currently, the Bank has a controlling stake in Henan Jiuding Financial Leasing Company (河南九鼎金融租賃公司) and operates seven county banks at Zhongmu, Xinmi, Yanlin, Xinzhen, Fugou, Xunxian and Queshan.

Focusing on its strategic positioning as a financial services provider dedicated to serving the commercial sector, small and micro enterprises and citizens, the Bank firmly pushed ahead with its international strategy, group-based strategy, market-oriented strategy and branding strategy. As at the end of 2017, the Bank's assets increased by RMB69,680 million or 19.03% to RMB435,828 million from the beginning of the year; balance of deposits increased by RMB39,017 million or 18.03% to RMB255,407 million from the beginning of the year; loan balance rose by RMB16,823 million or 15.63% to RMB124,456 million from the beginning of the year; and net profits for the year increased by RMB289 million or 7.14% year-on-year to RMB4,334 million. The non-performing loan ("NPL") ratio was 1.50%, the capital adequacy ratio was 13.53%, and the allowance to NPL ratio was 207.75%, all in compliance with the requirements on regulatory indicators.

In the list of the "Top 1,000 World Banks 2017" published by the British magazine The Banker, the Bank ranked 322nd in terms of core capital, up 16 places from last year. On the ranking of "PRC Commercial Banks in respect of Competitiveness" for 2017, the Bank ranked 2nd for being the "Most Competitive Bank among Commercial Banks with Asset Scale of over RMB300 Billion" and received the "Best Branded City Commercial Bank" award. The Bank has been assigned an AAA credit rating by China Cheng Xin International Credit Rating Co. Ltd. (中誠信國際信用評級公司), making it one of the 15 highest-rated city commercial banks in the PRC. According to the latest "Top 40 Value-Creating Banks in China" issued by McKinsey & Company, the Bank ranked second among other city commercial banks in terms of economic profit. In the 2017 evaluation results of "GYROSCOPE Evaluation System of the China Banking Association", the Bank ranked fourth among the city commercial banks in terms of comprehensive evaluation. The Bank received an award for being the "Best Investment Value Award for Listed Companies" once again in the "China Securities Golden Bauhinia Awards" in 2017.

I. ENHANCING GROWTH QUALITY AND EFFICIENCY AND BUILDING OUR UNIQUE FEATURES (Continued)

1.2 HONORS AND AWARDS

Awarding Bodies	Name of Awards	Time being awarded
Research Society of Ideological and Political Work of China Financial Institutions, Financial Corporations Culture Promotion Association of China	2015-2016 Advanced Organisation in Corporate Culture Construction in China's Financial System (2015-2016年全國金融系統企業文化建設先進單位)	January 2017
Zhengzhou Zhengdong New District Management Committee (鄭州市鄭東新區管理委員會)	2016 Advanced Organisation with Outstanding Contribution to Industrial Development in Zhengdong New District (2016年度鄭東新區產業發展突出貢獻先進單位)	February 2017
Zhengdong New District Municipal Office, SAT (鄭東新區國家稅務局), Zhengdong New District Local Taxation Bureau (鄭東新區地方稅務局)	2016 Top 100 Taxpayers of Zhengdong New District (2016年度鄭東新區納稅百強)	April 2017
Henan Daily, Henan Banking Association (河南省銀行業協會)	2016 Top 10 Banks of Best Service Quality in Henan Banking Industry (2016年度河南省銀行業最佳服務質量十強銀行)	April 2017
Henan Daily, Henan Banking Association (河南省銀行業協會)	2016 Top 10 Socially Responsible Banks in Henan Banking Industry (2016年度河南省銀行業最具社會責任十強銀行)	April 2017
The Banker	Best Financial Innovation Award	June 2017
The Banker	Top 10 Internet Financial Product Innovation Award (十佳互聯網金融產品創新獎)	June 2017
The Banker	Top 10 Financial Product Innovation Award (retail business) (十佳金融產品創新獎(零售業務))	June 2017
Party Committee of State-owned Assets Supervision and Administration Commission of Zhengzhou (鄭州市國資委黨委)	Advanced Party Committee (先進黨委)	June 2017

I. ENHANCING GROWTH QUALITY AND EFFICIENCY AND BUILDING OUR UNIQUE FEATURES (Continued)

Awarding Bodies	Name of Awards	Time being awarded
China Banking Association	China Banking Industry Best Innovation Award for Wealth Management Organization (中國銀行業理財機構最佳創新獎)	June 2017
China Banking Association	China Banking Industry Best City Commercial Bank Award for Wealth Management Organization (中國銀行業理財機構最佳城商行獎)	June 2017
Zhengzhou Municipal Bureau of Culture, Radio, TV, Press and Publication, Copyright Society of Zhengzhou	2016 Zhengzhou Top 10 Domestic-funded Enterprises (2016年度鄭州市十佳內資)	July 2017
The Banker	Ranked 2nd in terms of competitiveness among city commercial banks with asset scale of over RMB300 billion in 2016	September 2017
The Banker	2016 Best Branded City Commercial Bank	September 2017
China Research Institute of Enterprise Culture	2012-2017 Outstanding Enterprise in Corporate Culture Construction (2012-2017年度企業文化建設優秀單位)	November 2017
Ta Kung Pao	Best Investment Value Award for Listed Companies at the Seventh China Securities Golden Bauhinia Awards	November 2017
China Banking Association	Outstanding Member Unit Award of the Second Session of Standing Committee of the Committee on the Development of Chinese Banking Association (行業發展研究委員會第二屆常委會優秀成員單位獎)	December 2017
China Banking Association	Ranked 4th among the commercial banks with stable development capability in the GYROSCOPE Evaluation System (City Commercial Banks) for 2017 (2017年度商業銀行穩健發展能力「陀螺」評價體系中綜合排名(城市商業銀行)第四名)	December 2017
China Comment (半月談雜誌社)	Best City Commercial Bank on the Finance List of the 8th Brand & Lifestyle Lists (第八屆「品牌生活榜」金融榜「最佳城市商業銀行」)	December 2017

I. ENHANCING GROWTH QUALITY AND EFFICIENCY AND BUILDING OUR UNIQUE FEATURES (Continued)

1.3 KEY PERFORMANCE INDICATORS

Table of Key Performance Indicators

Type of Indicator	Name of Indicator	Unit	2017	2016
Economic Indicators	Operating income	RMB100 million	102.13	99.81
	Net profit	RMB100 million	43.34	40.45
	Basic earnings per share	RMB	0.80	0.75
	Total assets	RMB100 million	4,358.28	3,661.48
	Total deposits	RMB100 million	2,554.07	2,163.90
	Total loans	RMB100 million	1,284.56	1,110.92
	Return on average total assets	%	1.08	1.28
	Return on equity	%	18.74	20.46
	Non-performing loan ratio	%	1.50	1.31
	Provision coverage ratio	%	207.75	237.38
	Capital adequacy ratio	%	13.53	11.76
Social Indicators	Total paid taxes	RMB100 million	20.38	22.02
	Charity donation	RMB10,000	533.46	362
	Balance of loans to small and micro enterprises ¹	RMB100 million	685.29	590.24
	Balance of agricultural-related loans	RMB100 million	274.92	276.73
	Social contribution per share ²	RMB	3.40	2.66
	Customer satisfaction rate	%	92.4	92.5
	Customers' complaints solution satisfaction rate	%	100	100
	Total headcount	Person	4,171	3,773
	Percentage of female employees	%	55	55.42

I. ENHANCING GROWTH QUALITY AND EFFICIENCY AND BUILDING OUR UNIQUE FEATURES (Continued)

Type of Indicator	Name of Indicator	Unit	2017	2016
Environmental Indicators	Balance of green credit	RMB100 million	9.1	6.43
	Balance of loans to high-pollution, high-energy-consumption or overcapacity industries	RMB100 million	28.12	31.10
	E-banking replacement ratio	%	92.88	89.32
	Video conference	Times	55	38
	Head office power consumption ³	10,000 kWhs	969.54	859.02
	Head office water consumption	Ton	79,507	90,633
	Head office natural gas consumption	cubic metres	32,856.00	30,803.00
	Head office paper consumption	Ten thousand sheets	316.80	241.50

Notes:

1. The Bank's loans to small and micro enterprises include loans to small and micro enterprises and personal business loans, based on the meaning of small and micro enterprises as defined by the Notice on the the Issue of Classification Standards and Requirements of Medium and Small Enterprises (Gong Xin Bu Lian Qi Ye (2011) No. 300) (「關於印發中小企業劃型標準規定的通知」(工信部聯企業(2011)300號)) and according to the statistics for loans to small and micro enterprises under the Supplementary Notice on Supporting Commercial Banks to Further Improve the Financial Services to Small and Micro Enterprises (Yin Jian Fa (2011) No. 94) (「中國銀監會關於支持商業銀行進一步改進小型微型企業金融服務的補充通知」(銀監發(2011)94號)).
2. Social contribution per share = earnings per share + (total tax payments + staff cost + interest payment + charity donations – social cost) ÷ total number of shares at the end of the period.
3. The head office consists of the office building of the head office and the head office business department.

II. PRACTISING RESPONSIBILITY PHILOSOPHY, STRENGTHENING RESPONSIBILITY MANAGEMENT

2.1 SOCIAL RESPONSIBILITY PHILOSOPHY

- Business Philosophy: Standardized operations, innovative development and operating with integrity
- Responsibility Philosophy: To support local development, focus on SMEs, improve people's livelihood and develop high-end products
- Strategic Goals: To pursue international strategy, group-based strategy, market-oriented strategy and branding strategy
- Vision: To develop first-rate products and services and build a long-lasting undertaking
- Mission: To support local development in Central Plains region with financial services, improve people's livelihood and achieve harmony and common prosperity
- Core Values: Standardized operations, innovative development and operating with integrity

2.2 RESPONSIBILITY MANAGEMENT SYSTEM

Responsibility Management System

To ensure the orderly performance of social responsibility, the Bank has established a social responsibility management system, under which all departments of the Bank perform their duties properly through coordination and collaboration and carry out social responsibility-related activities in the ordinary course of business, thereby incorporating social responsibility philosophy into daily practices.



II. PRACTISING RESPONSIBILITY PHILOSOPHY, STRENGTHENING RESPONSIBILITY MANAGEMENT (Continued)

2.3 STAKEHOLDER ENGAGEMENT

Stakeholder Engagement

The Bank values communication with stakeholders and has built various communication channels and maintained regular communication with the stakeholders, listening fully to the feedback from the stakeholders and forging a positive interaction with the stakeholders.

