# 中原銀行股份有限公司 ZHONGYUAN BANK CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability) Stock Code: 1216

Preference Shares Stock Code: 4617





Environmental, Social and Governance Report

# Table of Contents-

# 01.

About the Report	01
Reporting Scope	01
Reporting Guideline	01
Cautionary Statement	01
Valuable Feedback	01

# 02 .

# Profile of Zhongyuan 02 Bank

Business Review	02
Awards in 2019	02
Corporate Strategy and Planning	03
Communication with Stakeholders	05

¥

# 03.

Enhanced Risk	07
Management	
Corruption Prevention	09
Risk Management of Supply Chain	11
Intellectual Property Protection	12

# 04 .

# Quality Products13and Services

Building a Financial Research Highland	15
Making Use of Financial Innovation	15
Improvement of Product and Service Quality	17
Listening to Customers' Opinions and Sugges-	18
tions	
Securing the Safety of Privacy Information	20

# 05 .

# Professional Talent 21 and Team

Protection of Basic Rights and Interests of	23
Employees	
Guarantee of Employees' Health and Safety	25
Enhancement of Employees' Professional Abilities	27
06 .	

# Harmonious Society and Enterprise

# 29

Promoting Development Through Co-operation	31
Promotion of Financial Knowledge Education	31
Implementation of Targeted Poverty Alleviation	33
Policy	

# 07 .

# Green Bank and Operation

Promotion of Green Office Development37Development of Green Financial Product42



# Independent43Assurance Statement



# Appendix

Index of Environmental, Social and Governance Reporting Guide

45

35

45

About the Report Profile of Zhongyuan Enhanced Risk Quality Products

# **About the Report**

This report is the third Environmental, Social and Governance Report (the "Report") published by Zhongyuan Bank Co., LTD. ("Zhongyuan Bank" or the "Bank").

The Report is primarily responding to sustainable development-related topics that the key stakeholders of Zhongyuan Bank are concerned with. It is also openly and transparently demonstrating the Bank's environmental and social performances in 2019 to the stakeholders, allowing them to fully understand the Bank's sustainability performance. The Report should be read in conjunction with the Corporate Governance Report from P.114 to P.148 of the 2019 Annual Report of Zhongyuan Bank for a full understanding of Zhongyuan Bank's environmental, social and governance performances.

## **Reporting Scope**

Unless otherwise stated, the content of the Report covers the headquarters of Zhongyuan Bank (the "Headquarters") and 18 branches listed as follow.

Zhengzhou Branch	Shangqiu Branch
Kaifeng Branch	Hebi Branch
Anyang Branch	Xinyang Branch
Zhumadian Branch	Xuchang Branch
Nanyang Branch	Zhoukou Branch
Xinxiang Branch	Sanmenxia Branch
Puyang Branch	Luohe Branch
Pingdingshan Branch	Jiaozuo Branch
Jiyuan Branch	Luoyang Branch

The reporting period of the Report covers January 1, 2019 to December 31, 2019 (the "Reporting Period").

## **Reporting Guideline**

The Report is prepared in accordance with Appendix 27 the Environmental, Social and Governance Reporting Guide (the "Reporting Guide") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by the Stock Exchange of Hong Kong Limited ("SEHK"), and is prepared based the materiality, quantitative, balance and consistency principles stated in the Reporting Guide. The Report has complied with all "comply or explain" provisions of the Reporting Guide.

## **Cautionary Statement**

The Report is published in both Traditional Chinese and English. For any inconsistencies, the Traditional Chinese version prevails. The electronic copy of the Report is available on the official website of Zhongyuan Bank (http://www.zybank.com.cn) and SEHK (www.hkexnews.hk).

## Valuable Feedback

Readers of the Report are welcome to leave feedback through the following contacts:

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# **Profile of Zhongyuan Bank**

Zhongyuan Bank was established on December 23, 2014, and headquartered in Zhengzhou City, the capital of Henan Province, China. It is the first provincial corporate bank in Henan province. By the end of December 31, 2019, Zhongyuan Bank operated 18 branches and 2 direct sub-branches with a total of 467 outlets. As a major promoter, it established 9 county banks and 1 consumer finance company and held 1 finance leasing company.

Since its establishment, Zhongyuan Bank has committed to the development goal of developing Zhongyuan Bank into a leading commercial bank(將中原銀行辦成一流商業銀行)" advocated by the Henan Provincial Committee and the Provincial Government. By insisting on the three development strategies of "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)", the Bank actively practices "internalization and ruralization of banking services", fully supports regional economic construction and serves the local community and people. Facing the intricate business environment, the Bank has always adhered to the principle of "technology cultivation, technology prosperity( 科技立行、科技興行)", and the core value concept of "stability, innovation, motivation, and high-efficiency( 穩健、創新、進取、高效)". The Bank is energetically developing mobile finance and online finance to enhance its comprehensiveness, achieving a steady development trend with progress and higher quality during the progress of operation and development.

## **Business Review**



<sup>1</sup>Awards shown were part of the awards which were issued to Zhongyuan Bank in 2019.

# > Corporate Strategy and Planning

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2019 is the final year of implementing the Strategy and Development Plan 2015-2019 of Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司 2015-2019 戰略發展規劃》). During this period, Zhongyuan Bank adhered to the position of "being close to the public, serving small and micro customers, 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 )", developed in accordance with the "offering featured products in the 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 )" business development strategy, and had achieved satisfactory results with its continuous effort to make progress. According to the strategy and development plan, the Bank enhanced its reputation among domestic city commercial banks during the Reporting Period. It also increased the proportion of innovation business in all business sectors and reached a higher level of intelligence application.

## **Economic Responsibility**

Zhongyuan Bank has adhered to the principle of "technology cultivation, technology prosperity (科技立行、科技興行)" and made use of digitalization measures to build a first-class commercial bank. The retail line of the Bank has realized an overall advancement in terms of organizational structure within both the Headquarters and branches, while the company line has realized the agile operation and accelerated the construction of dual-speed information technology, making technology important support to Zhongyuan Bank's economic sustainable development strategy.

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Based on the development status of Henan province, Zhongyuan Bank is deepening mutual trust and co-operation with regulatory authorities, other companies and industries to jointly promote the sustainable development of the province, and thus realizing coordination between the Bank and the region. At the same time, the Bank is adhering to the "people-oriented" philosophy and focusing on the cultivation of excellent talents. Therefore, it is continuously improving the professionalism and comprehensive quality of its employees and achieving the co-development of enterprises and employees.

# /

# Environmental Responsibility

Zhongyuan Bank is actively responding to the energy conservation and emission reduction concerns of the society, and the national call for green finance. The Bank eagerly promotes the building of green offices by reducing resource consumption and mitigating pollutant emissions. It also constantly innovates green financial products and strictly executes the green finance audit mechanism to provide strong financial support to environmental-protection projects and businesses. > Communication with Stakeholders

In order to learn the expectations and suggestions from stakeholders of Zhongyuan Bank in a timely and accurate manner, the Bank established multiple communication channels to maintain sufficient and effective communication with its stakeholders during the Reporting Period. The Bank also consults the stakeholders' opinions related to the trends of development and social responsibilities of the banking industry through communication.

