



中原银行股份有限公司
ZHONGYUAN BANK CO., LTD.

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

Stock Code: 1216

Preference Shares Stock Code: 4617



2018

**ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT**

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About This Report

This report is the second Environmental, Social and Governance Report (the “**Report**”) published by Zhongyuan Bank Co., Ltd. (“**Zhongyuan Bank**” or the “**Bank**”). The Report provides information on Zhongyuan Bank’s environmental, social and governance performances to stakeholders in a transparent and open manner, and to disclose the sustainable development-related issues that Zhongyuan Bank’s stakeholders concern. The Report should be read in conjunction with the Corporate Governance Report from P. 127 to 166 of the 2018 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.

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

List of branches

The reporting period of the Report is from 1st January 2018 to 31st December 2018 (the “**Reporting Period**”).

Reporting Guideline

The Report is written 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” published by the Stock Exchange of Hong Kong Limited (“**SEHK**”).

The Report is compiled with the “comply or explain” provisions of the Reporting Guide. Detailed information could be accessed by referring to the index of the Report.

Cautionary Statement

The Report is published in Traditional Chinese and English. For any inconsistencies, the Traditional Chinese version prevails. Soft copy of the Report is available from the official site of Zhongyuan Bank (<http://www.zybank.com.cn>) and SEHK (www.hkexnews.hk).

Valuable feedback

We welcome readers to leave feedback through the following contacts.

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Profile of Zhongyuan Bank

Zhongyuan Bank was established on 23rd December 2014 and headquartered in Zhengzhou City, the Capital of Henan province, China. It is the only provincial corporate bank in Henna Province. By the end of 31st December 2018, the Bank operates 18 branches and 2 direct sub-branches with a total of 457 outlets and over 13,000 employees. As the founding member, it has established 9 county banks and 1 consumer finance company in Henan Province. Zhongyuan Bank listed on the Main Board of the SEHK on 19th July 2017.

Zhongyuan Bank strictly induces 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, and positions itself as “Getting close to 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)”. The Bank actively implements the development strategies of “Offering featured products in the traditional banking business, accomplishing break-through by innovation and taking first-mover advantage in the development of 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 adheres to undertaking reform and innovative developments with every endeavor to support local economic developments and to serve the society.

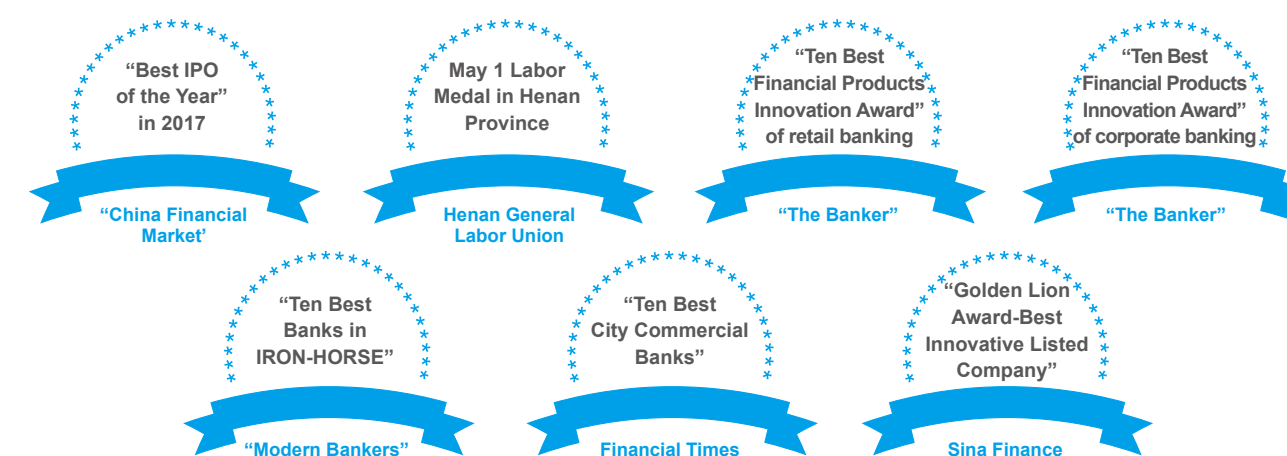
Zhongyuan Bank proactively explores the development paths of modern banks under the new economic environment and financial conditions in the future. It adheres to the philosophy of technology cultivation, reformation and innovation and people-oriented, in order to build itself into a modern joint stock commercial bank featured with clear and vivid elements and as a leading innovator in central China.