Stakeholders	Expectations and requirements	Means of communication	Responses and measures
Government	<ul style="list-style-type: none"> Support the national development strategy Serve the real economy Develop inclusive finance 	<ul style="list-style-type: none"> Documents and guidelines on policies Specific topic reports Information distribution Working meetings 	<ul style="list-style-type: none"> Develop financial services for the commercial sector Serve small- and micro-sized enterprises and the “Three Rural Sectors” Build civil engineering projects
Regulators	<ul style="list-style-type: none"> Comply with regulatory requirements Maintain financial stability Forge the development of the industry 	<ul style="list-style-type: none"> Regulatory policies Inspection, research and visits Work reporting 	<ul style="list-style-type: none"> Strengthen internal control Improve the overall risk management system
Shareholders	<ul style="list-style-type: none"> Maintain a healthy operation Enhance the overall abilities Improve investment return 	<ul style="list-style-type: none"> General meetings Company announcements Performance roadshows 	<ul style="list-style-type: none"> Improve the corporate governance structure Implement development strategy Enhance the profitability Safeguard shareholder interests
Customers	<ul style="list-style-type: none"> Improve service quality and efficiency Provide a richer selection of financial products Protect the rights and interests of consumers 	<ul style="list-style-type: none"> Marketing activities Customer hotline Surveys 	<ul style="list-style-type: none"> Improve operation workflow Innovate financial products Enhance the quality of services Strengthen compliance review

II. PRACTISING RESPONSIBILITY PHILOSOPHY, STRENGTHENING RESPONSIBILITY MANAGEMENT (Continued)

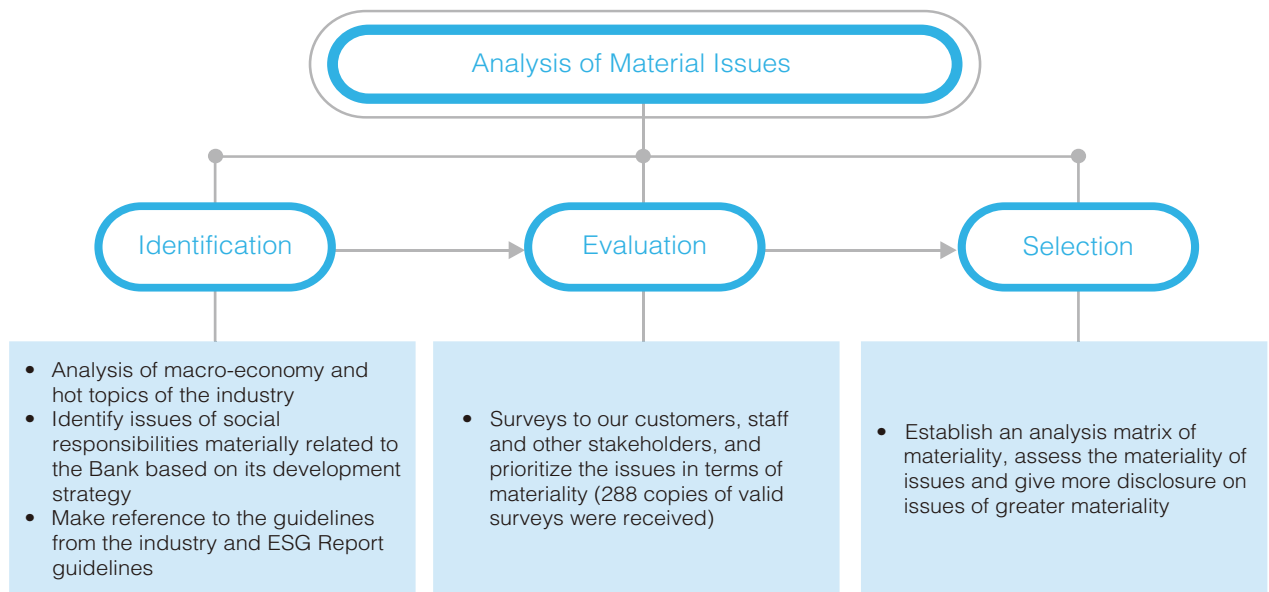
Stakeholders	Expectations and requirements	Means of communication	Responses and measures
Employees	<ul style="list-style-type: none"> • Improve employees' benefits • Protect the rights and interests of employees • Provide career development opportunities • Enrich free-time activities 	<ul style="list-style-type: none"> • Trade union • General meetings of employee representatives • Suggestion boxes • On-job trainings 	<ul style="list-style-type: none"> • Improve the compensation and welfare system • Improve staff training • Care for the staff • Organise recreational and sports activities
Vendors	<ul style="list-style-type: none"> • Fair procurement • Honesty and dignity • Cooperation for win-win outcomes 	<ul style="list-style-type: none"> • Negotiation • Cooperation agreement • Tendering and bidding 	<ul style="list-style-type: none"> • Build a procurement management system • Enhance business cooperation
Partners	<ul style="list-style-type: none"> • Mutually beneficial cooperation • Communication and exchanges of ideas 	<ul style="list-style-type: none"> • Seminars • Joint projects 	<ul style="list-style-type: none"> • Visits • Enhance business cooperation
Communities	<ul style="list-style-type: none"> • Support the development of communities • Care for disadvantaged groups 	<ul style="list-style-type: none"> • Visits • Community services activities 	<ul style="list-style-type: none"> • Financial aid to students • Financial knowledge education for the public • Setting up community branches • Volunteer activities
Environment	<ul style="list-style-type: none"> • Low-carbon and environmentally friendly operations • Sustainable development 	<ul style="list-style-type: none"> • Energy conservation and emission reduction • Green procurement • Green Finance 	<ul style="list-style-type: none"> • Implement green credit policy • Green office • Promote E-Banking

II. PRACTISING RESPONSIBILITY PHILOSOPHY, STRENGTHENING RESPONSIBILITY MANAGEMENT (Continued)

2.4 ANALYSIS OF MATERIAL ISSUES

Analysis of Material Issues

The Bank identifies social responsibility issues on the basis of the expectations and needs of various stakeholders, as well as the development strategy of the Bank. The Bank performs a materiality assessment of issues, analysing and comparing the materiality of different social responsibility issues on the sustainability development of the Bank and the stakeholders and thus selecting issues of materiality.



II. PRACTISING RESPONSIBILITY PHILOSOPHY, STRENGTHENING RESPONSIBILITY MANAGEMENT (Continued)

Materiality Analysis Matrix



III. SERVING THE DEVELOPMENT OF LOCAL ECONOMY THROUGH INCLUSIVE FINANCE

3.1 FOCUSING ON FINANCIAL SERVICES FOR COMMERCIAL SECTORS

In 2017, in order to implement the Approval of the State Council Concerning the 13th Five-Year Plan relating to Promoting Rejuvenation of Central China (國務院關於促進中部地區崛起「十三五」規劃的批覆) to fully support the development of Zhengzhou into a national central city, the Bank has formulated a series of marketing policies and guidance documents including the Guidelines on Corporate Business Marketing of Bank of Zhengzhou for 2017. Leveraging on the advantages of geographic location at the intersection of the land and bridge channels as the horizontal axis and the Beijing-Harbin and Beijing-Guangzhou Railway channels as the vertical axis in the national strategic urbanization pattern consisting of “Two-horizontal & Three-vertical Axes”, the Bank, through the continuous advancement and development of its financial strategy dedicated to serving commercial and logistics sectors, provides powerful support for Zhengzhou Airport Economy Zone (鄭州航空港經濟綜合實驗區) to grow into an international logistic centre featuring multimodal transportation and a modern industrial base driven by aviation economy as well as a series of strategic efforts including the construction of Central Plain city cluster to make it become a new economic growth area to support the sound and rapid development of the national economy. As at the end of 2017, the Bank offered RMB21,868 million of loans to support economic region construction in the central plain region, representing an increase of RMB1,337 million from the beginning of the year.

Research and development of “Cloud Financing” business

The Bank launched innovative application of supply chain financing and developed the “Cloud Financing” business. Through connection and information exchange between online supply chain financing platform, fund supervision system and core enterprises’ ERP system, order system and other systems, multi-party online collaboration was realized to provide full-process online financing services for core enterprises and their upstream and downstream partners, including online prepayment financing and online receivables pool financing, which effectively solved the problems of shortage of effective mortgage and financing difficulties for certain downstream SMEs of core enterprises; simplified credit granting procedures for SMEs, and helped core enterprises effectively revitalize their inventories, improved the efficiency of financial services and further promoted resource integration and optimized allocation.

III. SERVING THE DEVELOPMENT OF LOCAL ECONOMY THROUGH INCLUSIVE FINANCE (Continued)

Supporting the construction of free trade area

The Bank provided customers in China (Henan) Pilot Free Trade Zone with the “Zhongyida (中意達)” series products and tailored a basket of financial solutions for domestic and foreign investment and financing for enterprises to “Go Global” and “Bring In” to provide effective support for global sales and engineering contracting to achieve the linkage between the enterprises in the free trade zone and the global market. At the same time, according to the Notice of the People’s Bank of China on Matters Concerning Macro Prudential Management on All-Round Cross-Border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (Yin Fa [2017] No. 9) and the Notice of the State Administration of Foreign Exchange on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) (Hui Fa [2017] No. 3) as promulgated by regulators in 2017, the Bank developed the new product of direct lending with domestic guarantee to satisfy real and legitimate financing needs of customers, and introduced overseas low-cost foreign exchange funds to support the development of domestic enterprises to help enterprises in the free trade zone effectively utilize the three markets “In the Zone, Outside the Zone, and Overseas”. The Bank has handled cross-border settlements of US\$744 million and direct lending with domestic guarantee of US\$144 million for customers in the free trade zone.

3.2 SERVING SMALL AND MICRO ENTERPRISES

In accordance with requirements set out in the Notice of the General Office of China Banking Regulatory Commission on Promoting Financial Services for Micro and Small Enterprises in 2017 (中國銀監會辦公廳關於做好2017年小微企業金融服務工作的通知) (Yin Jian Ban Fa [2017] No. 42) and the Notice of China Banking Regulatory Commission Henan Office on Ensuring Better Financial Services for Micro and Small Enterprises in 2017 (河南銀監局辦公室關於做好2017年小微企業金融服務工作的通知) (Yu Yin Jian Ban Fa [2017] No. 93), the Bank developed scientific and practical credit plans for small and micro enterprises following the principles of controllable risk and going concern. Meanwhile, the Bank set up specialised sub-branches and small-sized enterprise service centres through transformation to specialised retail banking services to further improve the system of specialised institutions for small and micro enterprises. As at the end of December 2017, RMB68,529 million of loans were made to small and micro enterprises, representing an increase of RMB9,505 million or 16.10% as compared with that at the beginning of the year. Such loans covered 35,251 small and micro enterprises, representing a year-on-year increase of 15,576 enterprises. 15 specialised retail banking sub-branches underwent transformation. 12 small and micro enterprise sub-branches and seven community sub-branches were established. Small-sized enterprise service sub-centres were set up within 12 local branches.

III. SERVING THE DEVELOPMENT OF LOCAL ECONOMY THROUGH INCLUSIVE FINANCE (Continued)

Enhancing financing efficiency

Through innovation in terms of financial products, guarantee model, approval model, and way of “Batch Business Operation”, the Bank provides small and micro enterprises with unique financial services to accelerate business implementation and enhance the financing efficiency of small and micro enterprises; being “Simple” oriented, the Bank has customized three star products, i.e. “Business-spending, Life-spending, Credit-spending”, to boost the sustainable growth of small and micro enterprises and build the brand of financial services for small and micro enterprises.

- | | |
|--------------------|---|
| Business-spending: | provides a series of credit products including operating Loans for small and micro enterprises and individuals, including but not limited to accounts receivable pledged loans, guarantee insurance loans, advance payment financing, Xiao E Bao (小額寶), Easy Loan (隨心貸), Technology Loan (科技貸), Poverty Alleviation Loan, Innovation and Entrepreneurship Program Loan and other series of operating loan products. |
| Life-spending: | grants personal consumption loans to natural persons, which can be used to purchase houses or cars, or for travel, shopping, etc. and are available for application and repayment in a convenient way at any time. |
| Credit-spending: | grants small loan products that can be used for production, operation, and consumption to natural persons and small and micro business owners with good credit standing. |

Case:

In cooperation with the leasing companies, the Bank released the “Life-spending – Personal Car Rental Loan” in February 2017 to innovate product process, streamline customer data and focus on managing substantial customer risks, to solve financial problems for customers with car rental needs. As at the end of December 2017, a total of RMB142 million was granted to more than 1,100 individual customers. In 2017, the Bank’s personal car rental loan business was granted the award of “2017 Best Financial Innovation Banking for Vehicles”.

Reducing Financing Costs

In order to implement the Notice of National Development and Reform Commission and China Banking Regulatory Commission on Cancellation and Suspension of Charges for Certain Basic Financial Services of Commercial Banks (國家發展改革委中國銀監會關於取消和暫停商業銀行部分基礎金融服務收費的通知) (Fa Gai Jia Ge Gui [2017] No. 1250), the Bank issued the Notice on Cancellation of Charges for

III. SERVING THE DEVELOPMENT OF LOCAL ECONOMY THROUGH INCLUSIVE FINANCE (Continued)

Certain Basic Financial Services of the Bank (關於取消我行部分基礎金融服務收費的通知) (Zheng Yin Fa [2017] No. 36) to cancel or suspend certain basic financial service charges, further define and regulate enterprise-related business service charges, reduce users' burdens. It effectively alleviated the "Difficulty and High Cost of Obtaining Financing", continuously improved the quality and efficiency of financial services provided to small and micro enterprises and optimized the development environment for the real economy.