Stakeholder	Expectations and Needs	Communication Channel	Response from the Bank
Government	Serving major national and regional strategies, responding to the government's industrial polices, and promoting economic and social development	Policies and regulations, special reports, seminars, daily communication	Practicing local corporate bank's missions and responsibilities, responding to the calls of the nation, implementing the government's industrial economic policies, insisting on serving the real economy, paying taxes compliantly and supporting regional economic and social development
Supervision Institutions	Operating in compliance with laws and regulations, strengthening risk prevention and maintain financial stability	Regulatory policies, documents, reports, onsite and offsite supervision	Strictly executing regulatory policies, complying with laws and regulations actively, and implementing comprehensive risk management
Shareholders	Satisfactory return on investment, favorable corporate governance and timely information disclosure	Communication through Annual General Meeting, regular announcement, telephone, e-mail, fax, etc.	Continuous and stable operation, improving profitability and corporate governance, developing information disclosing mechanism
Customers	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 and strengthening client relationship management, client complaint management and customer satisfaction survey
Employees	Stable environment, reasonable welfare, satisfactory working environment and broad space for growth	Employees' Representatives Conference, labor union, forum, interview, and home visits	Introducing level training scheme, expanding career development channels, optimizing the incentive and restraint mechanism and paying attention to welfares and health of employees
Business Partners	Good faith, mutual benefit and fair procurement	Business co-operation, business communication and tendering meetings	Adhering to honesty, mutual benefits, regulation compliance, fairness, and justice. Establishing good and long- term cooperative relations with strategic partners, suppliers, etc.
Community	Taking care of vulnerable people, implementing social welfare, and disseminating financial knowledge	Voluntary services, charity activities, sponsorships, promotion, and training of financial knowledge	Organizing voluntary services, carrying out various public welfare activities, sponsoring sports and cultural events, and disseminating financial knowledge
O O Media	Developing a united public information communication platform and mechanisms between the Bank and its stakeholders	Annual Report, Corporate Social Responsibility Report, and press conference	Publishing annual report and corporate social responsibility report in time, and timely disclosing business and development information through media

During the Reporting Period, the Bank reviewed material topics disclosed in the 2018 Environmental, Social and Governance Report of Zhongyuan Bank through a comprehensive evaluation procedure:

## Stakeholders' Review

The Bank appointed the person in charge of internal environmental, social and governance (the "ESG **Personnel**") to comprehensively assess whether the Bank's stakeholders had changed in 2019 and whether their expectations and needs had changed through three dimensions: 1) changes of the Bank's main business and operating environment; 2) changes of stakeholders' influences on the Bank, and; 3) changes of the Bank's influence on stakeholders, and thus to conclude whether the topics concerned the stakeholders were different from 2018.

## Material Topics Review

\_\_\_\_\_

The Bank assigned the ESG Personnel to comprehensively review environmental, social and governance topics ("ESG topics")<sup>2</sup> which were identified in 2018 based on the following two dimensions: 1) changes of ESG topics' influences on stakeholders, and; 2) changes of ESG topics' influences on Zhongyuan Bank. The ESG Personnel assessed whether the materiality of the ESG topics had changed as compared to 2018. Additionally, identical evaluation processes and dimensions were adopted by the ESG Personnel to examine whether there were new material topics.



<sup>2</sup>Material topics, and other environmental, social and governance related topics which have been identified by the Bank are included.



## The 2019 Material Topics

# Enhanced Risk Management

The Bank regards seriously to the working principle of "prudential operation with risk-based supervision(風險為本、審慎經營)", adheres to optimize the internal management system, and strengthens internal control and compliance culture cultivation. During the Reporting Period, the Bank strictly adhered to national and regional laws, regulations, and regulatory requirements to upgrade its internal management and evaluation mechanism and guarantee compliant operation and management. It also actively carried out compliance training and publicity and education events to cultivate compliance awareness of all employees of Zhongyuan Bank, furtherly enhancing the operability and effectiveness of internal compliance construction.

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Corruption	Risk	Intellectual
Prevention	Management	Property
	of Supply	Protection
	Chain	
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	1.	



Enhanced Risk

Management

and Enterprise

# Corruption Prevention

Zhongyuan Bank considers the supervision requirements for corruption, bribery, fraud, money laundering, extortion and other violations described by laws and regulations such as the Criminal Law of the People's Republic of China(《中華人民共和國刑法》), the Supervision Law of the People's Republic of China(《中華人民共和國監察法》), and the Anti-Money Laundering Law of the People's Republic of China(《中華人民共和國反洗錢法》) as its core basis of anti-corruption management. The Bank formulated the Integrity Risks Catalogue for Important Positions and Key Procedures of Zhongyuan Bank Co., Ltd. (Trail)(《中原銀行重要崗位和關鍵環節廉政風險目錄(試行)》) , the Measures for Handling Violations of Employees of Zhongyuan Bank Co., Ltd.(《中原銀行員工違規行為處理 辦法》) and other internal policies to execute anti-corruption work and to prevent corruption from the source with well-established policies and working mechanism.

#### Case 🔰

#### The 2019 "Results-based Reformation" Work Summary of Zhongyuan Bank

In the first round of special activities, the Bank implemented

230 rectification

measures

In the second round of special activities, the Bank implemented

85

rectification measures

Revised and improved

9 **Z**6 systems

Rectification rate reached

# 100%

During the Reporting Period, the stationed discipline inspection and supervision team of Henan Provincial Commission for Discipline Inspection and Henan Provincial Supervisory Commission in Zhongyuan Bank initiated two rounds of "Results-based Reformation" special campaigns. Under the leadership of the team, the Bank met the requirements of the Henan Provincial Commission for Discipline Inspection on promoting the hundred-day "Results-based Reformation" special campaigns in the provincial and regional financial system with high standards and quality.

During the first round of the special campaign, the Bank identified and mitigated 92 risks, with 230 rectification measures implemented, and introduced the Trail Audit Risk Alert Management Measures of Zhongyuan Bank (《中原銀行審計風險提示管理辦法(試行)》) and other policies. During the second round of the campaign, the Bank identified 76 risks, with 85 rectification measures adopted by late December, and 26 polices were improved with a 100% rectification rate.



Zhongyuan Bank's committee inspection team was holding a work motivation meeting at the Xinyang Branch of Zhongyuan Bank

In 2018, the Bank issued the Notice on Further Unblocking of Petitioning and Reporting Channels of Zhongyuan Bank (《關於進一步暢通中原銀行信訪舉報渠道的通知》), in which the Headquarters' mailing address, telephone number, email address for petitioning and reporting, and key supervision and reporting issues were announced. Branches, county banks and the consumer finance company are required to republish the unites' integrity reporting channels and publicate key issues which encourage public supervision. During the petitioning and reporting management processes, the discipline and supervision departments of the units are responsible for registering, reporting and investigating reported information.

During the Reporting Period, the Bank strictly complied with the Criminal Law of the People's Republic of China(《中華人民共和國刑法》), the Supervision Law of the People's Republic of China(《中華人民共和國監察法》) and other laws and regulations.

#### Case 🔰

From August 23 to September 26, 2019, the Bank had organized training for relevant personnel such as the Secretary of Commission for Discipline Inspection and representatives from the Monitoring and Guardian Department of branches. Centralized training was the main form of the training while independent learning was set for supplementation. During the training, the Bank also held multiple online exams at various stages to summarize the status of training based on weekly feedback from branches and answer questions raised in the feedback. In the post-training stage, the Bank attached great importance to the transformation of learning outputs. Participants were asked to actively associate learned theories and daily operations, constantly improve working measures and consequently correct the shortcoming in discipline inspection and supervision.



### The Discipline Inspection and Supervision Officer Training of Zhongyuan Bank

# **Risk Management of Supply Chain**

The Bank has gradually strengthened the risk identification scheme for environmental and social related risks among supply chain in its daily operation. Certain measures have been taken during the engagement and management process of suppliers to avoid these risks from negatively affecting the business and reputation of Zhongyuan Bank.

According to the 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》), and other internal management policies, the Bank mainly evaluates the risk level of suppliers in five dimensions during supplier selection, while the Center Procurement Department is responsible to initiate onsite inspection on suppliers:

01 Whether the suppliers are able to assume civil liability independently.

### 03

Whether the suppliers have the basic financial capacity, expertise, service support capability and experiences to fulfill their responsibility stated in the contract.

### 05

Other special conditions related to the co-operation projects and provisions of products.

# 02

Whether the suppliers have a good business reputation and sound financial accounting system.

## 04

Whether the suppliers have major illegal records of operation in the past three years, such as records about violations of laws related to environmental and social aspects. Negative information which indicates violations of environmental and social responsibilities are considered as well.

The Bank sincerely considers the executions of rules and regulations in every single step during suppliers' engagement. Relevant employees' professional ethics of upholding integrity and self-discipline are highlighted while interferences from departments or individuals during the engagement are sternly prohibited.

The total number of suppliers in the Reporting Period was

733

In its daily supplier management process, the Bank mainly adopts a regular evaluation scheme which is operated by relevant departments. At the beginning of each year, the Bank reviews and evaluates the performances of all suppliers (the total number of suppliers was 733 during the Reporting Period). In this evaluation process, the supplier-related departments need to comprehensively assess suppliers' performances regarding contractual capacity, service quality, workforce management, professionalism, and timeliness of delivery management. After the evaluation, the Bank will consider continuing its partnership with qualified suppliers, whereas partnership with suppliers evaluated as unqualified would be ceased.

