



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

Stock Code : 1216



2017

Environmental, Social and Governance (ESG) Report

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About this Report

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 中原银行股份有限公司
ZHONGYUAN BANK CO., LTD.
(A joint stock limited company established in the
People's Republic of China with limited liability)
Stock Code : 1216



2017
Environmental, Social and
Governance (ESG) Report

1 About this Report

This is the first Environmental, Social and Governance Report (the “ESG report” or the “Report”) published by Zhongyuan Bank Co., Ltd. (“Zhongyuan Bank” or the “Bank”). The Report provides series of information about Zhongyuan Bank’s environmental and social performance, including sustainable development-related environmental and social issues that stakeholders consider, so as to allow stakeholders better understand the Bank’s sustainable development concepts, measures and relevant performance more clearly. The Report should be read in conjunction with chapter “Corporate Governance Report” started from page 109 of “2017 Annual Report” of Zhongyuan Bank, to integrate its environmental, social and governmental performance comprehensively.

1.1 Reporting Scope

Unless otherwise stated, data and regulations disclosed in this ESG report cover Zhongyuan Bank’s headquarters (the “Headquarters”) and eighteen branches (sub-branches and outlets included). The eighteen branches are: the Zhengzhou branch, the Shangqiu Branch, the Kaifeng Branch, the Hebi Branch, the Anyang Branch, the Xinyang Branch, the Zhumadian Branch, the Xuchang Branch, the Nanyang Branch, the Zhoukou Branch, the Xinxiang Branch, the Sanmenxia Branch, the Puyang Branch, the Luohe Branch, the Pingdingshan Branch, the Jiaozuo Branch, the Jiyuan Branch and the Luoyang Branch. The Headquarters and 18 branches, collectively, is also named as “We” or the “Company” in this ESG report.

Unless otherwise stated, reporting period of the information covered by this ESG report is from 1 January 2017 to 31 December 2017 (the “Reporting Period”).

1.2 Reporting Guideline

Edition of the Report is based on Appendix 27 “the Environmental, Social and Governance Reporting Guide” (“ESG Reporting Guide”) of the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Listing Rules”) published by The Stock Exchange of Hong Kong Limited (“SEHK”).

The Report has complied with all listed “comply or explain” provisions of ESG Reporting Guide. Please refer to “Index of Environmental, Social and Governance Reporting Guide” for detailed compliance condition.

lished by The Stock Exchange of Hong Kong Limited (“SEHK”).



1.3 Cautionary Statement

The Report has been published in both Traditional Chinese and English. In the event of inconsistency, the Traditional Chinese version prevails. Soft copy of the Report for reading and downloading is available on official websites of Zhongyuan Bank and SEHK.

1.4 Response to this Report

We welcome you to leave your opinions and advances on this Report through following contacts after reading the Report.



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02

Bank's Profile

- 2.1 Advance Side by Side and Develop Step by Step
- 2.2 Receival of Appreciation and Return with Reputation



2 Bank's Profile

Zhongyuan Bank Co., Ltd. was established on 23 December 2014, headquartered in Zhengzhou, Henan province, China. As the only provincial corporate bank in Henan province, Zhongyuan Bank has constructed its development goal regarding "developing Zhongyuan Bank into a leading commercial bank"; positioned itself as "approaching citizens, serving small and micro enterprises, supporting agriculture, rural areas and farmers and promoting regional economic development (貼近市民、服務小微、支持三農，推進區域經濟發展)" in the market; practised the three development strategies: "offering featured products in traditional banking business, accomplishing break-through by innovation and taking first-mover advantage in developing future banking"; involved in reformative and innovative development to fully support local economic construction and serve the society since its establishment. As of 31 December 2017, Zhongyuan Bank is operating 18 branches and 3 direct sub-branches, a total of 460 outlets with more than approximately 13,000 employees. Besides, as a major promotor, it also formed 9 county banks and 1 consumer finance company by 31 December 2017.

Market Positioning

- Approaching citizens
- Serving small and micro enterprises
- Supporting agriculture, rural areas and farmers
- Promoting regional economic development

Three Development Strategies

- Offering featured products in traditional banking business
- Accomplishing break-through by innovation and taking
- Taking first-mover advantage in developing future banking

18 branches

3 direct sub-branches

460 outlets

about **13,000** employees

9 county banks

1 consumer finance company

2.1 Advance Side by Side and Develop Step by Step

Zhongyuan Bank primarily engages in corporate banking, retail banking, treasury operation and other business. The Bank is adhering to assurance of stable development of its original business and exploration of new opportunities and patterns in different sectors actively. During the Reporting Period, there was an increase of over 20,000 corporate clients and an increase of millions of private customers be indicated, achieving an advance on private customers stock which has reached ten-million level. Meanwhile, the Bank optimized institutional layout constantly by successfully establishing 37 new outlets and optimizing 62 outlets in the Reporting Period, reaching a substantial development in original business and; successfully achieved innovative development in foreign currency business and gold business.

2.2 Receival of Appreciation and Return with Reputation

◆ Financial Times

- ⊙ “Ten Best City Commercial Banks”



◆ China Securities

- ⊙ “The Seventh Award of China Securities Golden Bauhinia Award”



◆ China Financial Market in 2017

- ⊙ “Best IPO of the Year 2017”

◆ Top 1000 world banks by The Banker (UK) in 2017

- ⊙ Ranked 227th amongst 1000 world banks and the 35th among 126 PRC banks that are on the list

◆ 21st Century Asian Financial Competitiveness

- ⊙ Outstanding City Commercial Bank of the Year (2017)

◆ China Times

- ⊙ The Financial Science and Technology Innovation Bank Award of 2017



Outstanding City
Commercial Bank of the Year (2017)

03

Take Broad and Long-Term View and Adhere to Sustainable Development

3.1 Communicate Sincerely and Frankly with Different Groups



3 Take Broad and Long-Term View and Adhere to Sustainable Development

According to *Strategy and Development Plan 2015-2019 of Zhongyuan Bank Co., Ltd.* (《中原银行股份有限公司2015-2019 戰略發展規劃》), which is published by the strategy and development committee, the Bank initiated a six principles-based strategic design system, clarifying our business development strategy and market positioning. By following strictly with the document, it has rationally planned its future development path, integrated the Bank's development vision with coordinating development of environment and society, and developed a progressing road with Zhongyuan Bank characteristics.



By combining the situation that sustainable development is receiving more attention and the great support of sustainable development by the nation, Zhongyuan Bank actively responds to the call of the nation by integrating sustainable development concept into business management, so as to achieve economic, social and environmental-integrated development.

In economic respect, as the unique provincial corporate bank in Henan province, Zhongyuan Bank abides by its responsibility on serving economic and social development, grasping critical demands of investment projects and

real economy in Henan province by way of increasing credit amount and improving credit structure. The Bank is actively engaging in five national strategies including "Grain Production Core Zone(糧食生產核心區)", "the Central Plain Economic Region(中原經濟區)", "the Zhengzhou Airport Economic Experimental Zone (鄭州航空港經濟綜合試驗區)", "the Zhengzhou-Luoyang-Xinxiang National Independent Innovation Demonstration Zone (鄭洛新國家自主創新示範區)" and "China (Henan) Pilot Free Trade Zone (中國(河南)自貿區)". Besides, it has contributed to national strategic layout such as "One Belt and One Road Initiative (一帶一路)" and supply-side structural reform. By deepening communication and cooperation with different groups, Zhongyuan Bank has achieved full implementation of its operational business.



“the Zhengzhou-Luoyang-Xinxiang National Independent Innovation Demonstration Zone”

In social respect, the Bank has never neglected its social responsibilities while carrying on its business expansion. We are taking care of people's livelihood, focusing on vulnerable groups and participating various public benevolent activities. Internally, we concern both physical and psychological health of our employees and development of corporate culture. Adhering to people-oriented principle, we try our best to construct a harmonious platform for employees' individual development. Externally, we remain positive communication with other parties and fully exert specialty of Zhongyuan Bank to devote its power, helping the society to realize harmonious development.

In environmental respect, in compliance with national and regional environmental laws and regulations, the Bank has formulated relevant management policies to regulate its daily operation and employees' behaviors to minimize environmental impacts appropriately and ensure green business operation. In addition, we have involved in environmental awareness improvement schemes: responding to national and regional call, taking part in external environment protection events and contributing to environment protection benevolent activities.

In order to commit sustainable development concepts into practices, we have launched "Six Sticking" principles based on sustainable development strategy and plans as our code of conduction to execute sustainable development ideas into daily operations.

"Six Sticking" Principles

Sticking to the strategy-driven way



We are sticking to core value of being "stable, innovative, enterprising and efficient"; sincerely practicing three development strategies which includes: "offering featured products in traditional banking business, accomplishing break-through by innovation and taking first-mover advantage in developing future banking (傳統業務做特色、創新業務找突破、未來銀行求領先)"; and clarifying strategy of "Internet and Rural Banking Services (上網下鄉)".

Sticking to reform and innovation



We are sticking to comprehensive financial services escalation, additional business-related licenses application, innovation-based products and services variation, new modes of internet financial services exploration, and processing inventive capability to achieve accomplishment in construction of future banking.