Supporting technological innovation enterprises

In order to increase credit support for small and medium-sized technology companies in Henan Province and provide financial services for technology companies, the Bank has developed the "Technology Loan" product which is mainly targeted at enterprises in the pool of small and medium-sized technology-based enterprises of Henan Province. Under the guidance of technology credit reserve mechanism of the Department of Science and Technology of the Henan Province for technology companies, the product is provided with physical assets as collateral or by way of credit and has a high mortgage multiple yet at a mortgage or pledge rate not higher than 30% of the loans for those providing physical assets as collateral, which effectively promotes the development of innovative enterprises and technology startups.

Case:

A technology company in Zhengzhou is specialized in the research, production, sales, and technical services of modern agricultural equipment and supporting agronomic (craft) technology for characteristic crops and focuses on investment in scientific and technological innovation as well as research and development. The company was at the stage of business expansion and short of liquidity. Therefore, the Bank broke the traditional model with stress on mortgage and guarantee and, in May 2017, issued a "Technology Loan" of RMB7 million to the company, which solved the financing difficulties for the company, reduced the cost of corporate financing, and provided impetus for the sound development of the company.

3.3 SUPPORTING RURAL REVITALIZATION

In order to meet the demand of rural economic organizations for the convenience of financial services, the Bank optimized the distribution of its service outlets and continued to increase investment and construction of county sub-branches across the province, to gradually improve the layout in regions with poor financial services in the province. As at 31 December 2017, the Bank had initiated the establishment of seven Zhengyin County Banks. In 2017, the Bank newly established 13 county sub-branches and thus a total of 42 county sub-branches had been set up to support nearly a thousand local agriculture-related enterprises, covering farming, processing, slaughtering, gardening, grain and oil, etc., which effectively promoted the economic development of local rural areas.

III. SERVING THE DEVELOPMENT OF LOCAL ECONOMY THROUGH INCLUSIVE FINANCE (Continued)

In order to support the adjustment of agricultural structure in Henan Province and satisfy the financing needs of agriculture-related enterprises and farmers, the Bank has carefully designed a service process for “Three Rural Sectors” and proactively explored mortgage of land management rights, shop operation rights, land lease property operation rights, pledge of warehouse receipts of agricultural products and other new guarantee methods. The Bank continuously developed agriculture-related financial products including Account receivables pledged loans of the Credit Reference Centre of the People’s Bank of China (“CRC”) (中徵應收賬款質押貸款), Producers-Traders Bank Loans (廠商銀貸款), etc., proactively promoted the development of production and management of high quality cattle, poultry and other agricultural products and supported a group of well-known agricultural enterprises and brands. As at the end of 2017, the Bank served 38 projects in “Three Rural Sectors”, representing an increase of 14 as compared with the end of the previous year; the balance of loans for the “Three Rural Sectors” amounted to RMB2,749,200, which was basically flat with that at the end of the previous year.

Case:

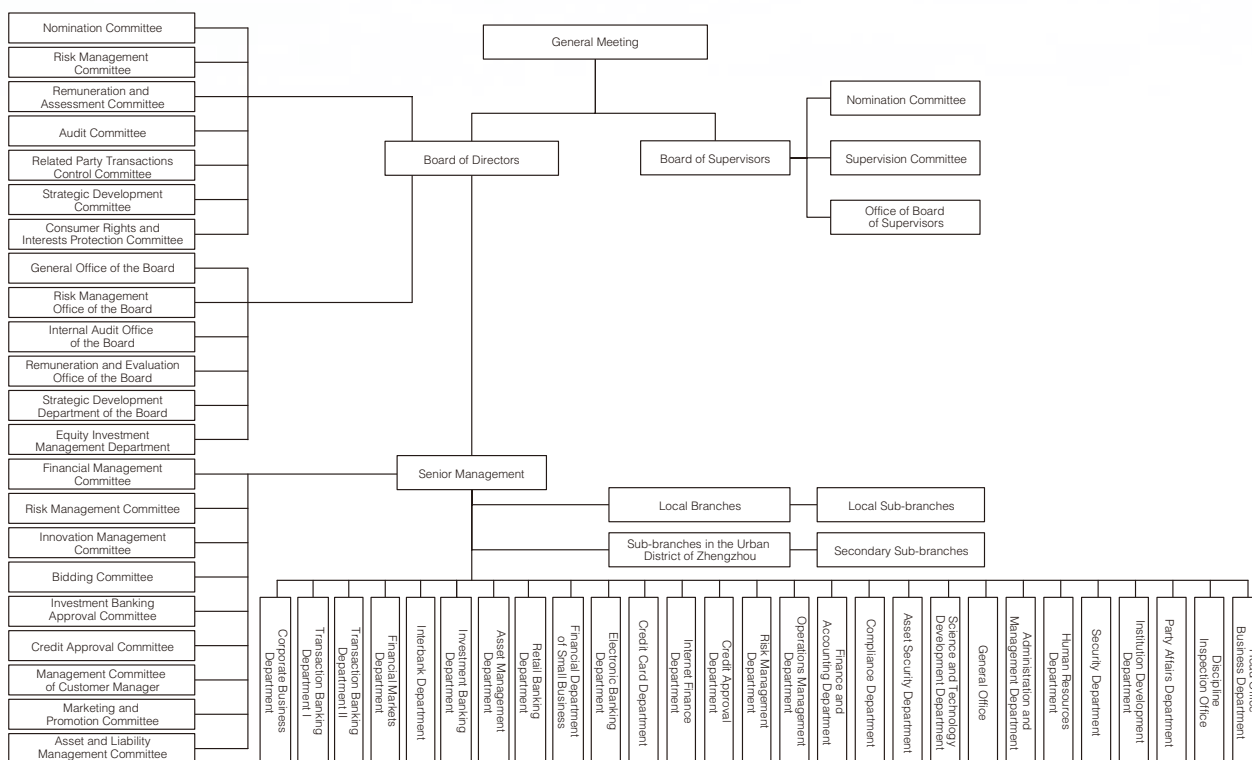
An agricultural development company is mainly engaged in three businesses, i.e. feed production, breeding and incubation, and slaughtering and processing. It is one of the top 100 enterprises in the food industry in China and the top 50 companies in the meat industry in China. With advantages in terms of brand, process, technical equipment, scale and industry, the company has contracted with farmers with rich breeding experience in relation to provision of ducklings and feed and recovery of ducks after passing quarantine inspection. The ducks are put into the market after further processing. This “Company + Farmer Households” model effectively stimulates the development of the local rural economy. The Bank’s inspection team has inspected the company and its upstream farmers’ farms several times to investigate the actual needs of farmer households and farmers, and improve the quality of services for the “Three Rural Sectors”. The Bank has extended credit of RMB300 million to the company for three consecutive years.



IV. FINANCIAL RISK PREVENTION AND SOUND AND COMPLIANCE-BASED OPERATION

4.1 IMPROVING CORPORATE GOVERNANCE

Company Structure



Note: After the reporting period, as considered and approved at the 2018 first extraordinary meeting of the 5th session of the Board of Directors, it was resolved to rename the Loan Approval Department as Credit Approval Department, establish the Credit Extension Management Department, merge the Interbank Department into the Financial Market Department and adjust the duties of the departments accordingly.

The Bank has been committed to high standards of corporate governance. In accordance with both the domestic and overseas corporate governance requirements, the Bank has established a sound corporate governance system in which the duties of the general meeting, the Board, the Board of Supervisors and senior management are clearly defined and operated separately, and with effective check and balance in place to ensure efficient coordination and scientific decision-making, thereby fully protecting the interests of Shareholders and enhancing corporate value. As at the end of the reporting period, the Board of Directors of the Bank consisted of a total of 15 members, with three executive Directors, seven non-executive Directors and five independent non-executive Directors. The Board of Supervisors consisted of eight Supervisors, three for each of shareholder Supervisors and employee Supervisors and two external Supervisors.

IV. FINANCIAL RISK PREVENTION AND SOUND AND COMPLIANCE-BASED OPERATION (Continued)

During the reporting period, one annual general meeting, one domestic shareholders class meeting and one H shareholders class meeting were held by the Bank with 22 resolutions, two resolutions and two resolutions considered and approved, respectively.

During the reporting period, a total of 10 meetings of the Board of Directors were held, at which 66 resolutions were considered. There are seven special committees under the Board of Directors, namely Strategic Development Committee, Risk Management Committee, Related Party Transaction Control Committee, Audit Committee, Nomination Committee, Remuneration and Assessment Committee, and Consumer Rights and Interests Protection Committee. A total of 18 meetings were held by the committees.

During the reporting period, six meetings of the Board of Supervisors were held, at which 18 major resolutions were considered. The Nomination Committee and the Supervision Committee under the Board of Supervisors held 5 meetings in aggregate.

4.2 STRENGTHENING RISK MANAGEMENT AND CONTROL

Embedding overall risk management into its business philosophy, the Bank always strives to enhance its risk management capacity through improving the organizational structure of risk management, optimizing risk management and control measures and developing a risk and compliance culture. Acting on the principle of “Balancing Risk and Return and Combining Control and Efficiency”, the Bank adopts scientific risk management techniques and methods on the basis of its prudent risk management procedures and rules and applies innovative risk management tools and models, so as to ensure its overall risk exposure is within the acceptable scope and in line with its general goals.

In respect of credit risk, the Bank has built a credit risk management infrastructure to cover its entire credit business processes, a unified authorisation and credit extension management system for the whole bank with established policies and procedures to identify, measure, assess, monitor, report, control or mitigate credit risks. With a primary focus on capability building, the Bank has optimized its credit risk limit system and credit risk warning system, and established a unified credit approval committee, so as to improve its credit risk management in an all-round way.

In respect of market risk, the Bank has identified and prioritized risk sources, defined the scope of risk control, built an embedded market risk management model covering the whole process of business, and developed an atmosphere that all employees participate in market risk management through strengthening the joint actions of the front, middle and back offices.

IV. FINANCIAL RISK PREVENTION AND SOUND AND COMPLIANCE-BASED OPERATION (Continued)

In respect of operational risk, the Bank, keeping a close eye on risk status, has formulated an operational risk management framework which is based on the “Three Lines of Defense” with a focus on “Dual-reporting System and Prevention through Inspection”, introduced external data service, strengthened authorization for daily supervision, and continuously promoted the establishment of a long-acting mechanism for case prevention. Thanks to the adoption of the above measures, the Bank has been able to effectively manage operational risk.

In respect of liquidity risk, the Bank has implemented centralized cash flow management and position limit management supplemented by a reporting system for large fund flows, established a fund transfer pricing mechanism, strengthened the monitoring of liquidity indicators and conducted stress tests on a regular basis to optimize its liquidity risk alert system and emergency procedures and to improve its capability to cope with any liquidity emergency.

4.3 OPERATING IN COMPLIANCE WITH LAWS AND REGULATIONS

In accordance with the requirements of the Internal Control Guidelines for Commercial Banks and the Internal Audit Guidelines for Commercial Banks, the Bank established a systematic internal control management system and an independent and vertical internal audit management system. In terms of the construction of the internal control system, according to the needs of business development and the updates of laws and regulations, the Bank constantly reviewed its rules and systems to ensure timely amendment, supplement, and improvement. Based on the assessments on its existing rules and systems, the Bank carried out targeted formulation, amendment and abolishment of some rules to optimize system process and strengthen risk prevention and control measures. As to internal audit, adhering to the principles of independence, objectivity and materiality, the internal audit department of the Bank established overall planning of internal audit and annual work plan of the Bank, made arrangements for and implemented the audit of various business activities, operations and financial obligations of key staff members of the Bank during their tenure of service; inspected and evaluated the implementation of laws, regulations and rules, and suggested improvements to the management. In terms of internal control evaluation, the Bank evaluated its internal control system regularly, conducted self-diagnosis and risk review continuously, objectively assessed existing problems and weaknesses and put forward rectification measures and recommendations on governance, thereby strengthening the execution of its internal control system and promoting the effective operation of internal control system.