#### Geographic distribution of all 733 suppliers of the Bank during the Reporting Period is shown as follow:

Region	Number	Shaanxi Province	3	Hubei Province	2
Henan Province	537	Hebei Province	2	Hunan Province	3
Beijing	87	Fujian Province	5	Jiangsu Province	7
Shanghai	24	Guangdong Province	33	Anhui Province	2
Shandong Province	3	Zhejiang Province	16	Liaoning Province	3
Sichuan Province	3	Jilin Province	3		



# Intellectual Property Protection

In compliance with the Trademark Law of the People's Republic of China(《中華人民共和國商標法》), the Patent Law of the People's Republic of China(《中華人民共和國專利法》) and other related laws and regulations, the Bank has strictly regulated and strengthened the management scheme of intellectual property regarding the active promotions for development, protection and utilization of intellectual property, and launched the Administrative Measures for Intellectual Property of Zhongyuan Bank(《中原銀行知識產權管理辦法》) for a brand innovation advancement purpose. Departments are required to precede intellectual property scanning program, through which departments should research and investigate intellectual property accessibility in processes such as product branding and information technology development, thus avoiding repeated development or infringement of others' intellectual property rights. Intellectual property generated during development and operation processes should be submitted to the Headquarters' Legal Preservation Department for revision and application. Any suspected infringement of the intellectual property rights of the Bank found in daily operation would be reported to the Headquarters' Legal Preservation Department, which will lead and take responsibility for the protection of intellectual property rights of the Bank.

# Quality Products and Services

The Law of the People's Republic of China on Commercial Banks(《中華人民共 和國商業銀行法》), the Law of the People's Republic of China on Protection of Consumer Rights and Interests(《中華人民共和國消費者權益保護法》), the Contract Law of the People's Republic of China(《中華人民共和國合同法》), the Advertising Law of the People's Republic of China(《中華人民共和國廣告法》) and other laws' requirements of corporate management are the legal basis of the Bank's daily operation and have been executed sternly. In order to guarantee compliant financial products and related services regarding national and regional policies, the Bank has built a complete consumer rights protection organizational scheme. Beyond that, the Consumer Rights Protection Committee under the Board of Directors was established to take responsibility for implementing consumer rights protection activities. Based on these actions, the Bank has taken measures to practice consumer rights protection, which includes concentrating on fintech innovations application and utilization with the establishment of a fintech research institution, achieving quality assurance when providing products and services, widely listening to customers' opinions, and protecting customers' personal information sincerely.

Building a Financial Research Highland

> king Use of Financial ovation

Improvement of Product and Service Quality

Listening to Customers' Opinions and Suggestions

Securing the Safety of Privacy Information



Enhanced Risk

Management

# Building a Financial Research Highland

In 2017, the Postdoctoral Innovation and Practice Base of Zhongyuan Bank was established after getting approval from the Department of Human Resources and Social Security of Henan Province. In 2018, the Ministry of Human Resources and Social Security of the People's Republic of China further approved the upgrade of the base for being a postdoctoral research station. The research station aims to explore the transformation of fintech and business innovation for the banking industry and acts to promote the effective integrations of talents, projects and platforms by studying frontier and strategic issues of the commercial banking industry. It has also cooperated with high-level scientific research institutes and universities to build itself into a talent highland of the banking industry.

Currently, the research station has recruited 6 postdoctoral researchers who focus on studies of big data application, digital transformation, inclusive finance, risk management, asset and liability, bond market, etc. The scientific research is integrated with the provincial condition of Henan province to support the economic and social development of the province. Additionally, the Bank signed joint postdoctoral researcher training partnerships with several well-known universities such as the Tsinghua University and the Nankai University. The research station has already published two articles in *Securities Daily* and *Shanghai Securities News*, two articles in foreign journals and has completed two youth subject studies of Henan Finance Society.

# Making Use of Financial Innovation

During the Reporting Period, Zhongyuan Bank adhered to the customer-centric operation and management concept, deepened its digital application capabilities, enhanced its digital product innovation capacity, and constructed a linkage marketing system between the Headquarters and branches. By integrating its characteristics and international advanced data transformation cases, the Bank introduced a special and structured transformation system and a strategic transformation office to plan, organize, coordinate , promote and supervise digital transformation projects during this process.



By focusing on the agility of the organization, the Bank promotes the transformations of customer group management, product innovation, channel management, IT and data facilities, workforce teams, and institutional mechanism.

building, the Bank adopts measures such as 1) improving digital product innovation capacities and building normalized product innovation and creation system; 2) improving digital application capabilities and achieving full coverage of customer life cycle through large scale big data use cases; 3) introducing a linkage marketing system between the Headquarters and branches. Cultivating innovation for both management model and business model. Through the application of big data technology and related financial new technologies, and qualitative improvement of operational efficiency, the Bank can realize business model innovation and create a future bank in regard to the scenario and open capacity building.



By the end of the Reporting Period, the Bank had completed its objectives of the first stage and officially initiated the second stage. In the future, the Bank is going to enhance the development of its training and incentive mechanisms for related personnel, as to support the digital transformation tasks of the second stage.

### **Outputs of Digital Transformation Strategy During the Reporting Period**

### >> Banking Management

The Bank had shortened the iteration cycle of product development, which activated quick responses of product development to the changes of market and customers' needs.

#### >> Product Innovation

The life scenario applications such as "Zhongyuan Jushang", "Smart Community", "Smart School", "Chihuo Ditu" were developed and the 5.0 version of mobile banking went public online. The developments of these applications could provide the customers with personalized, differentiated and customized services. Meanwhile, the Bank accumulatively realized co-operation for innovations with 14 banks, through which fields such as service models, business processes, risk control models, etc. were concentrated.

# Improvement of Product and Service Quality

In compliance with regulations for the quality of financial products and services and the promotion of financial products stated in the Law of the People's Republic of China on Commercial Banks(《中華人民共和國商業銀行法》), the Law of the People's Republic of China on Protection of Consumer Rights and Interests(《中華人民共和國消費者權益保護法》), and the Advertising Law of the People's Republic of China(《中華人民共和國廣告法》), the Bank has formulated the Administrative Measures for Consumer Rights and Interests Protection of Zhongyuan Bank Co., Ltd.(《中原銀行股份有限公司消費者權益保 護工作管理辦法》), the Administrative Measures for Services by Zhongyuan Bank Co., Ltd.(《中原銀行服務管理辦法》) and other internal administrative measures to regulate the financial products and services provided by Zhongyuan Bank.

According to its internal management requirements such as the consumer rights protection working scheme and system, the Bank has established and improved the coordination and management mechanism prior to the commencement of related works. It fulfills requirements of related customer rights protection in every single business process during product and service development, pricing management, and in the agreements' formulation, review and approval management.

\_\_\_\_\_ In the development and design stage, the research and development departments should  $\rightarrow$ practise the principle of prudence to guarantee legitimate rights and interests of customers,

such as their rights to know, rights to choose independently, and rights to trade fairly.

In the marketing and after-sales management phase, the Bank attaches great importance to information disclosure of products and services. After fully understanding customers' financial status, investment experiences, risk preferences, etc., the Bank proactively explains the nature of the provided products and services and reasonably clarify the risks of the products, so that customers can make a reasonable judgment based on relevant information.

Regular supervision and inspections are held to strengthen supervision and inspections on employees' marketing behaviors. When problems are found, in time formulation and implementation of rectification measures are required while the effectiveness of rectification shall be monitored

Complying with the requirements of the Administrative Measures for Services by Zhongyuan Bank Co., Ltd.(《中原銀 行服務管理辦法》), the Bank has introduced a service management leadership group, which is led by the head of the retail management business of the Bank and with multiple department heads engaged as team members, leading the Bank's service management. Based on the management requirements of customer rights protection work listed in the Administrative Measures for Consumer Rights and Interests Protection of Zhongyuan Bank Co., Ltd.(《中原銀行股份有 限公司消費者權益保護工作管理辦法》), the Bank also emphasizes that an emergency response mechanism should be established accordingly for active monitoring, proper handling, and prompt reporting of major issues and emergencies related to customer rights and interests. The Bank has incorporated the protection of customer rights and interests into the supervision and evaluation system, thus enforcing improvements on the internal managements for protection of customers rights and interests, and investigating and punishing those who fail to protect customers rights and interests.