Sticking to winning via good services



We are sticking to fortify channel construction to expand the coverage of services moderately, accomplishing strategic layout in Henan province; sticking to customer-oriented concept and optimize multi-layered financial products system, in order to enhance financial service quality and customers' service experience.

Sticking to serving regional development



We are fully utilizing the advantages Zhongyuan Bank to aggressively engage in the implementation of five national strategies in Henan and construction of "One Belt and One Road Initiative (一帶一路)", increase the amount of credit granted, improve credit structure and deepen its partnership with municipal government and key enterprises in cities in Henan. We also contribute in industrial structural adjustment, important projects, key schemes and state-owned enterprise reformation.

Sticking to finance inclusion



We remember our responsibilities and duties, which provide great support on development of inclusive finance and inclusive financial reformation experimental zone construction in cities and counties, active explore new approaches for targeted poverty alleviation, accelerate system construction of convenience service station and county-level and township-level sub-branches and deliver distinctive financial services to farmers, rural areas, agriculture, micro and small enterprises and destitute communities.

Sticking to green, healthy and sustainable development



We are upholding revolutions with active attitudes towards marketing competition. We attempt to implement the concepts of "green and environmentally-friendly" construct harmonious and amicable relationship, pursue the result of win-win and shareability, thus creating satisfied value and return for our stakeholders.

3.1 Communicate Sincerely and Frankly with Different Groups

In order to replying to stakeholders' expectations and appeals, we have developed *Measures on Management of Investors Relationship of Zhongyuan Bank Co., Ltd.* (《中原银行股份有限公司投资者关系管理办法》) and other regulations, showing our intention to actively communicate with stakeholders by defining effective, multi-channel and comprehensive communication measures which target on different stakeholders. We will respond effectively to stakeholders in the shortest time after listening to their appeals and advances during the communications.

Stakeholders	Expectations and appeals	Communication mode	Responsibility responses
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Government

	Responding to the government industrial policy, supporting local economic development and paying tax.	Policies and regulations, subject reports and daily communication.	Implementing the industrial economic policy of government, adhering to provide services for real economy, paying taxes in accordance with the law, supporting and promoting local economic and social development.
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Regulatory institution

	Operating in compliance with laws and regulations, strengthening risk prevention and maintaining financial stability.	Regulatory policies, documents and reports; onsite and offsite supervision.	Strictly executing supervision policies, improving compliance and internal control construction and implementing comprehensive risk management.
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Shareholders

	Good return on investment, favorable corporate governance and timely information disclosure.	General meeting of shareholders, regular bulletins, telephone, E-mail, fax, etc.	Continuously and stably operating, improving profitability and corporate governance by properly disclosing information.
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Clients

	Providing high-quality financial products and services.	Clients satisfaction survey, customer service hotline, client activities and products promotion.	Accelerating innovation of financial products and services, improving service level, strengthening client relationship management, client complaint management and customer satisfaction survey.
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Staff

	Stable employment, reasonable welfare, satisfactory working environment and broad space for growth.	Congress of employees and staff, labour union forum, interview and home visiting.	Establishing hierarchical training system, broadening employee career development channels, improving incentive and restraint mechanisms and paying attention to welfare, physical and mental health of employee.
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Partners

	Good faith and mutual benefit, and fair procurement.	Business cooperation, business communication and procurement meetings	Adhering to honesty, mutual benefits and win-win situation, regulation compliance, fairness and justice. Establishing long-term cooperative relations with strategic partners, suppliers, etc.
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Communities

	Taking care of vulnerable people, implementing social welfare and disseminating financial knowledge.	Voluntary service, charity activities, sponsorship activities, promotion and training of financial knowledge.	Organizing voluntary services, carrying out various public welfare activities, sponsoring sports and cultural projects, popularizing financial knowledge, such as "financial knowledge to thousands of households".
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Social media

	Constructing united public information communication platform and communication mechanisms between the Bank and its stakeholders	Annual report, corporate social responsibility report, press conference and public opinion management and crisis management training	Publishing annual report and corporate social responsibility report in time; organizing global IPO offering press conference, public opinion management, crisis management training, etc.
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By way of having internal staff interviews, press conferences and other communication activities, we have excavated critical topics regarding sustainable development of the Bank, leading to confirmation of critical topic groups consisting of business compliance, stable and sound development, high-quality products and services, contribution to the society and clean development, which would be declared in following chapters in details.

Chapters to declare critical topics

Critical topics	Chapters
Business compliance	Be in Ascendant and Look for Progress; Show the Greatest Sincerity and Provide Ideal Service; United in One Purpose and Get Greater Together; Plant Luxuriant Forest and Construct Green World
Stable and sound development	Be in Ascendant and Look for Progress
High-quality products and services	Show the Greatest Sincerity and Provide Ideal Service
Contribution to the society	Get Along Well with Others as Strike Instruments in Complete Harmony
Clean development	Plant Luxuriant Forest and Construct Green World



04

Be in Ascendant and Look for Progress

- 4.1 Follow Regulations Scrupulously and Manage Business Seriously
- 4.2 Be Candid and Carry Probity
- 4.3 Keep Secrets Behind Closed Door and Shield Rights
- 4.4 Exercise Inventive Mind and Concentrate on Innovation



4 Be in Ascendant and Look for Progress

Zhongyuan Bank is committed with a “compliance with law, management without slight (依法合規，從嚴治行)” management principle. In order to strengthening internal control and management system, the Bank is solidly developing its internal control systematic construction with political evaluation, which clarifies assessment program. Besides, the Bank also invites third party company to initiate both onsite and offsite investigation for internal control evaluation as to progress and consolidate its long-term compliance mechanism, retaining solidness of financial order. Based on *Administrative Measures for the Capital of Commercial Banks (Trial)* (《商業銀行資本管理辦法(試行)》) and its schedules issued by China Banking Regulatory Commission (CBRC), risks and relevant terminology defined by the Basel Committee, experiences and practices complied by both domestic and overseas peers and regarding to own situation as well as economic environment in Henan province, Zhongyuan Bank formulated a set of measurement and control system to identify risks that might arise from interaction between business strategies, product portfolios, client demands and macro-economic environment. During the Reporting Period, for ensuring stable and sound development of the Bank, we had managed and controlled risks along with supply chain; accelerated inner mechanic construction of clean governance and corruption combat; updated customer information and intellectual property protection mechanism. On the other hand, we continuously improve innovative capabilities under steady progress, driving business upgrading by implementing transformation of science and technology. Accordingly, an innovation management committee was built to ensure material support, supervise innovation progress, formulate incentive systems and foster culture of innovation consequently. During the Reporting Period, we have granted certificated business qualifications such as governmental debt underwriting syndicate and credit asset securitization business, etc.; set up postdoctoral innovation and practice base; and built online banking, escalating innovation development of the Bank.

4.1 Follow Regulations Scrupulously and Manage Business Seriously

In accordance with *The Bidding Law of the People's Republic of China* (《中華人民共和國招標投標法》), *Regulation on the Implementation of the Bidding Law of the People's Republic of China* (《中華人民共和國招標投標法實施條例》) and other relevant laws and regulations, the Bank has launched *Measures on Procurement Management of Zhongyuan Bank Co., Ltd.* (《中原銀行股份有限公司採購管理辦法》) to improve procurement management, control procurement risk, regulate procurement procedures, reduce procurement cost and allocate responsibilities of administration management departments to monitor the implementation of procurement regulations. In respect of supply chain management, we have formulated *Administrative Measures for Centered Procurement and Supplier Management of Zhongyuan Bank Co., Ltd.* (《中原銀行集中採購供應商管理辦法》), informing a regulative management scheme, which follows the principle “strict access, graded management, quantization rating and dynamic maintenance”, requiring periodic qualification examination, dynamic maintenance, capacity rating and exception management.

Suppliers' selection principles

Principle 1

Suppliers should have registered as independent legal entities in the People's Republic of China with registered capital not less than RMB 5 million and over 3 years incorporated time.

Principle 2

Suppliers should have sound governance structure and stable legal representatives or other key members.

Principle 3

Suppliers should have good financial position and reputation while itself and its legal representatives or other key members could not have any recorded breach of contract, nonperforming business and dishonesty records within 3 years.