Business Review

The Bank primarily engages in providing services covering corporate banking, retail banking, treasury operation and other types of businesses. During the Reporting Period, the Bank has firmly allocated resources on product innovation on the basis of steady expansion in business scale. In response to the macro-conditions such as market reformation, RMB internationalization and e-commerce, the Bank is promoting a strategic transformation in strategic thinking, business structure and operational management, etc.



A Selection of Awards of 2018¹



¹Awards in the list were received by Zhongyuan Bank in 2018.



Sustainable Development

Responsible Communication | Materiality Assessment

In accordance with the establishment of its scientific outlook on development and the sustainable development path of the corporation, Zhongyuan Bank formulates 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》). It clarifies the six principles-based strategy design system which includes “Whole situation and systematic overview (全局統籌、系統前瞻)”, “Inherit the past and complement advantages (兼顧傳承、優勢互補)”, “Highlight features and lead innovation (凸顯特色、引領創新)”, “Prioritize technology and embracing advancement (科技先行、擁抱變革)”, “People oriented and advance system (以人為本、制度領先)”, “Build consensus and create unity (凝聚共識、形成合力)”. Accordingly, the market positioning of the Bank is “Getting close to the citizens, serving small and micro enterprises, supporting agriculture, rural areas and farmers and promoting regional economic development”. The business development strategy is “Solid foundation, comprehensive development and reformative innovation”. The regional development strategy is “Penetration in Henan Province and being national influential” and target of the strategic plan is to achieve an advance business development among domestic commercial banks with greater innovative business ratio and a higher level of intelligent management.

Economic Responsibility



Zhongyuan Bank continues to promote on guiding function of resources allocation and assessment mechanism. Based on the principle of “effective, quality, massive (效益、質量、規模)”, it improves business benefits in respect of industrial structure optimization, increases in value, stronger risk prevention and comprehensive competitiveness.

Zhongyuan Bank is also paying attention to digital transformation to promote rapid transform of the digital and technical level. Beyond, by integrating into the strategic layout of Henan Province and implementation of measures promoted by the Party Central Committee and the State Council on serving private enterprises and private economy. The Bank is proactively advancing support to credit demand on the basis of “internetization and ruralization of banking services (上網下鄉)” and the residential consumption upgrades.

Social Responsibility



Zhongyuan Bank remembers itself as a part of the society which shoulders the corporate social responsibility. It requires the Bank to systematically promote social responsibilities and incorporate management, involving in building and harmonious development of the community.

The Bank continues to develop a scientific, incentive and restraint mechanism to regulate employee management. The mechanism targets corporate strategy realization and long-term value creation, as well as expanding career development channels for employees and ensuring their health and safety.

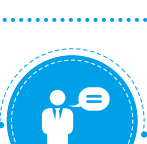
Environmental Responsibility



Taking its responsibility on environmental protection and promotion of green finance products to meet the national economic policy requirement and regulatory trends, Zhongyuan Bank manages its advantages on the stimulation of environmental protection business in China as a bank. Starting from its own, the Bank is developing the online bank system to protect the environment, which fulfills the national resources and energy saving strategy.

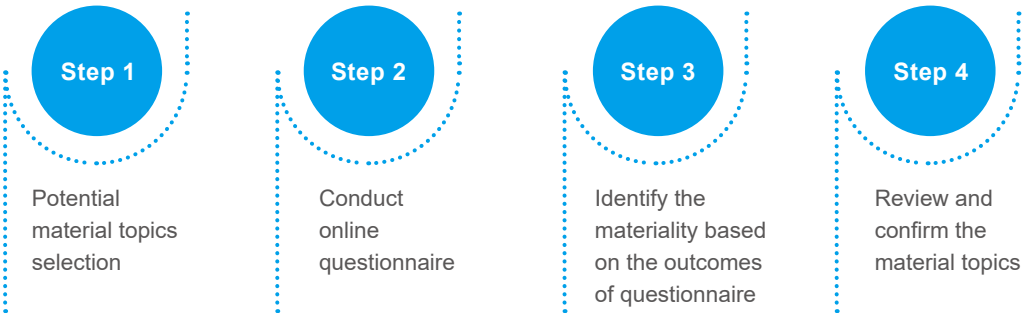
Responsible Communication

Zhongyuan Bank actively communicates with its stakeholders to understand their expectations and interests through establishing effective communication channels.