At the same time, the Bank attaches great importance to the caring for special customer groups. It has established and perfected related management scheme, business model and risk control measure in accordance with relevant regulatory requirements. In compliance with the 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》), all business outlets should install barrierfree accesses and facilities and designated service personnel to assist special customer groups to access banking services.

During the Reporting Period, the Bank strictly complied with the Law of the People's Republic of China on Commercial Banks(《中華人民共和國商業銀行法》), the Law of the People's Republic of China on Protection of Consumer Rights and Interests(《中華人民共和國消費者權益保護法》) and other laws and regulations related to safeguard customers' rights protection and product responsibility fulfillment.

# Listening to Customers' Opinions and Suggestions

Opinions from customers are important references for the Bank to improve the quality of its products and services. In accordance with regulatory and internal management requirements, the Bank has established and optimized the complaint acceptance and handling procedures, and has strengthened corresponding complaint management scheme. It established a complaint handling and after-sales follow up visit mechanism which incorporated related monitoring measures, so as to reinforce the track management and announcement of complaints' acceptance, complaint handling and results of after-sales follow up. Additionally, the Bank regularly analyses customer opinions and other information to effectively safeguard the legitimate rights and interests of customers. The customer complaint and relative management measures adopted by the Bank mainly include:



Customers may provide feedbacks to the Bank through government departments. Such feedback will be accepted by departments which received it and passed to the Retail Integrated Department for management.

After receiving telephone complaints, the customer service center should take records and transfer the complaints to relevant departments. The departments should deal with the complaints timely and

Responding emails of complaints are managed by corresponding departments while the customer

Business outlets should check message boxes daily to investigate and handle complaints received,

Complaint letters are collected and verified by the Headquarter's general office. Subsequently, these complaints will be passed to relating units and need to be dealt with promptly followed by an after-sales During the Reporting Period, the Bank actively engaged customers in call-in satisfaction surveys and online satisfaction surveys, as to learn their opinions and discussed their advice, seeking room for improvement.

Satisfaction rate of call-in satisfaction survey was

#### Call-in Satisfaction Survey >>

After dialing 95186 and being served by an agent, customers will be engaged in the satisfaction evaluation when the service has been completed. During the Reporting Period, the customer satisfaction rate was 99.6%.

#### Online Satisfaction Survey >>

Satisfaction rate of online satisfaction survey was

94.75%

At the time when a customer is using an online direct communication channel instead of writing text, a customer service agent is responding to communicate directly with the customer in the backstage. When the service has been completed, a satisfaction evaluation-button will be presented to the customer for satisfaction evaluation engagement. During the Reporting Period, the online satisfaction survey showed a satisfaction rate of 94.75%.

# Securing the Safety of Privacy Information

Protection of customer privacy's safety is a critical topic for a financial banking institution. The Bank has formulated the Administrative Measures for Personal Financial Information Protection of Zhongyuan Bank Co., Ltd.(《中原銀行個人金融信息保護管理辦法》), the Administrative Measures for Consumer Rights and Interests Protection of Zhongyuan Bank Co., Ltd.(《中原銀行股份有限公司消費者權益保護工作管理辦法》) and other internal policies based on the requirements of the Law of the People's Republic of China on Protection of Consumer Rights and Interests(《中華人民共和國消費者權益保護法》), the Cybersecurity Law of the People's Republic of China(《中華人民共和國網絡安全法》), the Implementation Measures of the People's Bank of China for Protecting Financial Consumers' Rights and Interests(《中國人民銀行金融消費者權益保護實施辦法》), etc. for protecting securities of customers' privacy and financial information, fulfilling the responsibility of financial information protection.

The principle of "public disclosure, necessary to use, owner authorization, security guarantee(公開告知、必要夠 用、個人授權、安全保障)" is the base of the Bank's customer privacy protection work. The Bank incorporates its customer financial information management into the comprehensive risk management policies and has clarified the information attribution and utilization responsibilities of departments, advancing the construction of customer financial information protection based on a top-down structure.

During the Reporting Period, the Bank strictly complied with *the Cybersecurity Law of the People's Republic of China*(《中華人民共和國網絡安全法》), the *Law of the People's Republic of China on Protection of Consumer Rights and Interests*(《中國人民銀行金融消費者權益保護實施辦法》) and other laws and regulations, and found no violations of these laws and regulations which related to privacy protection and could cause significant impacts on the Bank.



# Professional Talent and Team

The "people-oriented" talent development philosophy has always been adhered by Zhongyuan Bank since its establishment, while the employees are regarded as the critical cornerstone of the Bank's sustainable development. Depending on the needs of employment management and employee development, the Bank is determined to create a safe and comfortable working environment for employees to optimize employee management policies, and to protect the legitimate rights and interests of employees. At the same time, the Bank continues the optimization of employee training mechanisms and training contents to provide opportunities for strengthening employees' professional knowledge and skills, constantly creates platforms of self-value enhancement for employees, and contributes to the co-development of employees and the Bank.

Protection of Basic Rights and Interests of Employees

Guarantee of Employees' Health and Safety

Enhancement of Employees' Professional Abilities





By December 31, 2019, Zhongyuan Bank's total number of employees was 13,491. The number of employees by gender and age group is shown in the following graphs.



Number of Employees by Age Group



## **Protection of Basic Rights and Interests of Employees**

Protecting the basic rights and interests of the employee is the priority of the Bank's employment management. According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China(《中華人民共和國勞動合同法》) and other relating laws and regulations' requirements related to the protection of basic rights and interest of employees, the Bank adheres to policies as a guarantee, ensuring that every employee's rights and interest in recruitment, working hours and rest periods, compensation and welfare, promotion and dismissal are respected and protected. Besides, the Bank has committed to its employees that they will be treated fairly and that they will not be discriminated against because of personal characteristics such as gender, age, religious belief, etc., and thus proceeding a diversified development of the workforce.

**Compensation and Welfare** 

Formulation of the Administrative Measures on the Remuneration of Employees of Zhongyuan Bank Co., Ltd.(《中原銀行股份有限公司員工薪酬管理辦法》) regulates that "competitive externally, fair internally, performance-oriented, prudent management (外部 競爭力、內部公平性、業績導向、審慎經營)" are the four principles for establishing Zhongyuan Bank's remuneration system. The policy has also clarified the benefits provided to employees include statutory benefits and autonomous benefits.

#### **Promotion**

Formulation of the Interim Provisions on the Appointment and Dismissal of Leaders of Zhongyuan Bank Co., Ltd. (《中原銀行領導幹部任免暫行規定》) stipulates the principle of "appointing people on their merit, prioritizing morality, being recognized by the public, being democratic, being open, being competitive, appointment based on merit, operating democratic centralism, acting in accordance with law(任人唯賢、以德為先、群眾公認、 民主、公開、競爭、擇優、民主集中制、依法辦事)", and provides promotion channels to all outstanding talents.

The Bank also attaches great importance to child labor and forced labor issues which are related to labor standards during recruitment and management processes of employees and works in strict compliance with the Law of the People's Republic of China on the Protection of Minors(《中華人民共和國未成年人保護法》) and the Provisions on the Prohibition of Using Child Labor(《禁止使用童工規定》). To avoid the occurrence of violations of related laws and regulations, and to prevent the employment of child labor, the Bank conducts strict review and background check on the applicant's identity, academic credentials and other materials during the recruitment. The Bank also appoints the Monitoring and Guardian Department to monitor the entire process of recruitment to prevent unauthorized recruitment of unqualified personnel or the use of forced labor.

During the Reporting Period, the Bank worked and managed employment strictly in compliance with the Labor Law of the People's Republic of China(《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China(《中國人民共和國勞動合同法》) and other laws and regulations related to employment management, child labor and forced labor prevention, and found no recruitments of child labor and forced labor..

## **Measures Adopted to Protect Employees' Rights**

#### Recruitment

Formulation of the Administrative Measures for Introduction and Recruitment of Employees of Zhongyuan Bank Co., Ltd.(《中原銀行人員引進與招 聘管理辦法》) regulates the employee recruitment process and highlights that the principle of "fairness, open, competitiveness, compliance(公平、公開、擇 優、合規)" should be abided.