IV. FINANCIAL RISK PREVENTION AND SOUND AND COMPLIANCE-BASED OPERATION (Continued)

Anti-money laundering

In order to improve the Bank's work mechanism for anti-money laundering, adapt to regulatory requirements and effectively combat and prevent money laundering crimes, in 2017, in accordance with the Anti-Money Laundering Law of the People's Republic of China, the Anti-Terrorism Law of the People's Republic of China, the Provisions on Anti-Money Laundering through Financial Institutions, the Administrative Measures for the Reporting of Large-value and Suspicious Transactions by Financial Institutions and other laws and regulations, the Bank reviewed its existing internal control rules for anti-money laundering in an all-round manner, revised the Administrative Measures for Anti-money Laundering of the Bank of Zhengzhou, and the Reporting Procedures on High-value Transactions and Suspicious Transactions of the Bank of Zhengzhou, and newly set down the Administrative Measure of the Bank of Zhengzhou for Freezing Assets Involved in Terrorist Activities, the Rules for Confidentiality Management of Anti-money Laundering of the Bank of Zhengzhou and the Anti-Money-Laundering Investigation Implementation Details of Zhengzhou Bank, further improving the internal control system of the Bank and enhancing the effectiveness of anti-money laundering and anti-terrorist financing. Furthermore, the Bank consistently improves its business system by further exploring models of automatic monitoring of suspicious transactions, updating and optimizing the rating indicators as well as strengthening team building, proactively carries out anti-money laundering campaign in various ways and devotes greater efforts to guarding against the risks of money laundering.

Case:

In September 2017, the Bank carried out a financial literacy campaign at Zhengzhou Normal University, in which our staff disseminated and explained finance-related laws and regulations and how to prevent financial fraud and fight money laundering by way of on-site publicity, distributing pamphlets and giving finance lectures to college students, with a view to improving the students' awareness and enhancing their financial literacy and self-protection capability. In particular, college students were warned about the dangers of high-interest campus loans, and were advised to live within their means and restrain from excessive spending. Moreover, typical cases of money laundering were explained to unveil the common methods of money laundering and the material adverse impact on society, so as to reinforce the consciousness and abilities of teachers and students to identify and prevent money laundering activities.



IV. FINANCIAL RISK PREVENTION AND SOUND AND COMPLIANCE-BASED OPERATION (Continued)

Combating corruption and upholding integrity

In 2017, the Bank carried out various activities in relation to work styles and anti-corruption. In respect of internal rules and systems, a mechanism for assessing the construction of the Party's conduct and integrity was established, the results of the appraisal serve as an important reference for annual appraisal of advanced and excellent workers and for the appointment and dismissal of cadres. The Implementation Measures for the Party's (the Bank's) Conduct and Integrity Construction (Trial) (黨風(行風)廉潔建設實施辦法(試行)) was formulated to further strengthen the awareness of responsibility of the leading cadres for the construction of the Party's conduct and integrity, and the awareness of honesty of all employees. In terms of ideology, the Bank focused on anti-corruption education, holding cautionary education, themed Party classes, seminars and lectures on honest conduct. In terms of behaviors, supervision over the behaviors of employees was strengthened. Specifically, regular conferences were convened for mid-level management officers to report on their own integrity and self-discipline, and the behaviors of employees, both on and off duty, were subject to inspection. Furthermore, special actions were taken to stamp out illicit accounts known as "Little Coffers" and use of public funds to buy high-end liquor, and inspect staff's conduct during holidays, etc.

The Bank has also released to the public and its employees certain reporting channels, including post box, telephone number and email address, through media and all workplaces. After receiving questions and leads reported by the general public, the working staff will report to the senior management and the supervisor discipline inspection authorities according to the reporting procedures. For questions and leads requiring direct investigation, it will be completed and responded to the informer within 60 days. The Discipline Inspection Office accepts reporting or verifies the conditions with informers and it shall keep confidential and shall not disclose the identity of informers. During the reporting period, the Bank was not involved in any corruption lawsuit.

Protecting intellectual property rights

The Bank pays great attention to the protection of intellectual property rights. On the one hand, it has statistically sorted out and kept a record book for registrations and applications of trademarks, patents and copyrights, so as to dynamically monitor the matters concerning the applications and registrations. On the other hand, the Bank re-formulated the Measures for Intellectual Property Management of the Bank of Zhengzhou (鄭州銀行知識產權管理辦法), renewed the contracts relating to agency services and use of intellectual property, and standardized other relevant rules for intellectual property management, so as to prevent intellectual property rights infringement and potential risks of negative media coverage and litigation. In addition, trademark consultancy and agency procedures were standardized by setting up a system for quarterly settlement and reporting, maintaining trademark records and strengthening trademark monitoring, thereby preventing infringement of the trademarks of the Bank.

IV. FINANCIAL RISK PREVENTION AND SOUND AND COMPLIANCE-BASED OPERATION (Continued)

4.4 SAFEGUARDING SHAREHOLDERS' INTERESTS

The Bank always highly values communication with its shareholders. It promptly responds to any request from its shareholders, and enhances communication and exchange with its shareholders through a variety of forms and channels such as general meetings, road shows, press releases, as well as official websites, emails and telephone contacts, thereby increasing mutual understanding and interaction. Furthermore, the Bank listens to the opinions, complaints and demands of minority shareholders and effectively safeguards their interests.

The Bank has constantly improved the promptness, accuracy and completeness of its information disclosure in accordance with the Listing Rules and the Measures on Information Disclosure of Commercial Banks (商業銀行信息披露辦法). In addition, the Bank developed the Management Measures for Information Disclosures (鄭州銀行股份有限公司信息披露管理辦法) to regulate its information disclosures. In 2017, the Bank made information disclosures and prepared periodical reports in a timely and compliant manner, with a total of 52 announcements and notices published simultaneously on the website of The Stock Exchange of Hong Kong Limited and the website of the Bank.

V. IMPROVING SERVICE QUALITY AND DEVELOPING CITIZEN FINANCE

5.1 OPTIMIZING CUSTOMER EXPERIENCE

In 2017, the Bank earnestly applied the guiding principles of the Banking Association in respect of civilized standard services, adhered to the business philosophy of “Customer Focus”, constantly improved its service management structure, innovated service evaluation model, unified bank outlet service arrangement, intensified service learning and training, streamlined customer service process and extended cultural connotation of service, thereby enhancing the Bank’s service brand influence and social reputation.

- **Strengthening management and cultural guidance.** The Bank attached great importance to customer service, and regarded quality service as the key point of work throughout the year persistently. At the same time, it extensively conducted ideological and political, professional ethics and service awareness education, as well as the selection of quality service demonstration branches and service model. It has further improved the quality of the services among its outlets through the combination of the “Service with Heart and New Spirit” service etiquette contest and the creation of outstanding models.
- **Further enhancing outlet arrangement.** In 2017, the Bank continued to optimize the layout of its outlets by means of addition, reconstruction and expansion of outlets to facilitate customers’ access to its services. A leadership team for the arrangement of Bank of Zhengzhou outlets was established, and a manual of decoration and design standards for bricks-and-mortar outlets of Bank of Zhengzhou was formulated to optimize division of outlet functions, standardize outlet logo and unify decoration and asset allocation standards, thereby elevating the image of outlets.
- **Optimizing counter process step by step.** In 2017, the Bank launched the project of paperless counter service and electronic seal, and established professional, intelligent, and convenient banking outlets. Through centralization and break-down of business processes, specialized division of work among front and back offices, systematic risk control measures and potential improvement of customer experience, it built a bank-wide centralized operating platform and improved its overall operational level.

Case:

In 2017, the Bank’s Luoyang Branch, Xingyang Sub-branch, and Shangding Road Sub-branch, thanks to their efforts to improve overall customer experience through enhancement of service environment, improvement of facilities and equipment arrangement and functional service areas, standardization of service system files, centralized service personnel training and implementation of deficiency monitoring and follow-up and rectification measures, were recognized for the site acceptance and unannounced

V. IMPROVING SERVICE QUALITY AND DEVELOPING CITIZEN FINANCE (Continued)

visits by Henan Banking Association and China Banking Association and honored as “Five-star Outlets for Civilized and Standardized Service in China’s Banking Industry”.



5.2 PROMOTING PRODUCT INNOVATION

The Bank is always concerned about community livelihood and adheres to the service philosophy of “Growing in Central Plains Region and Contributing to Community”. It continues to develop featured financial products to meet customers’ needs for financial services. The Bank keeps pushing ahead with the comprehensive upgrading of bank cards and progressively expands the application of bank cards in the public service sector. So far, the Bank has developed a series of financial IC card applications that are closely related to the public’s life. Adhering to its market positioning as a bank for residents, the Bank continuously develops intermediary services that benefit the public, and actively expands online banking, telephone banking, mobile banking and other service channels to enable one-stop public utilities payment. On the basis of serving the public, the Bank sticks to the market positioning of “Good Wealth Management Butler for Citizens”, focuses on the needs of the citizens to maintain and increase the value of their assets, and continuously strives to raise its wealth management capability and standards.

V. IMPROVING SERVICE QUALITY AND DEVELOPING CITIZEN FINANCE (Continued)

Exclusive card for businesses

In 2005, the Bank and Henan Changtong Logistics Co., Ltd. (河南長通運輸有限公司) jointly issued the “Shang Tong Card”, which is the first of its kind in China, integrating payment, consumption, settlement and comprehensive financial management with all features of the debit card of Bank of Zhengzhou and the “Changtong Association” membership card of Henan Changtong Logistics Co., Ltd. Such cards are issued to the customers of Henan Changtong Logistics Co., Ltd. The Bank was awarded the “Best Logistics Bank” in China for the issuance of the “Shang Tong Card”.



Financial management butler

The Bank designed exclusive financial products for payroll customers who prefer stable investment and have low to medium risk appetite. Customers can enjoy differentiated revenues, which has broadened the Bank’s investment channels for payroll customers and further satisfied the needs of these customers for investment and wealth management.

Smart acquiring

In 2017, the Bank, by taking “Internet + Tourism” as the core, launched the “Smart Scenic Spot” acquiring business, along with the promotion of smart resorts and smart tourism markets. It provided intelligent payment collection features for the tourism industry to satisfy the needs of daily multi-channel ticket sales, smart parking payment and cashless shopping, which effectively improved the management efficiency and service quality of scenic spots.

V. IMPROVING SERVICE QUALITY AND DEVELOPING CITIZEN FINANCE (Continued)

5.3 EXPANDING SERVICE CHANNELS

Outlets

Description of outlets	2017	2016
Business outlets	166	142
New business outlets in the year	24	25
Community branches and small & micro branches	19	17

Case:

On 25 October 2017, Yanshi sub-branch, East Zhongzhou Road sub-branch and South Qiming Road sub-branch of Luoyang Branch of Bank of Zhengzhou were opened on the same day, which was an important move taken by the Bank to develop in Luoyang and serve the local economy, as well as another commitment of the Bank to serve the real economy and develop inclusive finance. An opening ceremony was held for the Yanshi Sub-branch, the first county sub-branch of Luoyang Branch in Luoyang.



V. IMPROVING SERVICE QUALITY AND DEVELOPING CITIZEN FINANCE (Continued)

Self-service equipment

In 2017, the Bank launched cash self-service equipment IC card, Apple pay non-contact deposit and withdrawal, cash self-service equipment wealth management business, smart counter paperless signature and pre-filling form features, as well as the addition of a number of e-banking sign-up and cancellation of contract initiatives. At the end of the reporting period, the Bank had 153 intra-branch self-service outlets, 161 non-intra branch self-service outlets, and a total of 1,461 self-service banking facilities, including 26 outlets and 170 self-service facilities newly set up in 2017. The total number of cash deposit and withdrawal transactions was 10,291,200, with aggregate transaction amount totaling RMB20,312 million, satisfying the business needs of customers such as cash withdrawals, inquiries, and bill payment and improving customers' experience.