Principle 4

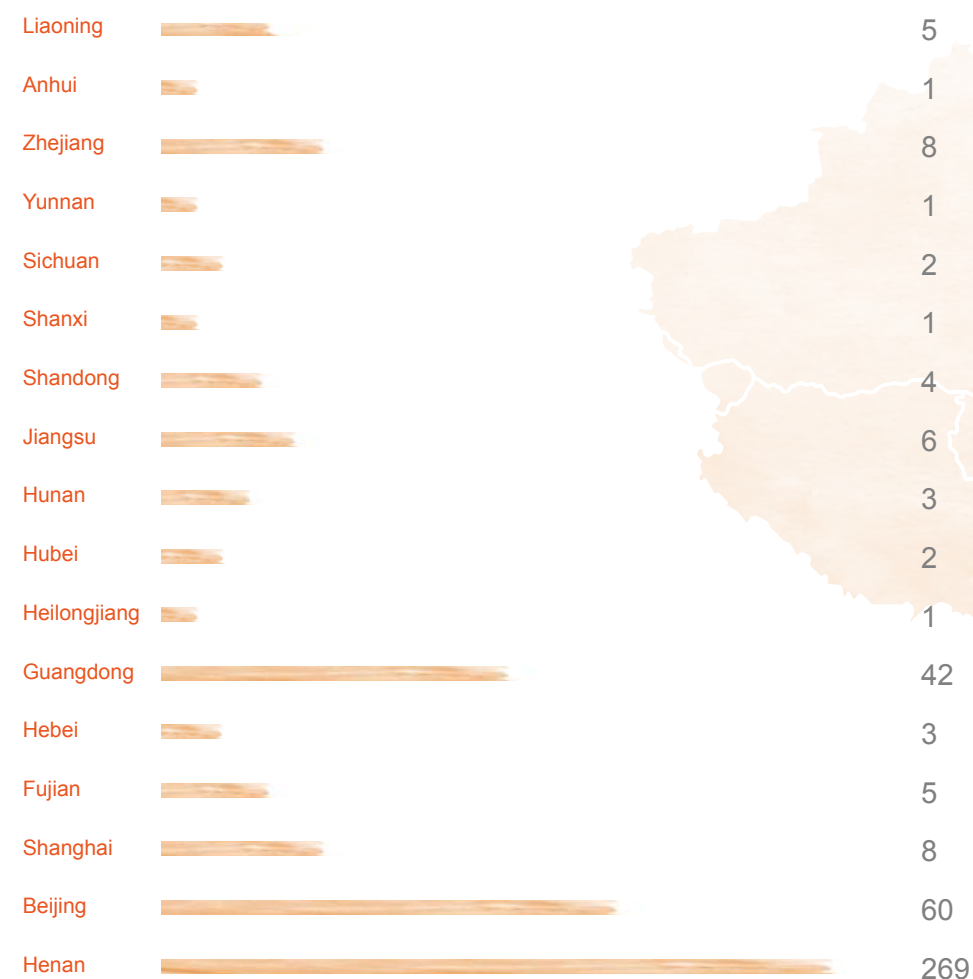
Suppliers should have qualification certification in relevant industries.

Principle 5

Suppliers should have technical capability, human resources, equipment and environment, contingency service capability and industrial capacity in compliance with contract.

During the Reporting Period, the Bank has remained long-term cooperation with 421 suppliers from 17 provinces or cities around China. Apart from being in accordance with *Administrative Measures for Centered Procurement and Supplier Management of Zhongyuan Bank Co., Ltd.* (《中原銀行股份有限公司採購管理辦法》), the Bank is taking a green procurement principle into consideration and thus select suppliers located within or close to Henan prince, which might result in reduction on transportation cost and negative impacts on environment throughout the supply chain. Consequently, our long-term suppliers are mainly from Henan province.

Number of Suppliers



4.2 Be Candid and Carry Probity

As one of the representative commercial banks in Henan province, Zhongyuan Bank strictly denies and prevents all disciplinary offences and illegal acts which could be related to corruption, bribe, extortion, fraud and money laundering. We sternly comply with *Administrative Supervision Law of People's Republic of China* (《中華人民共和國監察法》), *Measures for the Administrative of Financial Institutions' Reporting of High-Value Transactions and Suspicious Transactions* (《金融機構大額交易和可疑交易報告管理辦法》), *Order of the State Administration for Industry and Commerce of the People's Republic of China: Interim Provisions on Banning Commercial Bribery* (《國家工商行政管理局關於禁止商業賄賂行為的暫行辦法》) and other relevant regulations. As response to these laws and restrictions, we have formulated *Measures for Honest Report of Zhongyuan Bank Co., Ltd.* (《中原銀行誠信舉報管理辦法》) and *Index of Risks of Clean Governance arise from Important Position and Link of Zhongyuan Bank Co., Ltd. (Trial)* (《中原銀行重要崗位和關鍵環節廉政風險目錄(試行)》). Additionally, there is completed punishment declarations under the situation when a staff has been illegal in *Measures for the Handling of Violations of Regulations of Zhongyuan Bank Co., Ltd* (《中原銀行員工違規行為處理辦法》). By guaranteeing all regulations effectively complied, organizing regular clean governance educational activities and implementing specific rectifications of combat corruption and clean governance, staffs in the Bank have improved their awareness on combat corruption and clean governance and been constrained strongly to prevent violations of laws and regulations, laying a solid foundation for construction of clean governance.

In addition, considering that the public are authorized to be able to monitor our business, we have launched *Notice of Zhongyuan Bank Co., Ltd. on Issuing Open Petitioning System* (《關於暢通中原銀行信訪舉報渠道的通知》), which elucidates detailed procedures of E-mail, hotlines, professional intranet, extranet reporting and other measures for reporting, ensuring effective monitoring carried by the public. In response to reports and complaints, monitoring and guardian department should register, apply and investigate based on received information and *Measures for Managing Petition of Zhongyuan Bank Co., Ltd (Trial)* (《中原銀行信訪工作管理辦法(試行)》).

During the Reporting Period, we had complied with all national and regional regulations stated above and had not received any reports on corruptions.

Case Series event themed at “Be Loyal, Be Disciplined, Be Model”

The Bank had organized a series event “Be Loyal, Be Disciplined, Be Model” targeting its discipline inspection workgroup in 2017. There were five sections in this event including watching documentary, visiting education base, writing article, investigating working opinions of discipline inspection and surveying working comments of rectification activities. Throughout normalization and standardization of the series events, we have approved responsibilities of discipline inspection workgroup to ensure that disciplinary inspection and supervision would be organized and arranged well within the Bank.

Case Thorough initiation of case study-based reformation, stringent implementation of specific rectification projects

We initiated thorough case study-based reformation in 2017 to fully comply with requirements of implementation of specific rectification. Consequently, we had investigated 18 branches, 9 village and township banks, 3 direct sub-branches and all departments of the Headquarters, discovered and modified 23 issues including working style improvements, accountability strengthen, execution enforcement, supervision administration on key position and probity intensification and compliance warning education of grass roots level. Correspondingly, we expended effects of follow-up judicial review which could lead to an upgraded control mechanism with greater transparency and reliability.

4.3 Keep Secrets Behind Closed Door and Shield Rights

Zhongyuan Bank has always considered the importance of creating a trustworthy customer information protection system over the years. For toughening its inner awareness on customer information protection and preventing unauthorized operations on customer privacy, the Bank is constantly arranging relevant educations to its employees. We authorize monitoring and guardian department to supervise and ensure functioning of the system and to put internal monitoring and assessing scheme which related to customer privacy protection into effects. According to *Measures for the Handling of Violations of Regulations of Zhongyuan Bank Co., Ltd.* (《中原銀行員工違規行為處理辦法》), we will dismiss personnel who has taking advantages of his/her position to intentionally sell, release or leak customer information while some shall be transferred judicial authority in case of serious violation. With stable development, customer protection work of the Bank has continuously been improved and been widely recognized by supervision authorities. We were certificated as “A-rank Bank for the Protection of Financial Consumers’ Rights and Interests (金融消費權益保護工作 A 級行)” in early 2017.

As a means to enhance intellectual property protection work, the Bank has launched *Administrative Measures for Intellectual Property of Zhongyuan Bank Co., Ltd.* (《中原銀行知識產權管理辦法》), which formalizes intellectual property application forms, utilization and maintenance requirements of in-company intellectual property and rises requisite of establishment of specific position to manage intellectual property. It is defined that staff on the position need to monitor and examine related clauses to ensure security of intellectual property for the Bank and the relevant party when Zhongyuan Bank is preparing or signing contracts with the others.



4.4 Exercise Inventive Mind and Concentrate on Innovation

In response to rapid development of the internet and technological innovation, Zhongyuan Bank actively adapts to the influences carried by those upgrading modes of modern financial operation and therefore strengthens business innovation, expands business scope and enriches means of providing services.

In terms of promoting online banking system, Zhongyuan Bank is constantly upgrading its Apps for mobile banking and direct sale banking, resulting in some leading functions and relative preliminary advantages of the industry. Besides, as for corporate banking, "Cloud Account" was introduced to corporate clients to transfer traditional client accounts on "cloud", leading to an improvement of efficiencies in account opening. Broadening and digital strategic transformation was accepted and promoted for accelerating new technological applications. Answeringly, artificial intelligent (AI) technologies such as biometric identification and AI advisor have been applied to counters and channels to intensify online and intelligent service level.



Promotion interface of Zhongyuan Bank's internet banking

As to support corporate technical creativity, we have successfully set up the Zhongyuan Bank postdoctoral innovation and practice base under the approval of Henan Provincial Human Resources and Social Security Department in July 2017. The base is in position of directing and cultivating postdoctoral innovative talents, looking forward to discovering new financial system and business mode thus to stimulate integration of talents, projects and platforms by means of seeking and analysing prospective and strategic researches, cooperating with advanced researching institution and developing new banking products. During the Reporting Period, as adhering to shape the base to be an industrial talent highland, achievement highland and first-class research platform, to lay foundation of product innovation and business scope expansion in future, we concentrated on five main topics including 1) construction of big data application-based consumer behavioural credit model; 2) researches on internet financial development and smart bank construction; 3) researches on supply chain finance and logistics financial development model; 4) researches on design and development of credit risk mitigation instruments in commercial bank in China and; 5) researches on countermeasures for Zhongyuan Bank to develop in free trade zone.