#### Working Hours and Rest Period

Formulation of the Administrative Measures of Requesting Leave and Work Attendance of Zhongyuan Bank Co., Ltd.(《中原銀行員工請休假 及考勤管理辦法》) stipulates maximum daily and weekly working hours and related leave regulation. The Administrative Measures of Compulsory Vacations of Zhongyuan Bank Co., Ltd.(《中原 銀行強制休假管理辦法》) further ensures that employees could take sufficient rest.

#### Dismissal

Formulation of the Administrative Measures on Employee Dismissal of Zhongyuan Bank Co., Ltd. (《中原銀行員工離職管理辦法》) specifies rules for employees' dismissal as well as rights and obligations during the process of dismissal.

Occupational Health and Safety ....

**Management Measures** 

**&** Guarantee of Employees' Health and Safety

to regulate the safety and security issues of office as well as the health and safety of employees.

which would cause significant impacts on the Bank or any injuries or deaths due to work.

examinations at the designated hospital before being approved for hire.

employees by expanding the coverage and insurance amount of diseases.

qualities of employees and tighten up their communications.

A safe working environment and good physical condition are the prerequisites for employees to perform their duties. The Bank formulates employee health and safety protection policies and policies to regulate safety and security in office area in accordance with the Law of the People's Republic of China on the Prevention and Treatment of Occupational

Diseases(《中華人民共和國職業病防治法》), the Measures for the Administration of the Allocation of Assistive Devices

Covered by the Work-related Injury Insurance(《工傷保險輔助器具配置管理辦法》). Policies such as the Administrative

Measures in Headquarters Office of Zhongyuan Bank Co., Ltd.(《中原銀行總行機關大樓安全管理辦法》)<sup>3</sup> were introduced

During the Reporting Period, the Bank strictly complied with laws and regulations related to employees' health and safety,

such as the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases(《中華人

民共和國職業病防治法》) and the Measures for the Administration of the Allocation of Assistive Equipment Covered by the

Work-related Injury Insurance(《工傷保險輔助器具配置管理辦法》), and found no violations of these laws and regulations

• The Bank provides physical examinations for new employees. These employees are asked to undertake physical

· In addition to statutory basic medical insurance, the Bank also provides supplementary medical insurance for

· The Bank regularly holds various forms of cultural and sports activities to improve the physical and mental

• The Bank has formulated relevant security policies for the office building. Among the regulations, annual fire training, fire drills and other tasks are clarified. Special personnel is also designated for taking responsibility for managing the fire system, regularly inspecting the arrangement of fire equipment, and testing the safety of fire

#### Case 🛄

level

From May 21 to May 24, 2019, the Bank successfully organized the 2019 fire management training of Zhongyuan Bank. The training invited relevant personnel from the Monitoring and Guardian Department, Information Technology Department and Administrative Department from the Headquarters and branches. The training was centering on the Bank's fire risk analysis and response, fire safety management in crowded areas, and fire protection related theories. Throughout this training, participants had effectively learned fire management theories and knowledge, improved fire management skills, and brought this knowledge back to units they were working for to comprehensively raise the Bank's system-wide fire management

Harmonious Society

and Enterprise



equipment, electronic devices and wiring.

The Happy Bicycling Event Held by the Sanmenxia Branch of Zhongyuan Bank



The Flower Arrangement Learning Event Held by the Nanyang Branch of Zhongyuan Bank



The Swimming Interest Class Held by the Xuchang Branch of Zhongyuan Bank



The Employee Fishing Competition Held by the Xinyang Branch of Zhongyuan Bank

<sup>3</sup>The policy is applicable to the office area of the Headquarters. Branches and other institutions were asked to formulate their management policy accordingly.

### Successful Organization of Fire Management Training



Cultural and Sports Activities



# **&** Enhancement of Employees' Professional Abilities

Providing various opportunities for employees to learn knowledge and skills, and continuously improving the quality of the workforce are important measures for the Bank to practice corporate sustainable development. Accordingly, the Bank formulates the *Administrative Measures for Employees Training of Zhongyuan Bank Co., Ltd.*(《中原銀行 員工培訓管理辦法》) by introducing a multi-category, multi-channel and multi-form employee training mechanism. A mid and long-term employee training plan which is updated every 3 years was also launched to coordinate the Bank's employee training process.

### Categories and Forms of Training

#### Leadership Training

The special training is designed to cultivate ideological concepts, business concepts, governance knowledge and other aspects for middle and senior management.

#### New Employee Training

The training is organized to target newly entered employees. Training contents include introduction of Zhongyuan Bank, professional ethics, basic knowledge and skills needed.

#### Professional Skills Training

This professional training is designed to improve professionals' abilities while emphasizing the improvement of knowledge and skills needed by trainees to adapt to new business and products.

#### Professional Qualification Training

The training targets on various social occupation qualifications closely related to business development.

### Pre-position Training

The specific training is designed for employees before taking up new titles or positions.

#### New Business

#### Promotion Training

The training provides knowledge and skills needed for the promotion of new financial products and technologies of the Bank.

#### Oversea Special Training

According to the needs of the business development of the Bank, the training invites middle and senior management personnel and business leading employees to be trained in overseas financial institutions or colleges and universities.

#### Basic Quality Training

The training is set to improve employees' adaptability and entrepreneurial spirit. General knowledge and skills training such as training in computer skills and foreign languages are included in this training scheme. During the Reporting Period, the Bank further integrated the requirements of the digital transformation strategy and launched clearer hierarchical training plans for important talents across all levels of employees. Besides managing the training and making desirable improvements in operation efficiency, the Bank had also realized the use of online training. More than 80% of the conducted training used online examinations and other means to carry out post-training effectiveness evaluations.

Staff training rate reached

100%

The average training time for general employees was

96 hours

The average training time for medium-level managers was

88 hours

The average training time for senior managers was

77 hours

# Harmonious Society and Enterprise

By closely attaching to the "return to the origin, stop being distracted from intended purpose (回歸本源、脫虛向寶)" principle, Zhongyuan Bank has always adhered to the actual economic development in Henan province and served the development of the real economy. The Bank is closely following the development trends and needs of Henna province, exerting its advantages and capabilities as a provincial corporate bank, thus contributing its strengths to the sustainable development of Henan province.

- Promoting Development Through Co-operation
- Promotion of Financial Knowledge Education
- Implementation of Targeted Poverty Alleviation Policy



# Promoting Development Through Co-operation

Throughout the signing of strategic Co-operation agreements and cooperating with provincial government institutions, industries and other organizations in Henan province, the Bank has effectively applied its industrial advantages to expand coverages of its financial services in the region, propagating the influences of Zhongyuan Bank alongside the development and expansion of other industries. Meanwhile, the Bank seizes opportunities brought by the development of tourism and telecommunications in Henan province to promote multi-party cooperation.



A Strategic Co-operation Agreement Signed with the Henan Provincial Department of Culture and Tourism

On September 4, 2019, the Bank participated in an ecotourism investment promotion and cultural industry project conference in Henan province as a representative of financial institutions. The Bank signed a strategic co-operation agreement with the Henan Provincial Department of Culture and Tourism in the conference, for jointly driving developments of online financial products, digital cultural industries and rural cultural development to expand the cultural tourism market in Henan province.



A Strategic Co-operation Agreement Signed with the China Mobile Group Henan Company

On October 4, 2019, the Bank signed a strategic co-operation agreement with China Mobile Group Henan Company. Based on the signed agreement, the Bank was going to initiate in-depth co-operation in the fields of telecommunication business development, financial product innovation, customer service sharing, etc. with China Mobile Group Henan Company. The two parties would actively explore the retail development model, strengthen co-operation between provincial cities, and jointly serve retail customers. Besides, both parties would also use own advantages to serve a vast number of "three rural"<sup>4</sup> customers and contribute to the construction of "Excellent Henan".

# **Promotion of Financial Knowledge** Education

To take an effective commitment to the growing financial needs of people in Henan province as its development goal, Zhongyuan Bank is actively exploring and constantly promoting financial consumer education and related knowledge popularization, therefore, cultivate public risk prevention awareness. According to requirements of administrative measures such as the Administrative Measures for Consumer Rights and Interests Protection of Zhongyuan Bank Co., Ltd.(《中原銀行股份有限公司消費者權益保護工作管理辦法》), the Bank actively organized public welfare and normalized financial knowledge publicity and education for different consumer groups. During this period, the Bank continued the activities of the "Financial Knowledge Popularization Month, Financial Knowledge Entering Families, Striving to Be a Rational Investor, Striving to Be a Good Netizen of Finance(金融知識普及月、金融知識進萬家、爭做理 性投資者、爭做金融好網民)" and established a special working group. The group integrated features of Zhongyuan Bank and Henan province to design and execute suitable financial knowledge promotion activities.