Case:

The Bank-Rail Connect (銀鐵通) achieved a cross-sector "collision" between the Bank's ATM and train ticket vending machines. It is a successful attempt in the Bank's drive to build itself into a bank dedicated to serving citizens and in line with the actual situation of Zhengzhou as a national transportation hub. Customers can make cash deposits and withdrawals, purchase train tickets, and collect tickets and other services at the Bank-Rail Connect facilities to avoid peak passenger flow at train stations. As of the end of 2017, the Bank has released 38 sets of Bank-Rail Connect equipment within the city of Zhengzhou, and sold 3,766 tickets, which not only served the citizens of Zhengzhou but also generated a good reputation for the Bank of Zhengzhou.



Intelligent POS

In 2017, the Bank energetically developed receipt and payment channels and formally provided customers with intelligent POS products, which, in addition to the original swiping functions of UnionPay cards, added new features including payment by scanning the QR code of UnionPay, WeChat, Alipay and Ding Rong Yi (鼎融易) to improve customer experience. At the end date of the reporting period, the Bank has issued a total of 2,066 POS terminals. Most of the customers are in the downtown business district or the vicinities of business markets, which ensured diversified receipt services for merchants.

V. IMPROVING SERVICE QUALITY AND DEVELOPING CITIZEN FINANCE (Continued)

5.4 PROTECTING CUSTOMERS' RIGHTS AND INTERESTS

The Bank has formulated the Administrative Measures on Handling of and Punishment for Violations of Prohibitions, Rules and Disciplines by Staff (員工違禁違規違紀處理與處分管理辦法), which stipulates that no employees' behavior shall damage the rights and interests of customers so as to protect customer information and financial security. The Bank has improved its customer complaints mechanism, streamlined complaint channels, solved problems for customers promptly and improved service quality.

Protecting customers' information

The Bank attached great importance to protecting customers' information and safeguarding the safety of customers' financial information. It strictly complied with the Implementation Rules of the People's Bank of China regarding Protection of Interests of Financial Consumers and the Guidelines on the Protection of Banking Consumer Rights and Interests, established and improved its relevant internal control mechanism, systems and management mechanism and designated special staff to be responsible for the protection of individual financial information. While continuously improving the inspection, freezing and deducting systems and strictly following the operation procedures, the Bank strictly kept the information about the identity, account and trading of customers confidential and implemented strict restrictions on the qualification of relevant business staff to enhance the management and control over the disclosure of individual information of financial consumers. Based on the Administrative Measures on Handling of and Punishment for Violations of Prohibitions, Rules and Disciplines by Staff, employees violating relevant confidentiality rules and systems deliberately or by mistake will be given a demerit on their record or even dismissed.

Properly handling customer complaints

In 2017, the Bank supplemented and revised the original Rules for Handling Customer Complaints to further clarify the definitions and standards of valid and invalid complaints, emphasizing the handling of complaints and efficiency of problem-solving, highlighting job responsibilities, and encouraging performance of duties for strict and prompt resolution. In accordance with the pilot requirement of CBRC's complaints classification standards, the complaint management system has been upgraded for optimization. During the reporting period, all kinds of complaints to the Bank have been properly settled, and the complaints related to the business process or product defects of the Bank have been promptly fed back to the relevant departments for modification and improvement. In 2017, the Bank received a total of 160 customer complaints, of which 159 were made through the telephone channel and one was made through other channels. All customer complaints have been properly resolved.

V. IMPROVING SERVICE QUALITY AND DEVELOPING CITIZEN FINANCE (Continued)

Anti-counterfeit money campaign

The Bank carried out diversified anti-counterfeit money publicity activities and amplified publicity effect through innovative means. By means of posters, on-site information desk on anti-counterfeit banknotes, distribution of publicity materials and video playback, dissemination of counterfeit currency knowledge via the internet and cooperation with third-party companies to expand the target audience, the Bank informs the public about basic knowledge of anti-counterfeit RMB and enhances their awareness and ability to avoid falling victims to counterfeit money frauds.

Case:

During the “May 15 Publicity Day for Combating and Preventing Economic Crimes” in 2017, the Bank’s staff, by setting up publicity boards, distributing leaflets, giving promotional gifts and offering consultation about RMB, informed the public on site to learn the anti-counterfeiting features of genuine banknotes, means of counterfeiting by criminals, process of collecting counterfeit banknotes, and how to exchange damaged or defaced RMB, which enhanced the public’s awareness and ability to identify counterfeit banknotes and guard against counterfeit money frauds.



VI. FOCUSING ON HUMANISTIC CARE AND INCREASING EMPLOYEE VALUE

6.1 BUILDING “HOME OF STAFF”

In 2017, the Bank enhanced its records of employees in distressed circumstances by enriching it with information about the family life of the relevant employees and giving it dynamic management. What's more, a dedicated fund was set up for staff aid. For the whole year 17 distressed employees received reliefs amounting to RMB115,000 in total from Zhengzhou Charity Federation with the assistance of the Bank in their applications therefor, two employees received donations amounting to RMB150,000 from other employees of the Bank. The Bank bought mutual insurance and serious illness insurance for all employees, and 13 employees had RMB35,320 reimbursed for expenses incurred for serious illnesses and accidental injuries. 27 condolence visits were paid to employees losing immediate family members, costing the Bank RMB34,000; 25 visits were paid to female employees who had just given birth, costing the Bank RMB12,500; 80 visits were paid to those just demobilized and transferred to other posts from military service.

Case:

On 19 January 2017, Zhao Lijuan, Chairman of the Board of Supervisors and the trade union, accompanied by Luo Lu, director of the Party-Mass work department, extended sincere condolence to 17 distressed employees at the headquarters of the Bank, giving New Year greetings, solicitude payments, food, Spring Festival couplets and other consolation goods to them. Zhao Lijuan talked with each distressed employee amiably, inquired about their living conditions in detail, encouraged them to restore confidence in life with help from the trade union, and wished that they could overcome their difficulties soon.



VI. FOCUSING ON HUMANISTIC CARE AND INCREASING EMPLOYEE VALUE (Continued)

In 2017, in an effort to improve the professional skills of the employees, enrich their spare time through culture, encourage them to participate in physical exercise, and help them relax after hard work, the Bank organized various activities such as employee sports meeting, contests for professional skills and service etiquette and the final settlement night gala on New Year's Eve, and set up an electronic library and an employee club, successfully building a happy and positive working environment.

Case 1:

In April 2017, the Bank held its fourth Employee Sports Meeting, during which the participants demonstrated their innovative and striving spirit and played out the theme of youth and fighting.



Case 2:

In October 2017, the Bank held contests for various professional skills to give the employees a platform to show their wits and skills, which contributed to creating an encouraging environment for fostering talent throughout the Bank.



VI. FOCUSING ON HUMANISTIC CARE AND INCREASING EMPLOYEE VALUE (Continued)

Case 3:

In 2017, the Bank set up and improved its electronic library and its reading-oriented WeChat Official Account to build itself into a “book-loving and culture-rich” bank. The two internet education platforms, with more than 140,000 volumes of books and periodicals available at the moment, were honored as Model Employee Libraries in Henan Province (河南省職工書屋示範點) for their enhanced accessibility and richer contents.



Case 4:

On 31 December 2017, the Bank held the New Year's Eve final settlement night gala, themed Entering the New Era and Building a Common Dream. The employees actively displayed their artistic talent and created an awesome audio-visual feast.



6.2 HELPING EMPLOYEES GROW

The Bank has formulated the Administrative Measures for the Performance Appraisal of Head Office and the Administrative Measures for Balanced Score Cards Assessment of Branches of Bank of Zhengzhou in 2017 for its head office, branches and sub-branches, respectively. The departments of the head office have formulated their respective administrative measures for the performance appraisal for internal staff in accordance with the assessment and incentive measures for the staff of the Bank as set out in the

VI. FOCUSING ON HUMANISTIC CARE AND INCREASING EMPLOYEE VALUE (Continued)

Administrative Measures for the Performance Appraisal of Head Office. The Bank has formulated the Administrative Measures for Ranking Assessment of Professional Technical Staff to provide more choices for the employees in their professional development and promotion path, strengthen the construction of a talented team, and enhance its employees' core competence and professional knowledge and skills.

Our comprehensive training system helped provide professional guidance to all levels of employees; prospective guidance is given according to their job development prospects, with an aim to increase employee value and to assist the staff to grow. Through pocket college, video conference and live teaching, the Bank offers online and offline education which provides a comprehensive and full-coverage training environment to support talent training. During the reporting period, the Bank organised and attended a total of 247 trainings on various topics and trained a total of 14,702 participants with a total cost of over RMB11.64 million. The expenditure per employee was RMB2,791, with a training coverage rate of 352.48%, and the evaluated average score for trainings was 96.06. 98.20% of the participants were satisfied with the training sessions.

Trainings in 2017

Training level	Level 1		Level 2		Level 3	
	Participants	Length of time per participant (hours)	Participants	Length of time per participant (hours)	Participants	Length of time per participant (hours)
Senior management	91	25.42	11	2.42	1	0.63
Middle management	1,598	16.56	1,700	47.99	48	1.5
Junior employees	997	21.32	10,015	44.35	241	0.89

VI. FOCUSING ON HUMANISTIC CARE AND INCREASING EMPLOYEE VALUE (Continued)

6.3 PROTECTING EMPLOYEES' RIGHTS AND INTERESTS

Category		Number	Percentage (%)	Turnover Rate (%)
Total number of employees		4,171	100	1.65
By gender	Male	1,887	45	2.01
	Female	2,284	55	1.36
By age group	Under 30 years old (inclusive)	2,371	57	1.94
	From 31 to 40 years old (inclusive)	981	24	1.54
	From 41 to 50 years old (inclusive)	727	17	0.94
	Over 50 years old	92	2	—
	Within Henan Province	4,171	100	1.65
By education level	Associate degree	489	12	—
	Bachelor degree	3,018	72	—
	Master degree and above	574	14	—
	Others	90	2	—
New employees		531	13	—
Employees from ethnic minorities		56	1	—

The Bank treats its employees equally, regardless of their ethnicity, sex, religion and cultural background. We adhere to our policy of fairness and non-discrimination in every aspect such as employment, training, salary, career development and promotion. The Bank carefully implemented the requirements of the relevant laws and regulations in the PRC such as the Labour Law and the Labour Contract Law and improved the employment system. It has signed labour contracts with employees after negotiation in accordance with the law to specify the rights and obligations of the Bank and employees. During the reporting period, the Bank did not employ child labour and forced labour.

VI. FOCUSING ON HUMANISTIC CARE AND INCREASING EMPLOYEE VALUE (Continued)

The Bank has conscientiously implemented the national policies and requirements in respect of remuneration and benefits and established the Remuneration Management Measures. The Bank paid employees' wages fully and timely. It also has strictly complied with the obligations required in the Social Insurance Law and Regulations on Management of Housing Provident Fund and timely and fully made contributions to the social insurance and housing provident fund for its employees. Also, in accordance with the relevant national policies, the Bank has established a system including a corporate annuity, supplementary medical insurance and other supplementary protection and gradually built a multi-level pension and medical protection system to effectively meet the diversified needs of its employees.

According to the relevant provisions of the Labour Law of the PRC, the Bank has strictly complied with the requirements of working hours. The Administrative Measures of Bank Staff of Bank of Zhengzhou stipulates the holiday arrangement of its staff. The Bank has provided its employees with regular body check-ups and its female employees with the required protection in accordance with the laws and regulations. The Bank has arranged regular safety checks of its workplace locations by specified personnel to eliminate security risk.

The Bank has set up proper reporting channels so as to get feedback from junior employees in a timely manner. Junior employees can communicate with the senior management on the intranet cloud workspace. The employees can report to the senior management and the Discipline Inspection Office through an online complaint box on the website of the Bank, email address, telephone number and the complaint boxes equipped in the washrooms on each floor of the headquarters.

VII. PRACTICING GREEN DEVELOPMENT AND PROTECTING ECOLOGICAL ENVIRONMENT

7.1 DEVELOPING GREEN CREDIT

In accordance with the requirements of the “Circular on Issuing Key Performance Index (KPI) for Green Credit Implementation by the General Office of the China Banking Regulatory Commission” (Yin Jian Ban Fa [2014] No. 186), the Bank established its Green Credit Committee and the Green Credit Team in each branch to organize, plan and implement the overall green credit policy of the Bank. The Bank formulated the “Green Credit Strategy for Bank of Zhengzhou”, which identified its development objectives, industry trend, risk management and process management.