05

Show the Greatest Sincerity and Provide Ideal Service

- 5.1 Spare No Efforts to Improve Service Quality
- 5.2 Earn Respected Polarity and Receive Wide Endorsement
- 5.3 Follow Given Advices and Enhance Own Performance



5 Show the Greatest Sincerity and Provide Ideal Service

Zhongyuan Bank is committed to providing various and reliable financial products and ideal services to our customers which allows our customers to experience high-quality services and select preferable financial products. According to *Law of the People's Republic of China on Commercial Banks* (《中華人民共和國商業銀行法》), *Advertising Law of the People's Republic of China* (《中華人民共和國廣告法》), *Contract Law of the People's Republic of China* (《中華人民共和國合同法》) as well as other relevant laws and regulations, we have issued *Administrative Measures for Services by Zhongyuan Bank Co., Ltd. (Trial)* (《中原銀行服務管理辦法(試行)》) and other managerial forms in strict compliance with national and regional requirements on the quality of products and services, reliability and validity of advertisements and labels which could prevent misrepresentation to our customers and the society. Once negative impacts caused by our products or services were detected, we would designate staff to investigate and look for measures of addressment.

On the other hand, since we have only provided financial products and services, there are no considerations on health and safety issues of our products and services.

5.1 Spare No Efforts to Improve Service Quality

We have built up a services improvement working group which is dominated by president in charge of retail and be consistent with ministers of retail banking department, accounting and operation department, monitoring and guardian department, internet finance department, inclusive finance department, retail credit department, corporate banking department, credit card department, labour union and other relevant departments to implement services management in accordance with *Administrative Measures for Services by Zhongyuan Bank Co., Ltd. (Trial)* (《中原銀行服務管理辦法(試行)》). According to the document, the working group is dedicated to ten tasks which include 1) the improvement of service system; 2) the strengthening of serving inspection; 3) the initiation of daily serving management system; 4) the strengthening of serving supervision; 5) the detailing of report management; 6) the initiation of serving apprising; 7) the promotion of serving training; 8) the cultivation of serving culture; 9) the arrangement of monthly meeting and; 10) the implementation of serving evaluation system. In order to satisfy demands of sustainable development and perfection of service improvement management structure, we also amalgamate the management system and application model for evaluation on these ten tasks by incorporating service improvement management as a daily assessment. On the basis of the *Standardize Service Manual of Zhongyuan Bank Co., Ltd.* (《中原銀行標準化服務手冊》) and other policies, our service quality is ensured to be improved continuously and to follow the times and customer requirements.

Case

Taking part in "Top 100 Banks of Henan with Polite and Standardized Service Assessment" (河南省銀行業文明規範服務百佳) and "Demonstration of Star-rated Unit Assessment" (星級示範單位創建活動)



For achieving reputation for category of high-quality service and recognition of its brand, accessing positive impacts on improving service level that would be carried by identification of demonstration unit, and driving service enhancement along with its business, Zhongyuan Bank has encouraged its branches, outlets to get involved in "Top 100 Banks of Henan with Polite and Standardized Service Assessment (河南省銀行業文明規範服務百佳)" and "Demonstration of Star-rated Unit Assessment (星級示範單位創建活動)".



Furthermore, considering specific needs of the elders, disabled persons, sick persons, pregnant women or other groups of people with weakness, the Bank has formulated *Administrative Measures for Serving Special Customer Groups of Zhongyuan Bank Co., Ltd.* (《中原銀行特殊客戶群體服務管理辦法》). The measure provides a comprehensive set of principles consist of requirements on code of conduct, service form and service equipment, which outlets need to be abided by when serving customers with difficulties to handle business transactions, to show concerns of the Bank on providing sensitive and humanized service to special group of customers.

5.2 Earn Respected Polarity and Receive Wide Endorsement

We have been listed on "Finance China 500" (中國金融 500 強) and "Top 10 Corporate Social Responsible Banks in Henan" (河南省銀行業最具社會責任十強銀行) since our financial products are widely recognized by the industry and favored by the society. Through evolvement of cooperation with government and other companies from different industries, we have successfully "tower" our brand in Central Plain, adhering the plan of strategic development. With the guidance of implementation and development of decisions made by the 19th Communist Party of China Nation Congress, during the Reporting Period, the Bank progressively upholds its inclusive finance services, implement "Internet and Rural Banking Services" strategy, being in an effort to lead real economy development and devote itself in development of Central Plain.

Case

Successfully issuing products of bond financing plan in Beijing Financial Assets Exchange (BFAE)

On 24 May 2017, BFAE issued products of bond financing plan, the "Shangyin•Ruidao, first receivables bond financing plan in 2017 (上銀•瑞道 2017 年第一期應收賬款債券融資計劃)", for which the Bank was served as a sales agent. It is the first financing product that we have issued in BFAE. The product has not only brought considerable economic benefits, but also earned reputations from asset listed agencies, underwriting agencies and other occupations in the same industry for the Bank.

5.3 Follow Given Advices and Enhance Own Performance

In order to improve its service and product quality and communicate with customers progressively in the meantime, the Bank has established a customer service center responsible for customers' feedback. The service center is committed to coming across with possible problems during communications with customers and reporting those problems to operational departments, looking for further improvement opportunities. We invited customers to evaluate our performance by pushing voice message after ending the customer service hotline. It is conducted that we have achieved 99.71% of the total 370,000 evaluation feedbacks positive in Reporting Period.

Complaints handling procedures



Case

Understaffed leading to dissatisfaction in peak hours

Our customer service center had received a complaint on 26 October 2017, reporting an ignorance when the customer was applying for legal fees remittance service and looking for assistance to fill in an application form after 9a.m. The center tried its best to pacify the customer immediately after answering the call. In responding, the center sent an electric form to the questioned branch for problem solving. Representative of the branch obtained surveillance subsequent to the receipt of the electric form, understanding that the problem is caused by understaffing in peak hours. Through explaining causes and effects of the issue to the customer, we had gained understanding, critical opinions, improvement suggestions and affirmation of our responses and attitude. The representative had organized a discussion to emphasize the importance of communication and cooperation with customers, looking for approaches to improve efficiency of business processing, which might prevent the same problems from happening again.

06

United in One Purpose and Get Greater Together

- 6.1 Recruit with Earnestness and Appoint People On their Merit
- 6.2 Apply Active Management and Know How to Motivate Employee
- 6.3 Adopt Different Measures in Accordance with different Situation
- 6.4 Build Up Physical Health and Provide Comfortable Space



6 United in One Purpose and Get Greater Together

Zhongyuan Bank always puts people first and serves its employees wholeheartedly in its daily operation. We are adhering to create a comfortable and reliable working environment and provide platform for self-improvement and skill learning to our employees for growing collaboratively in the future. During the Reporting Period, we had further completed our recruitment system, which ensures fairness, effectiveness and accuracy of recruitment activities, toughening foundation of building of financial talents team; stepped forward on construction of a comprehensive, multilevel and multidimension employee management and insurance system.

By the end of 31 December 2017, there were totally 13,540 employees have been hired by the Bank. Please refer to the following charts for detailed introduction of employee distribution based on gender, age group and geographical region.

Number of employees (by gender)

Male



6,272 persons

Portion

46.32%

Female



7,268 persons

Portion

53.68%

Number of employees (by age group)