Organization of kick-off meeting of the "Financial Knowledge Popularization Month, Financial Knowledge Entering Families, Striving to Be a Rational Investor, Striving to Be a Good Netizen of Finance" event

Case 🛄

Financial Knowledge in Campus

On September 19, 2019, the Bank participated in the Henan Banking Industry's 2019 "Financial Knowledge in Campus-Henan University of Economics and Law(金融知識進校園-河南財經政法大學)" centralized promotion campaign. By forms of setting up consultation stand, distributing promotional materials, and designating personnel for promotion, etc., the Bank interpreted financial knowledge of "campus loan(校園貸)", prevention of telecom fraud, personal information security, etc. to teachers and students. During the Reporting Period, branches of Zhongyuan Bank also actively contacted and coordinated with regional education authorities and universities. Each of these branches selected one or two universities to carry out financial knowledge promotion activities for new students. The event successfully engaged more than 100,000 new students, which covered 62% of the total number of new students in these universities

Harmonious Society

and Enterprise



<sup>4</sup>Three rural refers to issues related to rural areas, agriculture and farmers.

The event successfully engaged more than

# 100,000 new students

67%

of the total number of new students in these universities participated. Quality Products and Services

# Case 🛄

taken by the Zhoukou Branch of Zhongyuan Bank

**H** Implementation of Targeted Poverty **Alleviation Policy** 

Since the beginning of the battle against poverty, Henan province has always committed to taking up its responsibility and exploring. The region firstly launched a poverty alleviation microcredit "divide up the work and assign a part to each group(分片包乾)" responsibility system in the country. As a leading enterprise of the banking industry in Henan province, Zhongyuan Bank plays an important role in this system. By adopting digital transformation strategy, Zhongyuan Bank designed an information database for farmers based on big data technology and developed an "internet + rural finance(互聯網+農村金 融)" development model. It is expected that the strategy can lead to useful explorations on effective solution for rural financial services-related issues such as information asymmetry and difficulties for acquiring loan. At the same time, the Bank also took measures such as actively organizing investigations carried by special personnel and designating employees to be stationed in villages to learn the development needs of local poor households, thus solving the problems of poverty more accurately. During the Reporting Period, the Headquarters invested RMB 8.44 million for targeted poverty alleviation, donated RMB 4.32 million for the "First Light Project" and increased RMB 2.6 million for special poverty alleviation funds.



Case 🔰



Xinye County Orphanage

# The "Poverty Alleviation Day(扶貧日)" Event Series and Various Measures

In order to welcome the launching of the "Poverty Alleviation Day", the Zhoukou Branch of Zhongyuan Bank adopted multiple measures and initiated a series of events themed as "poverty alleviation, together with you and me(扶貧濟困, 你我同行)". In the overall program, the Zhoukou Branch introduced a special working group to conduct arrangements and analyse the effectiveness of activities taken. By creating an atmosphere for poverty alleviation activities, the branch had guided and engaged more caring people in the event and organically combined poverty alleviation targets with financial poverty alleviation strategy to drive the events to get closer to poor households. In addition, the Zhoukou Branch assigned personnel to visit different groups of people, hence difficulties of poor households can be accurately understood. As a result, specific poverty alleviation events were held in response to these difficulties to effectively support poor households in solving the problems.





The Nanyang Branch of Zhongyuan Bank visited disabled children in The "First Light Project" education sponsorship program organized by Zhongyuan Bank and Henan Province

# **Green Bank and Operation**

Zhongyuan Bank strictly complies with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China(《中華人民共和國節約能源法》) and other laws and regulations related to corporate environmental issues' management in its daily operation. Although the Bank's business and office operations do not lead to a significant impact on natural resources and do not cause serious pollution emission and resource consumption, it still adheres to a high standard in this area and strives to build an environmentally friendly bank.

Promotion of Green Office Development Development of Green Financial Product





#### Green Bank and Operation

# Promotion of Green Office Development

Since the launching and execution of the Announcement of Advocating Diligence and Savings(《關於倡導勤儉 節約的通知》) in 2018, Zhongyuan Bank's employees have cultivated awareness and developed better habits in terms of resources saving. According to the above policies regarding energy saving, water saving, paper saving and stationery saving, the employees have strictly managed their behaviors, founding a solid base for the Bank to practice and implement green office targets. During the Reporting Period, the Bank strictly complied with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and other environmental protection laws and regulations, and found no violations of these laws and regulations which related to environmental protection and could cause significant impacts on the Bank.



Due to its operational requirements, the Bank mainly consumes natural resources such as fossil fuel for stationary and vehicle usage, electricity, water, and office consumables such as paper and stationery; pollutions caused by the Bank mainly include air pollutants and greenhouse gas generated through combustion of fossil fuels, indirect greenhouse gas emission generated through electricity consumption, and office wastes. During the Reporting Period, branches and the Headquarters' departments have actively cooperated with the Bank's green office policy, which enabled an effective operation of the Bank's green office system. As the result of the Bank and its employees' efforts, the Bank's energy consumption management, water consumption management, waste emission management and other administrative works were effectively executed during the Reporting Period, while wastes of energy, water and other materials, and generation of massive pollutants and stationery wastes did not occur.



## Table: Resource Consumption<sup>5</sup>

	2019	2018	2017	Unit	Change rate over 2018/19
Electricity consumption	47,257,015.00	46,523,195.18	48,094,409.10	kWh	1.58%
Electricity consumption intensity <sup>6</sup>	83.35	84.70	88.17	kWh/m²	-1.59%
Water consumption <sup>7</sup>	375,932.00	345,899.57	333,521.50	metric ton	8.68%
Water consumption intensity	0.66	0.63	0.54	metric ton/m <sup>2</sup>	4.76%
Natural gas consumption	306,684.00	315,635.80	419,749.00	m³	-2.84%
Natural gas consumption intensity	0.54	0.57	0.77	m³/m²	-5.26%
Gas consumption	5,600.00	8,046.00	3,474.00	m³	-30.40%
Gas consumption intensity	9.88	14.65	6.37	liter/m <sup>2</sup>	-32.56%
Ethanol gasoline consumption <sup>8</sup>	128,995.00	264,719.00	300,522.43	liter	-51.27%
Ethanol gasoline consumption intensity <sup>9</sup>	3,486.36	3,676.66	3,535.56	liter/vehicle	-5.18%
Gasoline consumption	52,469.00	/	/	liter	/
Gasoline consumption intensity <sup>10</sup>	4,036.08	/	/	liter/vehicle	/
Paper consumption	145,437.00	192,250.40	209,004.30	kilogram	-24.35%
Paper consumption intensity <sup>11</sup>	10.78	14.19	15.44	kilogram/person	-24.03%
Stationery consumption	8,345.00	7,913.00	7,602.00	kilogram	5.46%
Stationery consumption intensity	0.61	0.58	0.56	kilogram/person	5.17%

#### <sup>5</sup>Reporting scope for this table and tables for emission covers the Headquarters and 18 branches.

<sup>6</sup>Area of the Headquarters and 18 branches was used as the denominator, which was 566,994 m<sup>2</sup> in total (this rule is applicable to other intensity calculations using "m<sup>2</sup>" as the denominator).

<sup>7</sup>Water consumed by the Bank was supplied by the municipal water supply network, so there was no difficulties in sourcing water.

<sup>8</sup>During the Reporting Period, some vehicles of the Bank no longer used ethanol gasoline but gasoline as fuel. Therefore, the consumption of ethanol gasoline was significantly reduced while the consumption of gasoline was newly added and calculated.

<sup>9</sup>The collective number of vehicles using ethanol gasoline was used as denominator, which was 37.

<sup>10</sup>The collective number of vehicles using gasoline was used as denominator, which was 13.

<sup>11</sup>Number of employees of the Headquarters and 18 branches was used as the denominator, which was 13,491 persons in total (this rule is applicable to other intensity calculations using "person" as the denominator).