The Bank has been deepening the implementation of the strategic arrangements of the central government on green finance. Shouldering the responsibility on the coordinated development between regional economy and resources and environment and with sustainable development as the core value, the Bank actively assumes social responsibilities and firmly establishes the concept of green credit to enhance the initiative and consciousness of green finance. The Bank strictly controls its loans advanced to industries with high pollution, high energy consumption and overcapacity and improves the proportion of green credit programs of the Bank to effectively adjust its credit granting structure. As at the end of 2017, the balance of loans to industries with high pollution, high-energy consumption and overcapacity amounted to RMB2,812 million, representing a decrease of RMB298 million from the beginning of the year. The balance of green credit loans of the Bank amounted to RMB910 million, representing an increase of RMB267 million from the beginning of the year. RMB4,643 million were used in serving green development, representing an increase of RMB1,427 million from the beginning of the year.

Case 1:

The Bank provided credit loans of RMB20 million to a sewage treatment plant in Luoyang City for sewage treatment and recycling in December 2017. The sewage treatment plant has a daily sewage treatment capacity of 5,000 tons and its daily treatment capacity will increase to 10,000 tons in the long term. It has established a pipeline network of 46 kilometers with a tube diameter of over 300 mm. The plant treats sewage from villages in Pingdeng Town and Minggao Town and serves a population of nearly 70,000. Its effluent water quality meets the national Grade IA standard. It has significantly improved the surrounding waters environment and played a crucial role in treating water pollution and protecting the water quality of local waters and ecological balance.

VII. PRACTICING GREEN DEVELOPMENT AND PROTECTING ECOLOGICAL ENVIRONMENT (Continued)

Case 2:

A passenger car company with limited liability in Henan Province is principally engaged in the manufacturing, selling, serving, importing and exporting of passenger cars and components. It currently has three purely electric vehicles ranking in the “Catalogue of Types of Recommended Vehicles for the Demo Project of Energy Conservation and New Energy Vehicles” (節能與新能源汽車示範推廣應用工程推薦車型目錄) of the Ministry of Industry and Information Technology (MIIT) with an average mileage of 300 kilometers and an annual capacity of 1,000 units. The Bank granted credit loans of RMB40 million to the passenger car company with limited liability in September 2017 to provide credit support to the manufacturing of complete new energy vehicles of the enterprise.



7.2 PROMOTING GREEN SERVICES

Focusing on the target of “Fully Creating New Development and New Pattern with New Orientation, New Ideas and New Initiatives”, the Bank vigorously promoted the management and development of electronic banking business with innovation in management methods and product channels as drivers.

The Bank launched the mobile banking for enterprises in 2017, which introduced various functions including checking enterprise account balance and details, transfer, certificates of deposit purchase, time deposit and current deposit conversion and wealth management products purchase. It further expanded the services of the mobile banking of the Bank and the customer groups. Meanwhile, the Bank cooperated with Zhengzhou All-in-one Card Company (鄭州一卡通公司) and developed a convenient payment program for public transportation, which binds debit card and credit cards to their Green Town Pass (綠城通) electronic accounts and achieves recharge and payment functions.

VII. PRACTICING GREEN DEVELOPMENT AND PROTECTING ECOLOGICAL ENVIRONMENT (Continued)

The Bank launched over 20 new functions to telephone banking in 2017, including the limits on ATM cash withdrawal and POS transactions, the revocation of ATM transfers within 24 hours, the revocation of next-day receipt through smart counters or easy payment terminals, 36 or 60 installments for credit cards, supply of recent 24 electronic bills for credit cards. In addition, it actively initiated the establishment of the outbound call marketing system and consistently improved the outbound call marketing system to build a closed-loop management model with the integration of demand development, marketing design and results analysis. During the reporting period, the manual connection rate improved 16.45% and the satisfaction after calling jumped 0.24% compared with last year.

Category	As at 31 December 2017			2017			
	Number of	New	Year-on-year	Number of	Year-on-year	Transaction	Year-on-year
	customers	customers	growth rate	transactions	growth rate	amount	growth rate
	(10,000 accounts)	(10,000 accounts)	(%)	(10,000)	(%)	(RMB100 million)	(%)
Online banking	72.86	29.27	79.68	418.88	3.63	5,726.48	59.74
Mobile banking	75.62	31.33	33.66	296.23	91.80	554.41	243.67
WeChat banking	48.57	39.65	148.12	–	–	–	–

VII. PRACTICING GREEN DEVELOPMENT AND PROTECTING ECOLOGICAL ENVIRONMENT (Continued)

Internet-based financial service platform

The Bank innovates the models of asset businesses and integrates the traditional financial industry with the spirit of the Internet to vigorously develop platform-based finance. It successfully introduced the “Open, Equal, Cooperative and Sharing” spirits of the Internet into financial services. With the Internet, mobile Internet and other instruments, the Bank brought various new features to the traditional financial business, such as higher transparency and participation, better coordination, lower intermediary cost and more convenient operation.

The Internet-based financial service platform “Ding Rong Yi (鼎融易)” of the Bank consistently sped up in self-transformation and introduced diversified financial services, life services, social eco-system as well as other Internet financial service functions and application scenarios to fully enhance the Internet financial service capacity and inclusiveness of the Bank. As at the end of 2017, the total number of Ding Rong Yi customers reached 303,900, with a total transaction amount of RMB34,721 million through electronic accounts. Wealth management business recorded an amount of RMB16,702 million while the amount of loans reached RMB1,616 million.

Case 1:

The Bank introduced “Universal Payment (通用繳費)” products into the Ding Rong Yi platform in the second half of 2017. It provides convenient online payment services to convenient service agencies as well as small and medium enterprises and allows customers or merchants with a need to collect payment in a concentrated manner such as tuition fees, property management fees, membership fee of unions, party fees and professional market rent collection and to charge fees online on specific occasions. As at the end of 2017, it has signed contracts with a total of 35 universal payment merchants, including 7 schools and one non-taxation agency, and provides contracted merchants with full online payment processes. It recorded a total of 19,900 online payments with a total payment amount of over RMB20.75 million.

Case 2:

“QianBaocar (錢包好車)” refers to personal consumption loans with vehicles as the collateral or pledge conducted by QianBaocar and the Bank of Zhengzhou. Based on the promotion of QianBaocar, customers can directly make applications on the QianBaocar platform and the Bank will extend loans online directly. As at the end of December 2017, the Bank extended a total of RMB630 million QianBaocar loans and the balance of loans amounted to RMB616 million.

VII. PRACTICING GREEN DEVELOPMENT AND PROTECTING ECOLOGICAL ENVIRONMENT (Continued)

Case 3:

The Bank cooperated with Tencent and introduced “Micro Happy Installment (微樂分)”, through which Tencent provides the platform to contact customers and the Bank and Tenpay Online Small Loans Co., Ltd. (財付通網絡小額貸款有限公司), a company under Tencent, extend small loans as partners in joint loans. Based on the promotion on the WeChat platform, it selects customers on the whitelist and offers credits. Customers can make applications directly on WeChat and it is featured with convenient application and flexible repayment. The Bank extended total loans of RMB2,478 million in 2017 and the balance of loans amounted to RMB1.2 billion as at the end of the year.

7.3 ADVOCATING LOW-CARBON OPERATIONS

In 2017, the Bank completed the establishment of the automatic control and management system for the office building. The system can control and manage systems on areas such as refrigeration, loop pump room, air conditioning, air exhauster, water supply and drainage, lighting and so on according to the operating needs to create a comfortable environment for different demands which helped enhance work efficiency and management of the equipment, so as to achieve energy saving and environmental protection and to reduce energy consumption and cost in our operations.

The Bank complied with Environmental Protection Law of the People’s Republic of China, Energy Conservation Law of the People’s Republic of China and other related laws and regulations to protect the environment and save energy. In terms of paper usage, the Bank vigorously promoted paperless operation, implementing an electronic operation process by making full use of the Bank’s internal office automation system so as to reduce the consumption of paper. In terms of electricity utilization, we reminded our employees to turn off the power of electronic appliances such as computers and water dispensers before leaving the office in a timely manner in order to avoid causing waste; and arranged professionals to carry out regular checks and repairs of the equipment and facilities in our offices in a timely manner to reduce operating consumption and ensure an efficient operation. In terms of water utilization, we strengthened the maintenance and management of water equipment and encouraged employees to save water, reduce the consumption of water resources and improve the utilization efficiency of water resources. In terms of energy consumption, the Bank exerted strict control over the usage of corporate cars, reinforced fuel management and worked out reasonable driving routes for corporate cars, thereby reducing consumption of gasoline and diesel and discharge of pollutants. In terms of sewage and wastes treatment, domestic sewage of the headquarters of the Bank was discharged into the municipal sewage disposal system for centralized treatment and our household wastes were collected and treated by designated personnel of professional property management company. With various measures, the Bank created an energy-saving, environmentally friendly and low-carbon office environment.

VII. PRACTICING GREEN DEVELOPMENT AND PROTECTING ECOLOGICAL ENVIRONMENT (Continued)

Head office consumption

Type	Unit	Quantity
Head office water consumption	Tons	79,507
Head office power consumption	10,000 kWhs	969.54
Head office natural gas consumption	Cubic metres	32,856
Head office vehicle oil consumption	Litres	145,473
Head office solid waste emissions	Tons	216
Head office greenhouse gas emissions	Tons of CO ₂ equivalent	7,955.80
– Direct greenhouse gas emissions*	Tons of CO ₂ equivalent	413.20
– Indirect greenhouse gas emissions**	Tons of CO ₂ equivalent	7,542.60

* Including greenhouse gas emissions from consumption of natural gas, gasoline and diesel

** Including greenhouse gas emissions from consumption of power and municipal heating

The Bank established an advanced supplier management system. In terms of the selection of suppliers, the Bank strictly followed the Bidding and Tendering Law and other laws and regulations as well as its Administrative Measures for Tender and Purchase to conduct its daily tendering management. It actively participated in the preparation and revision of the Administrative Measures for Centralized Procurement, smoothened procurement and bidding processes and set bidding or bargaining plans. The Bank also strengthened the risk assessment, process control and data management of its procurement and bidding processes to reduce the procurement cost. With respect to supplier access, the Bank requires suppliers to follow relevant laws and regulations of the PRC, having excellent goodwill and healthy financial and accounting systems and providing products or services which meet national and industry standards and green procurement standards. In terms of the management of suppliers, the Bank has established appraisal standards on suppliers and combined regular appraisal and overall appraisal upon the completion of the performance of contracts. The appraisal results will serve as a key reference in determining whether the supplier is qualified and whether to renew the contract with the supplier. As at the end of 2017, the Bank had 178 major suppliers, including 95 suppliers in Henan Province and 83 suppliers outside of Henan Province.

VIII. ENGAGING IN PHILANTHROPIC WORK AND REPAYING SOCIETY

8.1 CONTINUING EFFORTS IN TARGETED POVERTY ALLEVIATION

In order to implement the guiding principles of the Implementation Opinion on Promoting Financial Services for Poverty Relief (關於金融助推脫貧攻堅的實施意見) of the People's Bank of China, the Implementation Plan on Promoting Small Credit for Poverty Alleviation (Temporary Provisions) (河南省扶貧小額信貸助推脫貧攻堅實施方案(暫行)) (Yu Zheng Ban [2017] No. 85) and other documents, the Bank conducted poverty alleviation with small credit in response to the decisions of the central government in 2017. It formulated the Implementation Plan of Bank of Zhengzhou on Promoting Financial Services for Poverty Alleviation 2017 (2017年鄭州銀行金融扶貧工作實施方案), the Special Plan of Bank of Zhengzhou on Promoting Small Credit Products for Poverty Alleviation (Version 2.0) (鄭州銀行扶貧小額信貸產品專案2.0版) and the Special Appraisal Plan of Bank of Zhengzhou on Promoting Small Credit for Poverty Alleviation (鄭州銀行扶貧小額信貸專項考評方案). Meanwhile, the Bank also set up Bank of Zhengzhou Leading Group for Poverty Alleviation (鄭州銀行金融扶貧領導小組) with the director of the Bank as the team leader, and heads of each department carry out their responsibilities as team members. The Bank provides customized and preferential financial products to poverty-stricken families and consistently increases credit inputs to poverty-stricken groups to lift poverty-stricken counties out of poverty, vigorously support the employment and entrepreneurship of poverty-stricken families and promote the sound and healthy development of enterprises in poverty-stricken areas.