Under 30 years old

5,945 persons

Portion

43.91%



30 to 50 years old

6,667 persons

Portion

49.24%



Over 50 years old

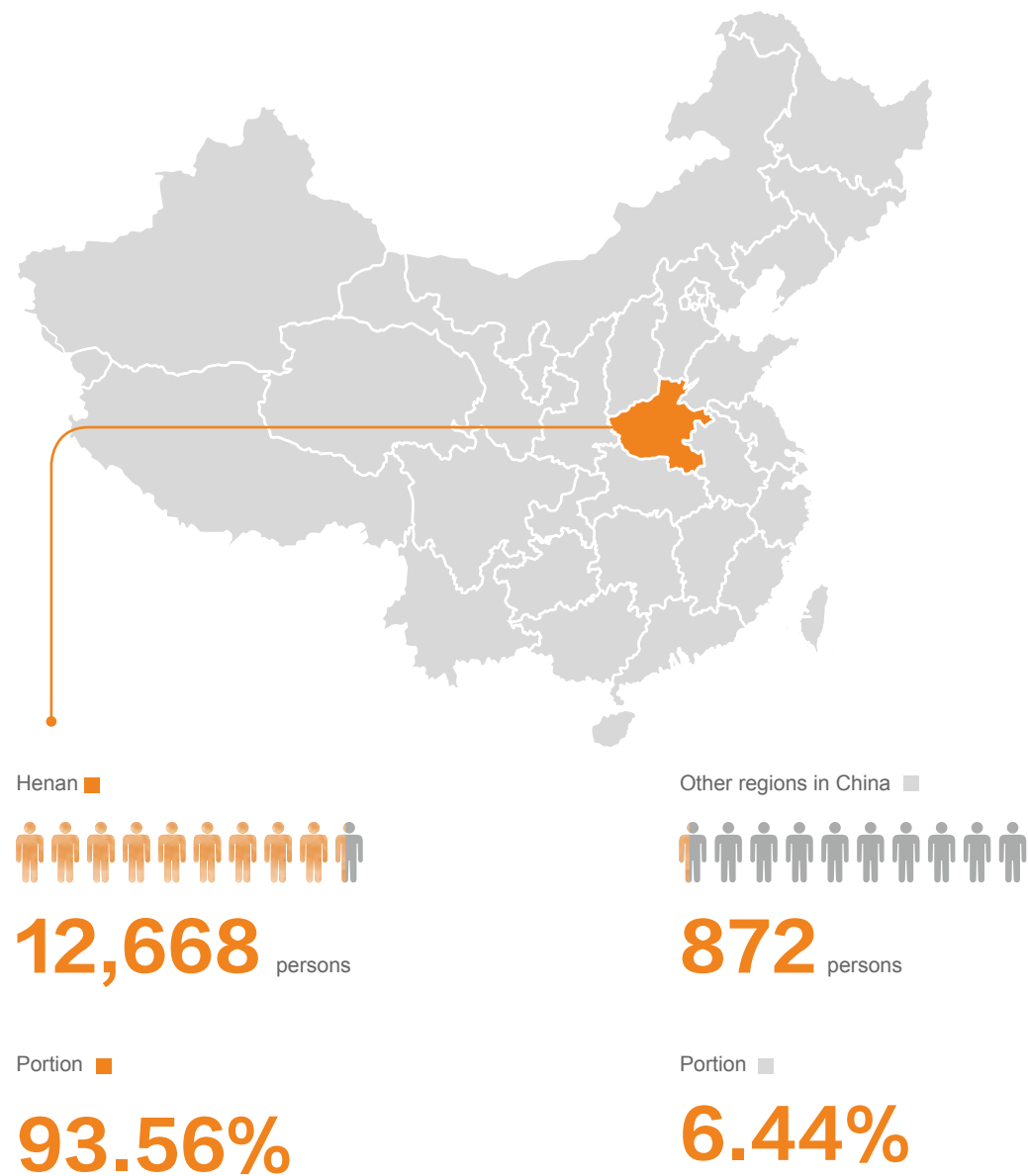
928 persons

Portion

6.85%



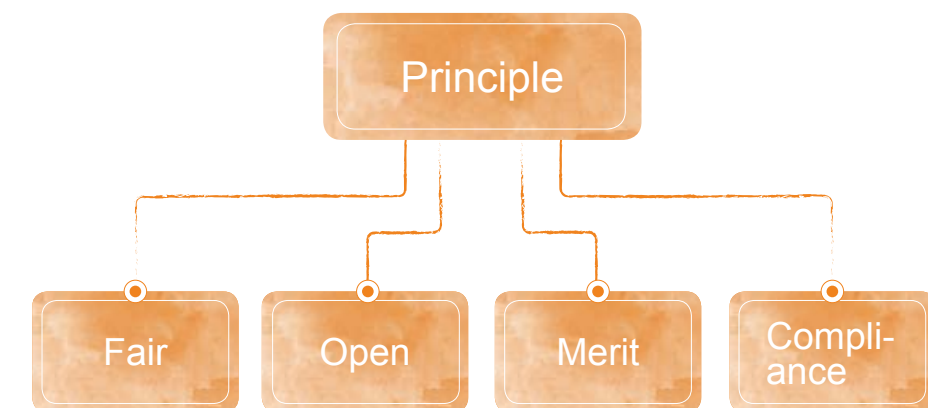
Number of employees (by geographic regions)



Because supervision authorities have different definitions on employment type, especially for senior managers, and have registered number of senior manager of the Bank based on their own definitions, we are not going to disclose the number of workforce by employment type in the Report to avoid misunderstanding of supervision authorities. We would state this number after making effort for investigation and negotiation to unify demarcation of employment type in the future.

6.1 Recruit with Earnestness and Appoint People on Their Merit

We rigidly comply with *Labour Law of the People's Republic of China* (《中華人民共和國勞動法》), *Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》) and other related policies. Based on guidance of *Measures of Staff Introduction and Recruitment of Zhongyuan Bank Co., Ltd.* (《中原銀行人員引進與招聘辦法》), we manage a principle of "fair, open, merit, compliance" during recruitment and fairly treat applicants: regardless of age, gender group, race, ethnic group, belief, physical condition and deliver same opportunities to applicants through all procedures of recruitment. Aiming at creating multivariate company culture, improving quality of staff to support further development of the Bank. To apply our recruitment principles in conjunction with requirements of *Special Protection Regulation for Minors* (《未成年工特殊保護規定》) and *Provisions on the Prohibition of Using Child Labor* (《禁止使用童工規定》) and prevent illegal recruitment of minors, we earnestly check new-entry applicants' information, including personal identification for specifically. Besides, in accordance with demands of *Regulations on Employment Service and Employment Management* (《就業服務與就業管理規定》) and other regulations, a unified information management system is utilized form collecting and storing information of new recruits for preventing forced labour. Monitoring and guardian department is committed to take supervision responsibilities in recruitment process. Once the situation of incompliance of recruitment or unauthorized hiring of recruit who fails to satisfy the qualification requirements was exposed to monitoring and guardian department, duty officers would be admonished, criticized and fined financial penalties; in case of serious violation, duty officer might be warned, demoted or expelled.

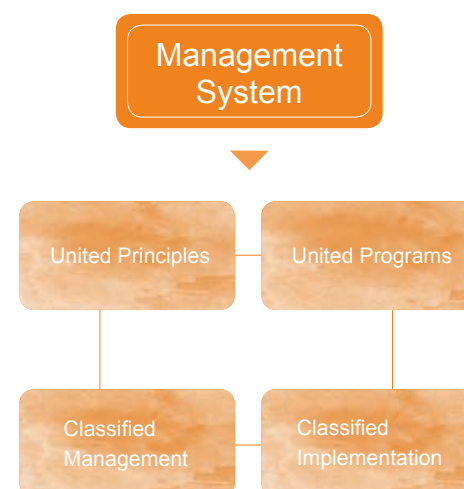


6.2 Apply Active Management and Know How to Motivate Employee

For the purpose of effective management and rights insurance for our employees, we have formulated *Administrative Measures on the Remuneration of Employees of Zhongyuan Bank Co., Ltd.* (《中原银行股份有限公司员工薪酬管理办法》), *Administrative Measures of Requesting Leave and Work Attendance of Zhongyuan Bank Co., Ltd.* (《中原银行员工请休假及考勤管理办法》) and other relevant regulations to guarantee basic right of employees through monitoring and ensuring that 1) remuneration management and position promotion are fair and merit-based; 2) employees have equal opportunities to access personal development; 3) platform for growth is supportive for entire bank; 4) outstanding workforce, who has high professional competence, could be encouraged and supported in respect of remuneration and positional promotion; 5) working hours approving, leave requesting and working attendance approvals are complied with national regulations, which means daily and monthly working hours are standardized, mandatory holidays and leave application form are clarified. In addition to remuneration and operation management of employees, 1) conditions of dismissal were formulated by attentions dominated by human resources department to prevent unreasonable dismissal and; 2) union is responsible to caring employees and organizing enrichment activities such as fitness activities to vitalize basic welfare system.

6.3 Adopt Different Measures in Accordance with Different Situation

In order to advance and expand business steadily and effectively, be centered on designed development strategy and growth plan, we have organized multilevel, multi-criteria, multichannel and multiform employee training to constantly improve comprehensive quality, professional competence and management level of staffs for cultivating a team of professional genius with proficient in business work and excellence in management. According to *Administrative Measures on Training*, (《培训管理办法》) training proposal and content would follow the “united principles, united programs, classified management, classified implementation” management system. Chairman’s executive meeting of the Headquarters is responsible for leading manufacturing of medium and long-term training proposals, annual training proposal and auditing training expenses or other related critical issues.



Training content formulated in *Administrative Measures on Training*

Training type	Trainee	Training content
Leadership training Professional skill training	Middle-level and senior-level management	Cultivation of mode of thought and concept, business ideas, leadership and management knowledge
Professional skill training	Various professionals	Improvement of professional understanding and ability
Pre-job training	Upcoming and transferred staffs	Introductions of job responsibilities, job requirements and job ethic for new positions
New-entry training	Newly recruited staffs	Introduction of our history, current situation, development strategy, corporate culture, discipline, professional ethics, teamwork and basic business knowledge and skills
Professional qualification training	Staffs related to business development	Various types of social vocational qualification training and examination related to business development
New business promotion training	New business participants	Introduction of new promotional financial products and new technologies
Oversea special training	Senior managers or business backbones	Long-term, medium-term or short-term oversea training in financial institutions, universities or other training institutions for learning the latest business technology and management measures
Basic quality training	All staffs	Comprehensive and generic knowledge and skills related to job duties

During the Reporting Period, there were 189 senior-level managers, 559 middle-level managers and 11,000 front-line staffs involved in different training activities held by the Headquarters office, covering almost hundred percent of employees from senior-level managers to front-line staffs. In considering the average of the training hours, senior-level managers had been trained for 54 hours per person, middle-level managers had been trained for 60.2 hours per person and front-line staffs had been trained for 72 hours per person.

Because the training information collection system did not contain gender information, we could not analyse the percentage of employees trained by gender and the average training hours completed per person by gender. For preferable disclose level in the future with detail data for social aspect, we have initiated gender information collection form in upcoming training plans.