Stakeholders	Expectations and Interest	Communication Channels	Responses from the Bank	Stakeholders	Expectations and Interest	Communication Channels	Responses from the Bank
 Government	To serve national and regional major strategies, comply with government industrial policies and engage in social economic development.	Policies and regulations, subject reports, seminar and daily communication.	Implementing the industrial economic policy of the government, engaging in economic development and transformation, persisting in serving the real economy, penetrating inclusive finance and supporting regional social economic development.	 Employee	Stable employment, reasonable welfare, satisfactory working environment and broad space for growth.	Congress of workers and staff, labour union, forum, interview and home visits.	Protecting legitimate rights and interests of employees, expanding career development channels and optimizing the incentive and restraint mechanism and paying attention to welfares and health of employees.
 Supervision Institution	Operating in compliance with laws and regulations, strengthening risk prevention and maintain financial stability.	Regulatory polices , documents, reports , onsite and offsite supervision.	Strictly executing regulatory policies, enhancing compliance and internal control and implementing comprehensive risk management.	 Business Partner	Good faith and mutual benefit and fair procurement.	Business cooperation, business communication and tendering meetings	Adhering to honesty, mutual benefits and win-win situation, regulation compliance, fairness and justice. Establishing good long-term cooperative relations with strategic partners, suppliers, etc.
 Shareholder	Satisfactory return on investment, favorable corporate governance and timely information disclosure.	Annual General Meeting, regular announcement, telephone, e-mail, fax, etc.	Continuous and stable operation, improving profitability and corporate governance with developed disclosed information mechanism.	 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, disseminating financial knowledge
 Client	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.	 Media	Developing a united public information communication platform and 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 public opinion management and crisis management training, etc.

Materiality Assessment

During the Reporting Period, the Bank initiates an online questionnaire to understand stakeholders' interests and expectations. The questionnaire concludes 21 topics related to environmental, social and governance issues. Internal stakeholders are also engaged to assess the materiality of these topics. Processes of the materiality assessment are as follow:



The Report integrates the outcomes of the stakeholder questionnaire and responds correspondingly to the stakeholders' interests. According to the outcome, the Bank has identified the following 8 material topics.





Corporate Risk Management

Management of Risks to Clean Governance

Supplier Management

Compliance Risk Management on Intellectual Property



The Bank pursues excellence in corporate governance and is committed to continuously enhancing the quality and transparency of corporate governance to safeguard shareholders' interests and to enhance corporate values. It is committed with the "Compliance with law, honest management (依法合規，從嚴治行)" management philosophy to practice its internal management system and ascertain the internal control mechanism.

During the Reporting Period, the Bank has adopted the multiple risk management strategies throughout which including inspection and supervision on anti-corruption, anti-bribery, anti-ransom, anti-money laundering with toughening discipline; strict supplier selection and management policies on risk control and enhance intellectual property protection system to ensure compliance.

Management of Risks to Clean Governance

As one of the representative commercial banks in Henan province, Zhongyuan Bank strictly complies with its financial risk prevention strategies in its daily operation. All kinds of corruption, bribe, money laundry and blackmail are forbidden. The Bank complies sternly to the *Supervision Law of the People's Republic of China* (《中華人民共和國監察法》), *Anti-Money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》) and other related laws and regulations. The *Trail Risks Identification Lists for Important Positions and Key Procedures of Zhongyuan Bank Co., Ltd.* (《中原銀行重要崗位和關鍵環節廉政風險目錄（試行）》), *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》) and other internal policies are formulated to regulate its performance. During the Reporting Period, there were no cases in relation to laws and regulations related to corruption, bribery, money laundering, blackmail that have significant impacts on the Bank.