## Table: Air Pollutants Emission<sup>12</sup>

	2019	2018	2017	Unit	Change rate over 2018/19
NO <sub>x</sub> emission	3,176.70	3,330.48	4,355.93	kilogram	-4.62%
SO <sub>x</sub> emission	128.28	134.77	175.30	kilogram	-4.82%
CO emission	930.03	1,352.69	1,564.69	kilogram	-31.25%
PM emission	4.99	6.84	7.78	kilogram	-27.05%

<sup>12</sup>Air pollutant emissions were generated from the use of stationery and vehicle. Calculation of stationary sourced emission referred to the *First National Survey of Pollution Sources* on Urban Waste Source Discharge Coefficients Handbook(《第一次全國污染物普查城鎮生活源產排污係數手冊》). Calculation of mobile sourced emission referred to the *Technical Guide for Air Pollutant Emission Inventory for Road Vehicles (Trial)*(《道路機動車大氣污染物排放清單編制技術指南(試行)》). Since the calculation standard for emission generated by mobile sources does not include emission factor for vehicle using "China VI" emission standard, emission factor for vehicle using "China VI" emission standard, to vehicle using "China VI" emission standard, emission factor for vehicle using source, therefore, emission factor for vehicle using gasoline as energy source, was used instead (5 vehicles in total). This rule is applicable to calculations of mobile source greenhouse gas emission.



# Development of Green Financial Product

To undertake the national macro regulations and policies on environmental protection, energy conservation and emission reduction, Zhongyuan Bank actively launches green financial products and substantially supports the green economy, the low-carbon economy and the circular economy to better serve the real economy and mitigate environmental and social risks. Accordingly, the Bank has formulated internal management policies such as the Administrative Measures for Implementing Green Credit of Zhongyuan Bank Co.(《中原銀行綠色信貸實施管理辦法》), Ltd. to regulate the execution of green credit-related works.By the end of the Reporting Period, the balance of the Bank's green credit was RMB 2.417 billion, which increased by RMB 815 million comparing to 2018, reaching an increased rate of 50.87%.

### **Regulated Works of Green Credit That Stated in the Administrative** Measures for Implementing Green Credit of Zhongyuan Bank Co., Ltd.

Organization and Responsibility

According to the administrative measures. the Risk Management Department, the Credit Approval Department, the Credit Management Department, the Legal Preservation Department, the Corporate Banking Department, etc. of the Headquarters are working together to uphold their responsibilities and completing works related to approval, supervising, issuance, management and innovation of green credit.

> **Process** Management

Environmental protection information of companies is integrated into the Bank's overall process of credit management. During the pre-loan investigation, review and approval processes, the Bank comprehensively evaluates the customer's environmental and social performance. Potential environmental and safety hazards are analyzed accordingly. In the post-loan management process, the Bank regularly reviews the environmental performance information of related projects to collect records of environmental protection violations on time.

	2019	2018	2017	Unit	Change rate over 2018/19
Total emission	25,752.32	25,401.63	26,525.26	metric ton	1.38%
Scope 1 emission	909.31	944.39	1232.03	metric ton	-3.71%
Mobile source emission <sup>13</sup>	242.30	256.31	346.98	metric ton	-5.47%
Mobile source emission intensity	4.85	3.56	3.79	metric ton/vehicle	36.24%
Stationary source emission <sup>14</sup>	667.01	688.08	909.98	metric ton	-3.06%
Stationary source emission intensity	1.18	1.25	1.67	kilogram/m²	-5.60%
Scope 2 emission <sup>15</sup>	24,843.01	24,457.24	25283.23	metric ton	1.58%
Scope 2 emission intensity	43.82	44.52	46.35	kilogram/m²	-1.57%

## Table: Waste Produced

	2019	2018	2017	Unit	Change rate over 2018/19
Hazardous waste					
Used batteries	75.62	63.40	66.00	kilogram	19.27%
Used lamp	9,428	9,703	10,077	pieces	-2.83%
Used cartridge	5,277	4,999	5,569	pieces	5.56%
Non-hazardous waste					
Food waste	44.90	32.70	34.00	metric ton	37.31%
Stationery waste <sup>16</sup>	43.80	/	/	metric ton	1

<sup>13</sup>Calculation for mobile source emission referred to the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Road Transport Enterprises (Trial)(《陸上 交通運輸企業溫室氣體排放核算方法與報告指南(試行)》).

<sup>14</sup>Calculation for stationary source emission referred to the Accounting and Reporting of Greenhouse Gas Emission From Public Building Operators (Trial)(《公共建築運營企業溫室 氣體排放核算方法和報告指南(試行)》).

<sup>15</sup>Calculation for scope 2 emission referred to the 2011 and 2012 China Regional Grid Average Carbon Dioxide Emission Factors(《2011 年和 2012 年中國區域電網平均二氧化碳排放因子》) issued by the Climate Division of the National Development and Reform Commission

<sup>16</sup>The stationery waste was newly added and calculated by the Bank during the Reporting Period.

Main Issuance **Fields of Green** Credit

The Bank is following up with main energysaving projects timely in accordance with national industrial policies. Projects that have obtained governmental and policy support and have outstanding energy-saving contribution will be prioritized and supported. At the same time, the Bank is building constant communication with environmental protection authorities to timely acquire environmental performances achieved by the credited companies and adjust credit issuance according to the situation.

> Supervision and Inspection

Periodic self-assessments of the implementation of green credit is conducted promptly. At the same time, supervision and inspection on green credit projects are strengthened whereas any issuance of loans to projects which violated environmental laws will be investigated and treated seriously.

#### Independent 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 Zhongyuan Bank Co., Ltd. ("Zhongyuan Bank") to conduct an independent limited assurance engagement on the information and data related to sustainable development in the 2019 Environmental, Social and Governance Report (the "ESG Report") of Zhongyuan Bank.

CECEPAC (HK) evaluated the nature and extent of Zhongyuan Bank's adherence to the three AA1000 AccountAbility Principles, which are the Principles of Inclusivity, Materiality, and Responsiveness, in accordance with the AA1000 Accountability Principles Standard (2008) ("AA1000APS"). Moreover, CECEPAC (HK) has also been engaged to evaluate information disclosed in the ESG Report in accordance with the Reporting Principles (Materiality, Quantitative, Balance, and Consistency) in the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") contained in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited published by the Stock Exchange of Hong Kong Limited ("SEHK")

This independent assurance statement has been prepared in Chinese and English versions. Should there be any discrepancies between these versions, the Chinese version shall prevail.

#### I. Independence and Competence

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

The assurance team of CECEPAC (HK) is composed of experienced consultants in the industry who have had professional training of standards related to sustainable development, including Global Reporting Initiative Standards (GRI Standards), AA1000 Assurance Standard (2008) ("AA1000AS"), ESG Reporting Guide issued by SEHK, ISO 14001, ISO 9001, etc.

The assurance team of CECEPAC (HK) has extensive experience in conducting assurance and has sufficient understanding and capabilities of implementation of AA1000AS. Moreover, the assurance is carried out in line with CECEPAC (HK)'s internal assurance protocol.

#### II. Zhongyuan Bank's Responsibilities

Zhongyuan Bank is responsible for the preparation and presentation of the ESG Report in accordance with the ESG Reporting Guide published by SEHK. Zhongyuan Bank is also responsible for implementing relevant internal control procedures to ensure that the contents of the ESG Report are

free from material misstatement, whether due to fraud or error.

Enhanced Risk

Management

#### III. 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 the assurance work meet professional gualification, training, and relevant work experience requirements, and are demonstrably competent. CECEPAC (HK) also ensures that personnel involved in the assurance work are capable of conducting assurance engagements. All results of assurance are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

#### IV. Assurance Scope

- The scope of the assurance engagement is limited to information and data in the ESG Report that relate to Zhongyuan Bank and its subsidiaries only and does not include Zhongyuan Bank's suppliers, contractors, and information or data provided by other third parties;
- A Type 2 Moderate Level of Assurance was adopted by CECEPAC (HK) to evaluate the nature and extent of Zhongyuan Bank's adherence to the three principles of AA1000 APS in accordance with AA1000AS;
- Three disclosures of specified performance information disclosed in the ESG Report were agreed upon and selected between Zhongyuan Bank and CECEPAC (HK) for assurance. The selected information is as follows:
  - Aspect B1: Employment—KPI B1.1 .
  - . Aspect B3: Development and Training-KPI B3.2
  - Aspect B6: Product Responsibility-General • Disclosure
- CECEPAC (HK)'s assurance work was with respect to information disclosed from 1 January 2019 to 31 December 2019. Any information that falls outside this period or any other data that is disclosed in the ESG Report is not included within the assurance scope. Therefore, we do not express any conclusions on this information:
- The scope of the assurance engagement is confined to the information provided by Zhongyuan Bank only. Any queries regarding the content or related matters within this assurance statement should be addressed to Zhongyuan Bank only.