Case

“Sailing”, the 2017 official initiation of closed training for the Headquarters’ management trainees

On 19 March 2017, 72 management trainees and data modelers from the Headquarters had involved into a management trainee closed training in Fengle grange training base. To cultivate respectation of solidarity and joint efforts, the training had covered content including quality development training and comprehensive knowledge training. Our trainees had shown uniform discipline, fearless enterprising spirit and excellent teamwork ability after experiencing all kinds of physical training and brain training, achieving an upgraded group, surmounted personal.



Case

2017 service management capabilities improvement training

From 19 June to 21 June 2017, the Headquarters held a three-day service and management capabilities improvement training in Zhengzhou, targeting service managers and retail trainers (33 person in total) from 18 branches. According to previous investigation and detailed examination, the event focused on discussing and solving problems or difficulties that carried by employee management, poor execution of service standardization and complaints handling in daily operation. Trainees were motivated and separated into different groups to learn through competing and stage clearance learning mechanism. The trainers had analysed and explained points of daily operational difficulties in managing branches and integrating these points with real cases to clarify solution implementation in service management. By participating this event, managers from branches figured that they had improved their own understanding of daily service management and skills of service management and practices. It is considered that the training could effectively lay a foundation to improve service level of the Bank.



6.4 Build Up Physical Health and Provide Comfortable Space

Zhongyuan Bank earnestly complied with *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》), *Measures for the Administration of the Provision of Assistant Devices for Work-related Injury Insurance* (《工傷保險輔助器具配置管理辦法》), *Measures for the Supervision and Administration of Employers' Occupational Health Surveillance* (《用人單位職業健康監護監督管理辦法》) and other regulations, we progressively cultivate health awareness and beautify working environment to implement our carefulness and attention on physical and mental health of employee. During the Reporting Period, there was no reported death or injury at work.

In terms of safety insurance, the Bank has maintained routine testing and maintenance of its safety protection devices in the Headquarters office and other office areas in branches. For managing fire proactively to prevent injuries specifically and meet requirements of fire management department, the Bank has invited third-party companies to be in charge of annual inspections on 1) possible sources of fire such as electrical circuit and; 2) fire extinguishing and protection system components such as safety exit instruction, fire mask, fire extinguisher and fire-proof door. Along with that, we organize annual fire training and fire drill as for consolidating hardware protection to enhance risk response capacity. The Headquarters had organized three fire trainings and fire drills while each branch of the Bank had held at least two times of the events in the Reporting Period.



Mini fire station in Headquarters office



Fire extinguisher in Headquarters office



Safety exit and fire-proof door in Headquarters office

Case Successfully conduction of fire drill in Headquarters office

The monitoring and guardian department arranged a fire drill which had all agency security officers, new-entries of the year and all security guards (about 70 persons in total) involved in on 15 March 2017. We honourably invited lecturers from Henan Fire Protection Association to give demonstration on precaution of fire and instruction of fire extinguisher. In addition, fire drill was conducted through regarding contents such as typical cases analysis, escape and self-rescue. Throughout the fire drill, all of the participants had improved their safety consciousness and fire resilience.



We intend to improve employee's physical fitness in healthcare accomplishment and thus we organized various sports and cultural activities. We regularly hold various healthcare educational seminars since we are not only highlighting the importance of enriching leisure time and improving physical quality, but also the essentiality of enhancing health knowledge and self-protection awareness.

Case

Ball games preliminaries of the Zhumadian division of the first Zhongyuan Bank staff sports game in 2017 lowered its curtains



Zhongyuan Bank successfully organized its first staff sports meeting in 2017 from 23 September to 24 September. There were more than 150 staffs from different branches engaged into the game. The successful launch of the sports meeting had achieved its purpose of 1) improving physical performance; 2) promoting unity and cooperation and; 3) vitalizing the cultural lives.



Case

Xinyang branch successfully held the poetry reading competition themed at “Enthusiastic Era”.

Xinyang branch held a poetry reading competition named “Enthusiastic Era” on 18 April 2017. More than 60 people had formed 54 groups to take part in the completion. The participants used their beautiful voices and creative design to interpret their favored classic poem, which feasted the audiences’ ears and created a pronounced academic atmosphere. To take the competition as an opportunity, Xinyang branch significantly encouraged the moral of it and strongly motivated its employees’ enthusiasm, strengthening their belief in making contributions to leapfrog development of Zhongyuan Bank.



07

Get Along Well with Others as Strike Instruments in Complete Harmony

- 7.1 Tower in Central Plains and
Take Care Community
- 7.2 Alleviate Poverty Aggressively
and Show Love without Frontier



7 Get Along Well with Others as Strike Instruments in Complete Harmony

Zhongyuan Bank was vibrantly upholding its social responsibilities in 2017. The Bank brought its warmth and carefulness to community step by step, to fulfill its important mission of “eliminating poverty and enhancing livelihood”. We proactively held a variety of knowledge promotion events and discussion forum to spread financial knowledge within the community, making efforts on increasing financial understanding of populace. Meanwhile, with vigorous contribution in the field of helping poverty-stricken population by closely follow the basic strategy of “taking targeted measures to help people lift themselves out of poverty (精準扶貧、精準脫貧)”, the Bank had fully complied its advantages carried by the network of outlets and contracting to deliver warmth and health to poverty-stricken population, exerting its importance role in poverty alleviation through financial assistance.

7.1 Tower in Central Plains and Take Care Community

For further popularization of basic financial knowledge in community and raising public awareness of self-protection of general public to prevent loss of rights and interests, the Bank had invested approximately RMB 1.3 million and 3,000 employees to organize numerous financial knowledge related presentations to the public to help the public build up scientific concept of financing and to increase accessibility and validity of financial knowledge.

The Bank had invested approximately RMB **1.3** million and

engaged **3,000** employees

Case

Active promotion of “Anti-Counterfeiting Knowledge in Community” held by Xinyang branch



To disseminate anti-counterfeiting related knowledge and raise ability of counterfeit identification of the public, the accounting and operation department of Xinyang branch had integrated Shihe sub-branch to initiate “Anti-Counterfeiting Knowledge in Community” event. The initiation introduced the security features of the fifth set of RMB coupons for the 2015 edition and other related knowledges of RMB to passengers for better clarifying core information of anti-counterfeiting by hanging propaganda banners, displaying publicity

boards and roll-up banners, quizzing and distributing presents on the basis of “scanning QR code to answer”. Our staff were using easy understandable phrases, professional views and patient explanations to assist involved public to understand knowledges of anti-counterfeiting with earnestness.

Case

“Introducing Financial Knowledge to Community” event held by Zhumadian branch in 2017

In response to requirements of the Headquarters office and local regulatory authorities on promoting financial knowledges and relevant laws and regulations, and to enhance credit conception and rise consciousness of risk prevention, Zhumadian branch held a set event “Introducing Financial Knowledge to Community” in September 2017. It was stated that 156 presentations were held by participation of 96 thousand of citizens in the event, indicating that the event could have had significant influence on formulating credit conception and consciousness of risk prevention of the public.



7.2 Alleviate Poverty Aggressively and Show Love without Frontier

According to instructions of *Decision of the CPC Central Committee and the State Council on Wining the Tough Battle against Poverty* (《中共中央國務院關於打贏脫貧攻堅戰的決定》), *Opinions of the CPC Henan Provincial Committee and Henan Provincial Government on Wining the Tough Battle Against Poverty* (中共河南省委河南省人民政府關於打贏脫貧攻堅戰的實施意見) and other relative documents, Zhongyuan Bank eagerly involved into the tough battle against poverty. During the Reporting Period, the Bank had invested approximately RMB 2.3 million in poverty alleviations and donations. There were more than 8,000 staffs engaged in these events, conveying the Bank's determination to alleviate poverty.

Bank had invested approximately RMB **2.3** million in poverty alleviations and donations.

There were more than **8,000** staffs engaged in these events

Case

Two poverty-stricken villages were brought to “marry” relying on zanthoxylum tree as intermediary

After establishing massive investigations and re-searches leading by managers and the aid-the-poor group of Sanmenxia branch, investigators found that the environment of Lushi Huoshenmiao Village was suitable for growing zanthoxylum trees, which had been successfully planted in Buzhaozhai Village. Experience of planting zanthoxylum trees in Buzhaozhai Village indicated that production of zanthoxylum could made commercial support to villagers. Therefore, the investigation group was seeking a way to alleviate poverty in Huoshenmiao Village by introducing zanthoxylum trees to the land and to steady alleviation work established in Buzhaozhai Village by creating extra income. Throughout unremitting endeavor carried by the investigation group from Sanmenxia branch, two villages are successfully “married”. As a result, Huoshenmiao Village had planted zanthoxylum trees, constructed zanthoxylum trade market and forming a poverty alleviation model of inaugurating special industry.



08

Plant Luxuriant Forest and Construct Green World

- 8.1 Reduce Resources Consumption and Economize to Avoid Running Short
- 8.2 Limit Emission with a Slow but Steady Pace
- 8.3 Make Best Effort to Beautify Natural Environment



8 Plant Luxuriant Forest and Construct Green World





To conscientiously implement the Party's 1) overall layout of "Five in One (五位一體)" and strategical layout of "Four Comprehensives (四個全面)"; 2) development philosophy adoption for creativity, coordination, green, open and share and; 3) establishment of energy-saving and emission-reduction work plan (節能減排綜合工作方案) indicated in "the 13th Five-Year Plan (十三五規劃)", and be committed to *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), *Measures for Public Participation in Environmental Protection* (《環境保護公眾參與辦法》), *Regulations on the Prevention and Control of Water Pollution in Henan Province* (《河南省水污染防治條例》) and other relevant regulations, Zhongyuan Bank actively practises its green codes of conduct. In order to reduce material consumption in daily office operations and greenhouse gas emission generated from power consumption and fuel consumption, we vigorously promote the concept of green office, advocate energy conservation and emission reduction affairs. Additionally, we passionately organize and participate in external environmental protection projects.