Case 1:

In September 2017, carefully following the guiding principles of the Implementation Plan on the "3+1" Model of Small Credit for Poverty Alleviation by the Banking Industry in Henan Province (河南銀行業扶貧小額信貸「3+1」模式實施方案), the Implementation Plan on Further Promoting Financial Services for Precision Poverty Alleviation in Shangqiu City in 2017 (商丘市進一步推動2017年金融精準扶貧工作實施方案) (Shang Ban [2017] No. 28) and other documents, Shangqiu Branch of the Bank adopted separate credit plans, separate products for poverty alleviation (without pledge or guarantee and carrying the benchmark interest rate for loans), separate agencies for incentive and appraisal businesses as well as other key measures to provide precision assistance to poverty-stricken families on record in an administrative village in Yucheng County, Shangqiu City. It selected high-quality and leading enterprises on the platform of the government to provide assistance, which improved the efficiency in poverty alleviation, increased the support to poverty-stricken families and lifted more poverty-stricken families out of poverty. As at 31 December 2017, the balance of loans for poverty alleviation amounted to RMB10,943,400 and a total of RMB12,843,600 has been extended to 9,376 poverty-stricken families.

VIII. ENGAGING IN PHILANTHROPIC WORK AND REPAYING SOCIETY (Continued)

Case 2:

Through Henan Youth Care Foundation, the Bank provided support to improve the conditions of the new campus of a primary school in Nanzhao County, Nanyang City in 2017. It joined the local government, youth concern commissions and poverty alleviation offices at all levels in carrying out field inspections on the primary school and studied the construction design, project plan, budget, bidding and difficulties in the project together. It also carries out “Review and Re-verification” and conducts verification and inspection on the projects every half year to learn about the progress of the projects, coordinate relevant parties in solving conflicts and difficulties and master the progress to complete the poverty alleviation projects in time with required quality and quantity.



8.2 PARTAKING IN CHARITABLE ACTIVITIES

In 2017, the Bank made charitable and other donations of RMB5,334,600 in total, including RMB1 million donated to China Foundation for Development of Financial Education (中國金融教育發展基金會), RMB1 million to Henan Youth Care Foundation, and RMB2 million to Zhengzhou Charity Federation on “Zhengzhou Charity Day” together with in-kind donations of approximately RMB1.04 million in value. About 0.1% of the sales revenue from the Union Membership Card, the wealth management product designed exclusively for the trade union members, amounting to about RMB270,000, was donated to Zhengzhou Charity Federation, and a further RMB24,600 was donated to a number of college students in Zhoukou City to help pay part of their tuition. In addition, the Bank organized several volunteering activities to contribute to the building of a loving and warm society. By actively performing its social responsibility, the Bank demonstrated to the public its determination to be a forerunner among local enterprises in terms of charitable activities.



VIII. ENGAGING IN PHILANTHROPIC WORK AND REPAYING SOCIETY (Continued)

Case 1:

On 1 June 2017 (Children's Day), a group of employees from the Airport Economy Zone Branch of the Bank visited a primary school in the zone to give students in need and the "Left-Behind" children a helping hand, the group helped the school set up a reading room, handed out stationary and studying materials to each student in need, interacted and communicated with the students in need and their teachers to get to know the study and living conditions of the students in detail, enquired about their difficulties and encouraged them to study hard so that they may become useful citizens who can contribute meaningfully to our country in the future.



Case 2:

At the Mid-Autumn Festival in 2017, Zhengzhou Bank launched the initiative "To Care for and Respect the Elders, To Fulfill Filial Duties to Them and To Build a Harmonious Society Together", the Operation Department of the headquarters organized its employees to visit a senior-citizen apartments to express love and respect for the elders during the Mid-Autumn Festival & National Day holiday. The Group not only sent the elders warm greetings, but also a bunch of flowers and some food for each senior citizen.



VIII. ENGAGING IN PHILANTHROPIC WORK AND REPAYING SOCIETY (Continued)

8.3 BUILDING A HARMONIOUS COMMUNITY

Committed to its social responsibility, the Bank is striving to invest in the community. It carried out leisure, culture, education and sports activities to satisfy the needs of the community, enrich people's lives, inspiring the passion and motivation for public participation and forming a healthy and dynamic community. Through fulfilling its social responsibility to serve the community, the Bank successfully impressed the community as a thriving and growing business, thus building its corporate image and enhancing its brand awareness.

Case 1:

The Bank carried out the "Happy Shopping" Campaign for non-Zhengzhou citizens in various forms, such as cash rebates for purchases reaching a pre-determined amount, free cinema tickets for holidays and restaurant coupons. Since the second quarter of 2017, at least one such activity benefiting non-Zhengzhou customers was organized a quarter. These efforts successfully expanded our customer base and activated low-value customers, enhancing our brand awareness outside Zhengzhou.



VIII. ENGAGING IN PHILANTHROPIC WORK AND REPAYING SOCIETY (Continued)

Case 2:

In September 2017, “Zhengzhou Bank Cup” Dance Competition of Workers co-organized by the Bank and the general trade union of Zhengzhou was staged smoothly at the grand theater of Henan Art Center. The competition, with Welcoming the 19th CPC National Congress and Demonstrating New Styles as its theme, aimed at encouraging workers of the whole city to participate passionately in the construction work related to Zhengzhou’s inclusion in the list of national central cities so as to pay tribute to the 19th CPC National Congress with outstanding achievements, and publicizing benefits of the union membership card (enjoying financial management services, welfare of the trade union and convenient transportation services) which introduced more members of the trade union to “Smart-living in Zhengzhou with Just One Card”.



Case 3:

In November 2017, the 11th “Zhengzhou Bank Cup” Tai Chi (shadow boxing) Championship (i.e. collective show of Tai Chi Shadow Boxing with and without instruments) co-organized by the Bank kicked off. The championship was rather famous among the public and had become a key stage for communication in and showcasing of martial arts as well as a festival-like event for Tai Chi lovers. It helped remind people of the strong sense of responsibility of the Bank towards the society and the great corporate culture of the Bank.



VIII. ENGAGING IN PHILANTHROPIC WORK AND REPAYING SOCIETY (Continued)

Case 4:

In November 2017, the “Zhengzhou Bank Cup” 2017 Global Super Brain Contest with the Bank as its title sponsor kicked off in Zhengzhou city of Henan. The contest made it possible for the mnemonics fans and brain exercise players in the Central Plains region to gain a thorough understanding of brain exercises. It aimed at sweeping through Henan with the brain storm, pushing for development in brain exercises in Henan with the help of world-wide authoritative figures in the field and introducing cutting-edge discoveries about brain exercises to various fields in Henan such as education, culture and technology, so that brain science could be really popular, and all the people in Henan could memorize easily, study efficiently and live happily, thus enhancing the competitiveness and creativity of Henan.



OUTLOOK FOR 2018

In 2018, the Bank will strictly implement national policies, closely follow regulatory requirements and gradually improve its social responsibility system. In terms of economic aspects, the Bank will actively respond to the requirements of the national policies and will, based on its unique positioning of providing financial services for the commercial sector, small and micro enterprises and citizens and aiming at serving the real economy, give full play to the role of financial leverage by introducing innovative products and thus promote the development of the local economy. In terms of social aspects, the Bank will take into full account the needs of stakeholders such as customers, employees and communities, improve its service quality, care about the development of the staff and serve the development of the community, thereby establishing a responsible corporate image. In terms of environmental aspects, the Bank will explore green finance, leverage on the state's green credit policy to create a green development philosophy and innovate and develop e-banking services, implement green operation and protect green hills and clear waters to achieve coordinated development between the environment and ourselves. The Bank will earnestly fulfill its social responsibility and pursue economic development as a means to give back to society and protect the environment, thereby maintaining harmonious co-existence with the community and environment.

INDEPENDENT LIMITED ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF BANK OF ZHENGZHOU CO., LTD.:

We were engaged by the Board of Directors of Bank of Zhengzhou Co., Ltd. (“the Bank”) to provide limited assurance on the 2017 Environmental, Social and Governance Report of the Bank for the year ended 31 December 2017 (“the ESG Report”).

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors of the Bank is solely responsible for the preparation and presentation of the 2017 ESG Report, including the information and assertions contained within it, in accordance with the disclosure recommendations of The Stock Exchange of Hong Kong Limited’s Guidelines for Environmental, Social and Governance Reporting (“SEHK’s Guidelines”).

The Board of Directors is also responsible for designing, implementing and maintaining internal control that enables the preparation and presentation of the ESG report that is free from material misstatement, whether due to fraud or error.

RESPONSIBILITIES OF KPMG

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our work in accordance with International Standard on Assurance Engagements 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*.

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and complied with the applicable requirements of International Standard on Quality Control 1 to maintain a comprehensive system of quality control.

Our independent limited assurance report is made solely to the Bank in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Board of Directors of the Bank those matters we have been engaged to state in this independent limited assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than the Bank for our work, for this independent limited assurance report, or for the conclusions we have reached.

INDEPENDENT LIMITED ASSURANCE REPORT (Continued)

SUMMARY OF WORK PERFORMED

A limited assurance engagement on an ESG report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the ESG report, and applying analytical and other procedures, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of the Bank's processes for determining the material issues for the Bank's key stakeholders;
- Interviews with management and relevant staff on the sustainable development strategies and policies in respect of the material issues and their implementation across the business;
- Interviews with relevant staff at the Bank responsible for providing the information in the ESG Report;
- A media analysis and an internet search for references to the Bank during the reporting period;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported in the ESG Report;
- Comparing the information presented in the ESG Report to corresponding information in the relevant underlying sources by limited testing to determine whether key information contained in such underlying sources has been included in the ESG Report;
- Reconcile key financial data and figures in the ESG Report with the financial statements audited by external auditor;
- Determining whether the information presented in the ESG Report is in line with our overall knowledge of, and experience with, the sustainability performance of the Bank.

We did not perform assurance procedures on previous year data or comparative data disclosed in the ESG report.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore, a lower level of assurance is provided. In addition, our work was not undertaken for the purpose of opining on the effectiveness of the Bank's systems and procedures.

INDEPENDENT LIMITED ASSURANCE REPORT (Continued)

CONCLUSIONS

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the ESG Report of the Bank is not prepared, in all material respects, in accordance with the SEHK's Guidelines.