#### V. Methodology

CECEPAC (HK) conducted assurance engagement only within the scope of Zhongyuan Bank's headquarters in Zhengzhou City, Henan Province, China, and Xinxiang Branch, and the assurance work included:

- Evaluating the appropriateness of Zhongvuan Bank's stakeholder engagement participation process:
- Conducting online interviews with personnel involved with sustainability management, preparation of the ESG Report and the provision of relevant information;
- · Assessing whether the reporting and management approach for the ESG Report have been conducted in line with the AA1000APS AccountAbility Principles of Inclusivity, Materiality, and Responsiveness;
- Assessing the supporting evidence for qualitative specified performance information;
- Conducting random sampling of evidence pertaining to quantitative specified performance information;
- Recalculating quantitative specified performance information:
- Assessing the extent to which the ESG Report aligns with the ESG Reporting Guide: and
- Performing other procedures we deemed necessary.

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

#### VI. 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.

#### VII. Conclusions

Regarding the AA1000APS AccountAbility Principles of Inclusivity, Materiality and Responsiveness, the ESG Reporting Guide published by SEHK, and the specified performance information, our conclusions are as follows:

#### Inclusivity

Zhongyuan Bank has identified key stakeholders, explored their concerns, and collected their opinions through various forms of communication. Regarding Zhongyuan Bank's daily operation, the stakeholders' expectations as well as the impacts on them have been taken into consideration. In addition, corresponding channels have been established for continuously carrying out stakeholder engagement. At the same time, the summarized outcomes of stakeholder engagement have been used to improve the policies for responding the relevant issues by Zhongyuan Bank. In our professional opinion, Zhongyuan Bank adheres to the Principle of Inclusivity.

#### Materiality

Zhongyuan Bank has formulated the basis and procedure for identification of material issues and conducted a 2019 materiality assessment through re-examining and reviewing the material issues disclosed in the 2018 Environmental, Social and Governance Report of Zhongyuan Bank. Those identified material issues have been presented in the ESG Report. In our professional opinion, Zhongyuan Bank adheres to the Principle of Materiality.

#### Responsiveness

With the aim of supporting the discussion, responding, tracking, and improvement of material issues, Zhongyuan

Bank has developed different policies to continuously respond to its material issues and established channels for its stakeholders to collect their views. The relevant policies and mechanisms for responding to material issues have been disclosed in Zhongyuan Bank's ESG Report. In our professional opinion, Zhongyuan Bank adheres to the Principle of Responsiveness.

#### Specified Performance Information

Based on the assurance procedures that CECEPAC (HK) has performed and the evidence we have obtained, no specific issue has come to our attention that causes us to believe that the disclosures of selected specified performance information - Aspect B1: Employment—KPI B1.1, Aspect B3: Development and Training--KPI B3.2, and Aspect B6: Product Responsibility-General Disclosure - in the ESG Report are unreliable or inaccurate, in all material respects.

#### SEHK's ESG Reporting Guide

Disclosures for general disclosures of environmental and social subject areas and key performance indicators of environmental subject area have been provided in accordance with the "Comply or Explain" provision, in all material aspects, in alignment with the ESG Reporting Guide issued by SEHK. Zhongyuan Bank has disclosed the assessment process and the result of the materiality assessment; Zhongyuan Bank has disclosed relevant environmental data for three years; the external impacts of its business are described objectively in the ESG Report; references of the methods for calculating air and greenhouse gas emissions have been disclosed in the ESG Report. Our observations and recommendations for the ESG Report have been either adopted or responded by Zhongyuan Bank before the issuance of this assurance statement.

#### VIII. Recommendations

We recommend that Zhongyuan Bank considers strengthening the below items in the future:

- Setting long-term goals and action plans to continuously support Zhongyuan Bank's response to material issues, and to improve its internal management mechanisms in order to enhance the communication, monitoring and review of material issues: and
- Enhancing the senior management's involvement in stakeholder communication, material issue determination and its responses, and integrating stakeholder engagement processes into Zhongyuan Bank's governance, strategy and relevant decisionmaking processes through the establishment or enhancement of policies.



Hong Kong



# Appendix

Index of Environmental, Social and Governance Reporting Guide

Level	General disclosure / KPI	Content	Disclosure Situation	Chapter / remarks
		Environmental		
Aspect A1:Emissions	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. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	•	Promotion of Green Office Development
	A1.1	The types of emissions and respective emissions data.	•	Promotion of Green Office Development
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	•	Promotion of Green Office Development
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	•	Promotion of Green Office Development
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	•	Promotion of Green Office Development
	A1.5	Description of measures to mitigate emissions and results achieved.	•	Promotion of Green Office Development
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	•	Promotion of Green Office Development
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	•	Promotion of Green Office Development
	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).	•	Promotion of Green Office Development
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	•	Promotion of Green Office Development

Level	General disclosure / KPI	Content	Disclosure Situation	Chapter / remarks
	A2.3	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	•	Promotion of Green Office Development
	A2.4	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	•	Promotion of Green Office Development
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		ble to principal siness
Aspect A3: The	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	•	Promotion of Green Office Development
Environment and Natural Resources	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	•	Promotion of Green Office Developmen
		Social		
Aspect B1: Employment	General Disclosure	<ul> <li>(a) the policies; and</li> <li>(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.</li> </ul>	٠	Protection of Basic Rights and Interests Employee
	B1.1	Total workforce by gender, employment type, age group and geographical region.	•	Professional Talent and Team
	B1.2	Employee turnover rate by gender, age group and geographical region.	•	Professiona Talent and Team (the Bank is improving the categorizatio function of the employe turnover calculation system and is planning to disclose relevant KPIs the future)
Aspect B2: Health and Safety	General Disclosure	<ul> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> <li>relating to providing a safe working environment and protecting employees from occupational hazards.</li> </ul>	•	Guarantee o Employees' Health and Safety
	B2.1	Number and rate of work-related fatalities.	•	Guarantee o Employees' Health and Safety

Level	General disclosure / KPI	Content	Disclosure Situation	Chapter / remarks
	B2.2	Lost days due to work injury.	•	Guarantee of Employees' Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	•	Guarantee of Employees' Health and Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	•	Enhancement of Employees' Professional Abilities
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	•	Enhancement of Employees' Professional Abilities
	B3.2	The average training hours completed per employee by gender and employee category.	•	Enhancement of Employees' Professional Abilities (system for average training hours of employees by gender is under development, and the Bank will disclose it in the future)
Aspect B4: Labour Standards	General Disclosure	<ul><li>(a) the policies; and</li><li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</li></ul>	•	Protection of Basic Rights and Interests of Employees
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	•	Protection of Basic Rights and Interests of Employees
	B4.2	2 Description of steps taken to eliminate such practices when discovered.		(The Bank did not employ any child labor or forced labor)
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	•	Risk Management of Supply Chain
	B5.1	Number of suppliers by geographical region.	•	Risk Management of Supply Chain
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	•	Risk Management of Supply Chain

Level	General disclosure / KPI	Content	Disclosure Situation	Chapter / remarks
Aspect B6: Product	General Disclosure	<ul> <li>(a) the policies; and</li> <li>(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.</li> </ul>	●	Quality Products and Service (since the Bank does n manufacture products, there was n issues relate to the health and safety of products and services and problem related to
Responsibility	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		labelling) ble to princip siness
	B6.2	Number of products and service related complaints received and how they are dealt with.	•	Listening to Customer's Opinions an Suggestion
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	•	Intellectua Property Protection
	B6.4	Description of quality assurance process and recall procedures.		ble to principa siness
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	•	Secure the Safety of Privacy Information
Aspect B7: Anticorruption	General Disclosure	<ul> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</li> </ul>	•	Corruption Preventior
	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.	•	Corruption Preventior
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	•	Corruptior Preventior
Aspect 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.	•	Harmoniou Society an Enterprise
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	•	Harmoniou Society and Enterprise
	B8.2	Resources contributed (e.g. money or time) to the focus area.	•	Harmoniou Society and Enterprise



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