Since the Report is the first ESG report of Zhongyuan Bank and we had not calculated relevant data in previous years, we temporarily could not disclose the outcome of our efforts on environmental protection, energy saving and emission reduction during the Reporting Period. In the future, we would adhere to the Consistency Principle to strengthen contentious data collection and analysis.

8.1 Reduce Resources Consumption and Economize to Avoid Running Short

According to the energy-saving and emission-reduction work plan in "the 13th Five-Year Plan (十三五規劃)", and to integrate the requirements with the decisions and deployment of "increasing income, reducing expenditures (增收節支、提質增效)", we have issued *Announcement of Advocating Diligence and Savings* (《關於倡導勤儉節約的通知》). The notice accentuates on regulating usage of electricity, water, paper and office consumables, urging people to build up personal sense of conservation and to spontaneously save water, energy and materials from bottom to the top and surroundings.

Resources saving strategy

Target		Measures
	Electricity	Turn off lights, computers and other electronic devices when leaving
	Paper	Promoting video conferencing system and paperless office
	Water	Turn off water tap when leaving to avoid "long flowing"
	Office Consumable	Be fond of stationeries, repair them in time and to reuse them

Dominant resource consumptions during the Reporting Period were laying on electricity, water, paper, stationery, fossil fuel for vehicles and gases to support staff canteen in some branches. We had successfully enhanced staffs' environmental protection awareness via effective promotions given by manger groups and active engagement of employees in the Reporting Period, toughening foundations of imitating environmental protection scheme in the future.

Resources consumption of the Company in 2017



Electricity use

48,094,409.100 kWh



Electricity use intensity¹

88.173 kWh/square meter



Water use²

333,521.500 metric ton



Water use intensity

0.540 metric ton /square meter



Natural gas use

419,749.000 cubic meter



Natural gas use intensity

0.770 cubic meter /square meter



Gas use

3,474.000 cubic meter



Gas use intensity

0.006 cubic meter/square meter



Paper use³

209,004.300 kilogram



Paper use intensity

15.436 kilogram/person



Stationery use

7,602.000 Kilogram



Stationery use intensity

0.561 kilogram/person



Ethanol gasoline use⁴

300,522.430 liter



Ethanol gasoline use intensity⁵

3,535.558 liter/vehicle

Note:

1. Intensity calculation here uses the sum of footprint of Headquarters, branches (sub-branches and outlets included) as dominator, which is 545,456.51 square meters in total (The rule is suitable for other intensity calculations which use "square meter" as dominator);

2. There are no difficulties on accessing water resource since municipal water supply network is supporting 100% of the Company's water consumption;

3. Intensity calculation here uses the sum of employee number of Headquarters, branches (sub-branches and outlets included) as dominator, which is 13,540 persons in total (The rule is suitable for other intensity calculations which use "person" as dominator);

4. All vehicles of the Company are using ethanol gasoline as energy source and thus the number also represents total fossil fuel consumption for vehicles;

5. Intensity calculation here uses the number of vehicle of the Company as dominator, which is 85 cars in total (The rule is suitable for other intensity calculations which use "vehicle" as dominator).

8.2 Limit Emission with a Slow but Steady Pace

We keep strictly to the terms of national emission reduction policies and fully promote the emission reduction plan in daily operation of the Bank. In regard to greenhouse gas emission conservation, we encourage staffs to make efficient use of electricity, especially to avoid unnecessary use of lighting and temperature controlling devices and to access natural light, wind, etc. as alternatives. Besides, by complying the “turn off lights, computers and other electronic devices when leaving” strategy for avoiding “long lighting” and “long standby”, we have significantly lengthened lifespan of light bulbs and other devices, reduced waste generations and mitigated greenhouse gas emission generated from energy consumption. Additionally, we are contributing to video conferences, minimizing business travel and reducing official cars uses in order that air pollutant emission and greenhouse gas emission could be diminished. In regard to waste disposal, we establish long-term cooperation with professional agencies who have ability to centrally dispose or recycle hazardous waste generated in office such as cartridge, light bulb, battery and; non-hazardous waste such as paper¹, stationery¹ and kitchen waste.



Note:

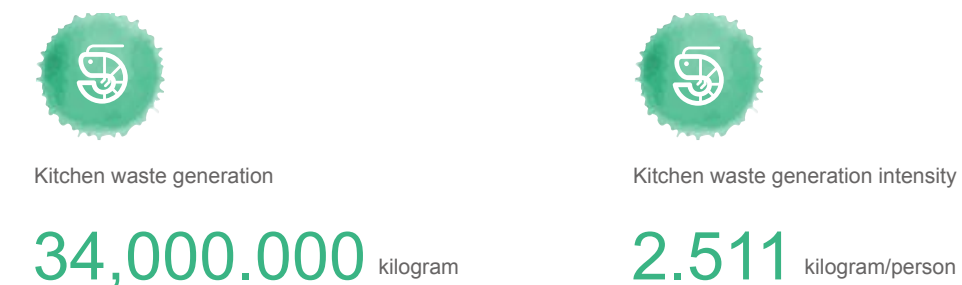
1. Since the numbers of waste paper and waste stationery were counted by third party companies in charge of disposal and recycle, we had no such data in 2017, paper and stationery are disclosed in the way of consumption, which is based on the calculations on purchase of paper and stationery (refers to “Chart: Resources consumption of the Company in 2017”), rather than being disclosed as the waster generation in this report. We are planning to channel such data collection of waste paper and waste stationery generation in the future.

Waste generation of the Company in 2017

Hazardous waste



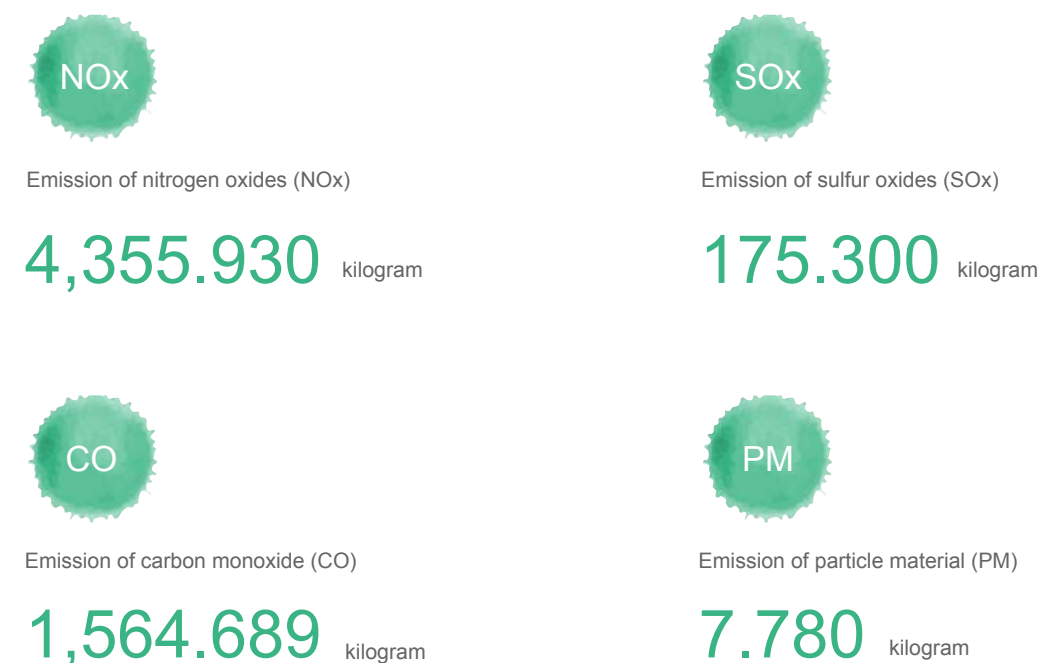
Non-hazardous waste



Note:

1. Waste battery generation is low, hence the reason for not applying intensity calculation.

Emission of air pollutants of the Company in 2017¹



Note:

1. Air pollutants disclosed in this report are mainly generated from combustion of fossil fuel for vehicles and staff canteens' cookers.



Emission of greenhouse gas of the Company in 2017¹



Note:

1. Greenhouse gas emission disclosed in this report is dominated by direct emission from combustion of fossil fuel from vehicles and staff canteens' cookers (scope 1) and; indirect emission from consumption of purchased electricity (scope 2).

In conclusion, we would further improve efficiency of resources consumption, lower emissions and upgrade data collection management in the future.

8.3 Make Best Effort to Beautify Natural Environment

Zhongyuan Bank believes that it is our own responsibility to shoulder promotion of environmental protection as a member of society. We organize and encourage our employees participating actively in various environmental protection projects, looking for creating better natural environment through our own efforts. During the Reporting Period, we had spent approximately RMB 100,000 and engaged more than 800 people in multiple environmental protection projects including tree planting and garbage picking, presenting our determination to practice and to protection natural environment.