KPMG Huazhen LLP

Beijing

18 July 2018



ESG INDEX

ESG REPORT INDICATOR COMPARISON TABLE

Subject Areas and Aspects	General Disclosures	Disclosure		Disclosure location
		location	KPIs	
A.	Environmental			
A1	Emissions	Information on the policies and 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	Pages 46–47	A1.1 The types of emissions and respective emissions data Page 47 A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) Page 47 A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) Not applicable A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) Page 47 A1.5 Description of measures to mitigate emissions and results achieved Pages 46–47 A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved Page 46
A2	Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials	Pages 12, 46–47	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) Pages 12, 46–47 A2.2 Water consumption in total and intensity (eg. per unit of production volume, per facility) Pages 12, 46–47 A2.3 Description of energy use efficiency initiatives and results achieved Page 46 A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved Pages 46–47 A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced Not applicable
A3	Environment and Natural Resources	Policies on minimizing the issuer's significant impact on the environment and natural resources	Pages 42–47	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them Pages 42–47

ESG INDEX (Continued)

Subject Areas and Aspects		General Disclosures	Disclosure location	KPIs	Disclosure location
B. Social					
B1	Employment	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Pages 36–41	B1.1 Total workforce by gender, employment type, age group and geographical region B1.2 Employee turnover rate by gender, age group and geographical region	Page 40 Page 40
B2	Health and Safety	Information on the policies and 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	Pages 36–41	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, and how they are implemented and monitored	Note 1 Note 1 Pages 40–41
B3	Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Pages 38–39	B3.1 The 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	Pages 38–39 Pages 38–39
B4	Labour Standards	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Pages 40–41	B4.1 Description of measures to review employment practices to avoid child and forced labour B4.2 Description of steps taken to eliminate such practices when discovered	Pages 40–41 Not applicable
B5	Supply Chain Management	Policies on managing environmental and social risks of the supply chain	Pages 46–47	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, and how they are implemented and monitored	Page 47 Pages 46–47

ESG INDEX (Continued)

Subject Areas and Aspects		General Disclosures	Disclosure location	KPIs	Disclosure location	
B6	Product Responsibility	Information on the policies and 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	Pages 25–27, 34–35	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	Pages 34–35
				B6.3	Description of practices relating to observing and protecting intellectual property rights	Page 27
				B6.4	Description of quality assurance process and recall procedures	Not applicable
				B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Pages 34–35
B7	Anti-corruption	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Pages 25–27, 34–35	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	Not applicable
				B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Pages 25–27, 34–35
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	Pages 48–53	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Pages 48–53
				B8.2	Resources contributed (e.g. money or time) to the focus areas	Pages 48–53

Note 1: The Bank plans to gradually disclose in the future

GRI 4.0 INDEX

GRI 4.0 INDICATOR COMPARISON TABLE

No.	Content	Disclosure location
Strategy and Analysis		
G4-1	Provide a statement from the most senior decision-maker of the organisation (such as CEO, chairman, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	Pages 4–7
G4-2	Provide a description of key impacts, risks and opportunities.	Pages 4–7, 11–12, 54
Organisational Profile		
G4-3	Report the name of the organisation.	Page 8
G4-4	Report the primary brands, products and services.	Page 8
G4-5	Report the location of the organisation's headquarters.	Page 8
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the Report.	Page 8
G4-7	Report the nature of ownership and legal form.	Page 8
G4-8	Report the markets served by the organisation.	Page 8
G4-9	Report the scale of the organisation.	Page 8
G4-10	Report the total number of employees by employment contract, gender, region, etc.	Pages 40–41
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	Pages 40–41
G4-12	Describe the organisation's supply chain.	Pages 46–47
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain.	Pages 8, 11–12, 32–33
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation.	Pages 42–43
G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses.	Pages 2–3, 18–19, 40–43, 48–49
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation participates in.	

GRI 4.0 INDEX (Continued)

No.	Content	Disclosure location
Identified Material Aspects and Boundaries		
G4-17	a. List all entities included in the organisation's consolidated financial statements or equivalent documents.	Pages 2–3
	b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the Report.	Pages 2–3
G4-18	a. Explain the process for defining the Report content and the Aspect Boundaries.	Pages 2–3
	b. Explain how the organisation has implemented the Reporting Principles for Defining Report Content.	Pages 2–3
G4-19	List all the material aspects identified in the process for defining report content.	Pages 16–17
G4-20	For each material aspect, report the Aspect Boundary within the organisation.	
G4-21	For each material aspect, report the Aspect Boundary outside the organisation.	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	
Stakeholder Engagement		
G4-24	Provide a list of stakeholder groups engaged by the organisation.	Pages 14–15
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Pages 14–15
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Pages 14–15
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Pages 14–15

GRI 4.0 INDEX (Continued)

No.	Content	Disclosure location
Report Profile		
G4-28	Reporting period for information provided.	Pages 2–3
G4-29	Date of most recent previous report.	
G4-30	Reporting cycle.	Pages 2–3
G4-31	Provide the contact point for questions regarding the report or its contents.	Pages 2–3
G4-32	Report the 'in accordance' option the organisation has chosen and GRI Content Index for the chosen option, and report the reference to the External Assurance Report, if the Report has been externally assured.	Pages 2–3
G4-33	Report the organisation's policy and current practice with regard to seeking external assurance for the Report.	Pages 2–3
Governance		
G4-34	Report the governance structure of the organisation, including committees of the highest governance body.	Pages 23–24
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Page 13
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Pages 14–15
G4-38	Report the composition of the highest governance body and its committees.	
G4-39	Report whether the Chair of the highest governance body is also an executive officer.	
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Page 13
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	

GRI 4.0 INDEX (Continued)

No.	Content	Disclosure location
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	Pages 13–17
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered.	Pages 2–3
G4-49	Report the process for communicating critical concerns to the highest governance body.	
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	
G4-51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration.</p> <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.</p>	
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation.	
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	
G4-54	Report the ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	
G4-55	Report the ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	

GRI 4.0 INDEX (Continued)

No.	Content	Disclosure location
Ethics and Integrity		
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Page 13
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity, such as helplines or advice lines.	Pages 25–27
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	Pages 25–27
Economic		
DMA	Management approach related to economy	
G4-EC1	Direct economic value generated and distributed.	Pages 11–12, 18–19
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Pages 42–43
G4-EC3	Coverage of the organisation's defined benefit plan obligations.	
G4-EC4	Financial assistance received from government.	
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	Pages 40–41
G4-EC7	Development and impact of infrastructure investments and services supported.	Pages 42–43
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Pages 18–21
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	

GRI 4.0 INDEX (Continued)

No.	Content	Disclosure location
Environmental		
DMA	Management approach related to energy	
G4-EN1	Materials used by weight or volume.	Pages 11–12, 46–47
G4-EN2	Percentage of materials used that are recycled input materials.	
G4-EN3	Energy consumption within the organisation.	Pages 11–12, 46–47
G4-EN4	Energy consumption outside of the organisation.	
G4-EN5	Energy intensity.	
G4-EN6	Reduction of energy consumption.	
G4-EN7	Reductions in energy requirements of products and services.	Pages 43–46
G4-EN8	Total water withdrawal by source.	Pages 11–12, 46–47
G4-EN9	Water sources significantly affected by withdrawal of water.	
G4-EN10	Percentage and total volume of water recycled and reused.	
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	
G4-EN13	Habitats protected or restored.	
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1).	Page 47
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2).	Page 47
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3).	
G4-EN18	Greenhouse gas (GHG) emissions intensity.	
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	
G4-EN20	Emissions of ozone-depleting substances (ODS).	
G4-EN21	NO _x , SO _x , and other significant air emissions.	
G4-EN22	Total water discharge by quality and destination.	
G4-EN23	Total weight of waste by type and disposal method.	
G4-EN24	Total number and volume of significant spills.	
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention 2 annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff.	

GRI 4.0 INDEX (Continued)

No.	Content	Disclosure location
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	Pages 11–12, 43–47
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce.	
G4-EN31	Total environmental protection expenditures and investments by type.	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	
Labour Practices and Decent Work		
DMA	Management approach related to labour practices	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Pages 40–41
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Pages 38–41
G4-LA3	Return to work and retention rates after parental leave, by gender.	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Pages 38–39
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Pages 38–39
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Pages 38–39

GRI 4.0 INDEX (Continued)

No.	Content	Disclosure location
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Pages 40–41
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.	
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms.	
Human Rights		
DMA	Management approach related to human rights	
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Pages 40–41
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Pages 38–39
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	Pages 40–41
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	Pages 40–41
G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations.	
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	

GRI 4.0 INDEX (Continued)

No.	Content	Disclosure location
Society		
DMA	Management approach related to anti-corruption	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Pages 51–53
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Pages 25–27
G4-SO4	Communication and training on anti-corruption policies and procedures.	Pages 25–27
G4-SO5	Confirmed incidents of corruption and actions taken.	
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	

GRI 4.0 INDEX (Continued)

No.	Content	Disclosure location
Product Responsibility		
DMA	Management approach related to service labelling	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements.	Pages 29-31
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	
G4-PR5	Results of surveys measuring customer satisfaction.	Pages 11-12, 29-31
G4-PR6	Sale of banned or disputed products.	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	

GRI 4.0 INDEX (Continued)

No.	Content	Disclosure location
Specific Aspects of the industry		
FS1	Specific environmental and social policies applied in business activities	Pages 42–43
FS2	Procedures to evaluate and monitor environmental and social risks in the business	Pages 42–43
FS3	Monitoring of the customers' environmental and social compliance	Pages 42–43
FS4	Capabilities and procedures to improve staff's executive environment and social policies	Pages 46–47
FS5	Interaction with customers, investors and partners regarding environmental and social risks and opportunities	Pages 42–43
FS6	Business proportion by region, size and industry	Pages 8, 11–12, 19–22
FS7	Value of products and services designed for specific social purposes (Categorised by purpose)	
FS8	Value of products and services designed for specific environmental purposes (Categorised by purpose)	Pages 11–12, 42–43
FS9	Frequency of the audit aiming to evaluate the environmental and social risks evaluation policies and procedure execution	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	
FS11	Percentage of assets under screening of positive and negative environmental and social impacts	
FS12	Policies of the organisation for applying environmental and social topics into voting rights and rights of voting suggestions	
FS13	Cut-in point of areas with a sparse population or underdevelopment economy by type	Pages 48–49
FS14	Actions to improve the capability of disadvantaged groups in obtaining financial services	Pages 48–49
FS15	Policies of fair design and sales of financial products and services	Pages 30–35
FS16	Actions to improve financial knowledge education by type of benefits	Pages 34–35

READER'S FEEDBACK

Thank you for reading the 2017 Environmental, Social and Governance Report of Bank of Zhengzhou Co., Ltd.. In order to meet your needs more efficiently and provide you with more valuable information, we expect your valuable comments and suggestions to our Report by filling out the feedback form below and send us your comments by any of the following ways.

Tel: +86-371-67009199

Fax: +86-371-67009898

Email: ir@zzbank.cn

Address: Bank of Zhengzhou Mansion, No. 22, Shangwu Waihuan Road, Zhengdong New District, Zhengzhou City, Henan Province, China

Postcode: 450046

1. Which kind of stakeholder are you:

- | | | | | |
|-------------------------------------|--|--------------------------------------|--------------------------------------|---------------------------------|
| <input type="checkbox"/> Government | <input type="checkbox"/> Regulatory body | <input type="checkbox"/> Shareholder | <input type="checkbox"/> Customer | <input type="checkbox"/> Staff |
| <input type="checkbox"/> Supplier | <input type="checkbox"/> Partner | <input type="checkbox"/> Community | <input type="checkbox"/> Environment | <input type="checkbox"/> Others |

2. Your general impression of this Report:

- | | | | |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|
| <input type="checkbox"/> Poor | <input type="checkbox"/> Average | <input type="checkbox"/> Good | <input type="checkbox"/> Excellent |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|

3. Your comment on Bank of Zhengzhou's performance of its social responsibility to its stakeholders:

- | | | | |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|
| <input type="checkbox"/> Poor | <input type="checkbox"/> Average | <input type="checkbox"/> Good | <input type="checkbox"/> Excellent |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|

4. Do you think this Report reflects the impact of the performance of social responsibility of Bank of Zhengzhou on the economy, the environment and society?

- | | | |
|-----------------------------|----------------------------------|------------------------------|
| <input type="checkbox"/> No | <input type="checkbox"/> Average | <input type="checkbox"/> Yes |
|-----------------------------|----------------------------------|------------------------------|

5. Do you think the information disclosed in this Report is complete?

- | | | |
|-----------------------------|----------------------------------|------------------------------|
| <input type="checkbox"/> No | <input type="checkbox"/> Average | <input type="checkbox"/> Yes |
|-----------------------------|----------------------------------|------------------------------|

6. Do you think the content and layout of this Report is clear and easy to understand?

- | | | |
|-----------------------------|----------------------------------|------------------------------|
| <input type="checkbox"/> No | <input type="checkbox"/> Average | <input type="checkbox"/> Yes |
|-----------------------------|----------------------------------|------------------------------|

7. Do you have any other suggestions or comments on this Report or to improve the performance of social responsibility by Bank of Zhengzhou?

Thank you for your attention and support!