During the Reporting Period, we had spent approximately RMB **100,000** and engaged more than **800** people in multiple environmental protection projects including tree planting and garbage picking

Case

Anyang branch organized volunteer “Zhongyuan Helper” to pick garbage in Linzhou



work, the “Zhongyuan Helper” had picked more than 50 bags of garbages in total and restored Luban Crack to its original appearance.

There were visitors around the nation who visited Luban Crack in Linzhou during the Spring Festival. Because there was no management and no garbage picking in the area, Anyang branch had organized and grouped more than 30 people to form a “Zhongyuan Helper” team to pick garbage in Luban Crack on 18 February 2017. The “helpers” made their descent while picking garbage and urging visitors to take care of the environment by taking rubbishes away. After four hours of hard

Case

Tree planting activity of Zhoukou branch



The general managers and employees from Zhoukou branch were ordinarily attending in a voluntary tree planting activity in a passionate manner on 7 March 2017. With working in specialization and cooperation for more than two hours, plat saplings were inserted into fertile land appropriately, becoming one part of the foundation for ecological progress in Zhoukou City.



09 Assurance Statement

To the Board of Directors of Zhongyuan Bank Co., Ltd.,

CECEP (HK) Advisory Company Limited ("CECEPAC (HK)" or "We") has been engaged by the Directors of Zhongyuan Bank Co., Ltd. ("Zhongyuan Bank") to conduct an independent limited assurance engagement ("Assurance Engagement") on the information and data related to sustainable development in Zhongyuan Bank's 2017 Environmental, Social & Governance Report ("ESG Report").

CECEPAC (HK) has been engaged to assure Zhongyuan Bank's adherence to the three AA1000 Accountability Principles (Inclusivity, Materiality and Responsiveness) set out in the AA1000 Assurance Standard (2008) ("AA1000AS"). CECEPAC (HK) has also been engaged to provide limited assurance on the reliability and accuracy of specific performance information disclosed in the ESG Report that have been selected in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Guide") published by the Stock Exchange of Hong Kong Limited ("HKEx").

If there is any inconsistency or ambiguity between the English version and the Chinese version of this assurance statement, the English version shall prevail.

I. Zhongyuan Bank's Responsibilities

Zhongyuan Bank is responsible for the preparation and presentation of the ESG Report in accordance with the HKEx's ESG Guide. Zhongyuan Bank is also responsible for implementing internal audit procedures and ensuring that contents of the ESG Report are free from material misstatement, whether due to fraud or error.

II. Assurance Provider's Responsibilities

CECEPAC (HK) is responsible for issuing an independent assurance statement to the Board of Directors of Zhongyuan Bank. This independent assurance statement applies solely to the ESG Report in the specified scope, expresses a conclusion on the assurance work, and does not serve any other intents or purposes.

CECEPAC (HK) ensures that all personnel involved in assurance work meet professional qualification, training and experience requirements, and are proficient in conducting assurance engagements. The results of all assurance and certification audits are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

III. Scope

- The scope of the Assurance Engagement is limited to the ESG Report only, and the contents only involve Zhongyuan Bank and its subsidiaries. The scope of this assurance does not include Zhongyuan Bank's suppliers, contractors, and data or information provided by other third parties;
- A Type 2 Moderate Level of Assurance was adopted to evaluate the nature and extent of Zhongyuan Bank's adherence to the three principles of AA1000AS;
- The assurance of six types of specific performance information disclosed in the ESG Report were agreed upon and selected between Zhongyuan Bank and CECEPAC (HK). The selected metrics are as follows:
 - Total GHG emission (Scope 2)
 - Total electricity use
 - Total water use
 - Total number of employees
 - Customer satisfactory survey result
 - Public welfare monetary investment
- CECEPAC (HK)'s assurance work was with respect to information disclosed from January 1 to December 31, 2017 only. We have not performed any procedures with respect to earlier periods or any other elements included in the ESG Report, and therefore, these do not constitute a part of our conclusions;
- The scope of the assurance is confined to the information and data provided by Zhongyuan Bank. Any queries regarding the content or related matters within this Assurance Statement should be addressed to Zhongyuan Bank only.

IV. Methodology

CECEPAC (HK)'s Assurance Engagement was conducted at the headquarter of Zhongyuan Bank in Zhengzhou City, Henan Province, the People's Republic of China and the assurance work included:

- An assessment on the suitability of Zhongyuan Bank's stakeholder engagement participation process;
- Interviews with Zhongyuan Bank's sustainability management and other personnel involved in the preparation and provision of the content and information in the ESG Report;
- An assessment on whether the reporting and management approach disclosed in the ESG Report responded to the principles of Inclusivity, Materiality and Responsiveness as defined in the AA1000AS;
- Random sampling of sources of evidence pertaining to selected key performance indicators;
- Recalculation of selected key performance indicators; and
- Other procedures we deemed necessary.

Assurance work was performed and the conclusions within were based upon information and data provided by Zhongyuan Bank, and on assumptions that the information provided was complete and accurate.

V. Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

VI. Conclusions

In accordance with the principles of Inclusivity, Materiality and Responsiveness in the AA1000AS, our conclusions of are detailed as follows:

Inclusivity

Zhongyuan Bank has identified key stakeholders. Regular communication with the key stakeholders is carried out in various way to understand their expectations and concerns. On this basis, Zhongyuan Bank has formulated policies in consideration of key stakeholders' expectations and concerns.

Materiality

Based on the expectations and concerns of key stakeholders, Zhongyuan Bank has identified and disclosed major sustainable development related issues through appropriate methods based on its own industry characteristics, legal and regulatory requirements, and outward economic and social impacts.

Responsiveness

Through the ESG Report, Zhongyuan Bank has disclosed corporate sustainability strategies, management systems, management key points, key stakeholder participation activities as well as major sustainable development related issues to respond to key stakeholders.

Specific Performance Information

Based on the procedures CECEPAC (HK) has performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the disclosure of the six types of specific performance information in the ESG Report is unreliable, inaccurate or not been prepared in all material respects in accordance with the basis of reporting.

VII. Recommendations

We recommend that Zhongyuan Bank considers continuing to strengthen their stakeholder and material issue identification mechanisms, and to gather and understand the expectations and concerns of stakeholders. Moreover, Zhongyuan Bank may consider strengthening their business impact (inward and outward) evaluation mechanism, and implementing this into their daily operational procedures.

VIII. Independence and Competence

CECEPAC (HK) was not involved in collecting and calculating data, or in the development of this ESG Report. CECEPAC (HK)'s activities are independent from Zhongyuan Bank. There is no relationship between Zhongyuan Bank and CECEPAC (HK) beyond the contractual agreement for providing this Assurance Engagement.



July 12, 2018

Hong Kong





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Appendix

10.1 Index of Environmental, Social
and Governance Reporting Guide

10 Appendix

10.1 Index of Environmental, Social and Governance Reporting Guide

Aspect	Indicator	Indicator Description	Disclosures	Pages/remarks
Environment				
A1: Emission	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	•	P.59~P.63
	A1.1	The types of emissions and respective emissions data	•	P.65
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	•	P.66
	A1.3	Total hazardous waste produced and, where appropriate, intensity	•	P.64
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	•	P.64
	A1.5	Description of measures to mitigate emissions and results achieved	•	P.59 & P.63
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	•	P.63

A2: Use of Resources	General Disclosure	Policies on the efficient use of resources	•	P.60
	A2.1	Direct and / or indirect energy consumption by type in total and intensity	•	P.61~P.62
	A2.2	Water consumption in total and intensity	•	P.61
	A2.3	Description of energy use efficiency initiatives and results achieved	•	P.59
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	•	P.60 & P.62
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable to principal business	
A3: Environ- mental and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	•	P.67
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	•	P.67~P.68

Social				
B1: Employ- ment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	•	P.42~P.43
	B1.1	Total workforce by gender, employment type, age group and geographical region	•	P.39~P.41
	B1.2	Employee turnover rate by gender, age group and geographical region	Intended to be disclosed in the future	
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	•	P.47~P.48
	B2.1	Number and rate of work-related fatalities	•	P.47
	B2.2	Lost days due to work injury	•	P.47
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	•	P.47

B3: Develop- ment and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	•	P.43~P.46
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	•	P.45
	B3.2	The average training hours completed per employee by gender and employee category	•	P.45
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	•	P.42
	B4.1	Description of measures to review employment practices to avoid child and forced labour	•	P.42
	B4.2	Description of steps taken to eliminate such practices when discovered	•	P.42

B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	•	P.23~P.25
	B5.1	Number of Suppliers by geographical region	•	P.25
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	•	P.24~P.25
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	•	P.28 & P.33~P.34
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable to principal business	
	B6.2	Number of products and service related complaints received and how they are dealt with	•	P.35~P.36
	B6.3	Description of practices relating to observing and protecting intellectual property rights	•	P.28
	B6.4	Description of quality assurance process and recall procedures	Not applicable to principal business	
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	•	P.28

B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	•	P.26
	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	•	P.26
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	•	P.26
B8: Community Investment	General Disclosure	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	•	P.53~P.55
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	•	P.53~P.55
	B8.2	Resources contributed (e.g. money or time) to the focus area	•	P.53 & P.55



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