In the meantime, members of the Disciplinary Committee at all levels stringently implement requirements of the Party Central Committee. The following six ways are supporting the work on integrity and anti-corruption: 1) implement accountability for clean governance system; 2) carry out investigations on reported clues; 3) initiate results based reformation; 4) execute specific management tasks diligently; 5) regulate and conduct corporate investigation; 6) maintain routine education.

Case| Zhongyuan Bank Party Committee held the first inspection in 2018

On 28th June 2018, Zhongyuan Bank's Party Committee leader group held a meeting at the headquarters. The group announced the member list and structure to the participants. During the meeting, a joint study is organized on the guidelines and disciplines issued by the inspection leading group from the Henan Provincial Committee of the Chinese Communist Party.



Supplier Management

The Bank has formed 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》), the *Administrative Measures for Procurement of Zhongyuan Bank Co., Ltd.* (2016, version 2.0) (《中原銀行採購管理辦法（2016年，2.0版）》) and the *Trail Administrative Measures for Procurement of Zhongyuan Bank Co., Ltd.* (《中原銀行股份有限公司採購管理辦法（試行）》) in regards to the needs of the supplier management, in which to prevent supply chain's risks and to identify the responsible departments in the management procedure.

According to the policies, the Bank has set up five criteria in the supplier selection process. The Center Procurement Department is responsible for supplier investigation. For suppliers that have passed the investigation will be recorded into the supplier database. In the meantime, the Bank strictly regulates the investigation process to be carried out in a regulative, effective and transparent discipline. The investigator should uphold its integrity and self-discipline. To maintain a fair investigation, interferences to the unit or individual are prohibited in the process so as to prevent risks on the supply chain.

Five Supplier Selection Standards

- 1. Able to assume civil liability independently;
- 2. Have good business reputaion and sound financial accounting system;
- 3. Fulfill basic financial capacity, professionalism, service support capability and experience;
- 4. No major illegal records in operation or violation against social responsibility in past three years;
- 5. Other special conditions related to the provision of products.

According to the supplier management guideline, the Bank adopts a regular annual supplier inspection on all suppliers at the beginning of the year to fulfill its on-going supplier management practices. Criteria such as contract performance capability, service quality, personnel management, professionalism and on-time delivery are included in the assessment. Qualified suppliers can continue to execute or renewal the contract. While for the unqualified suppliers, their contracts or qualifications might be cancelled.

During the Reporting Period, the supplier distribution based on their geographic locations is shown as below:



Compliance Risk Management on Intellectual Property

In accordance to the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), *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 launched the *Administrative Measures for Intellectual Property of Zhongyuan Bank Co., Ltd* (《中原銀行知識產權管理辦法》) to regulate and empower the internal intellectual property management, which concerns the beneficial to development, protection and utilization of intellectual property as well as promoting brand protection and technological innovation.

The intellectual property management adheres to the "unified management (統一管理)" principle in its daily operation of Zhongyuan Bank. The Legal Department is responsible for unify management and which the headquarters and branches cooperate accordingly. It requires all departments to consider the intellectual property carefully in daily operation, collect and preserve the files and evidence formed during the use and maintenance of the interlectual property In business activities, all departments are also required to avoid infringing other parties' intellectual property when maintain the interests of the Bank.



Quality Product and Service

The Innovation Highland | The Technical Front
Service Prioritization | Listen Sincerely
Privacy Protection



Zhongyuan Bank is sternly committed to the *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》) and other laws and regulations for a sever govern on its financial products and customer services. It requires all of the financial products and services provided to be in compliance with the relative national and regional laws. The information and words used in the advertisement and promotion activities are required to be real and reliable in order to prevent misleading the public and clients from the fake information and promotional slogan. In the meantime, the Bank appreciates greater developments in innovation and comprehensive strategic transformation, hoping to deliver new experiences to the client and new vitality to the financial market. There was no significant violation on laws and regulations related to advertisement issues on product and service being detected during the Reporting Period.

 The Innovation Highland

On 2nd November 2018, the former postdoctoral innovation and practice base has upgraded to postdoctoral research station after approval from the Ministry of Human Resources and Social Security of the People's Republic of China. Aiming with the technology innovations in the bank operation, the research station targets on promoting effective integration in talents, projects and platforms. It joints the higher education institution to conduct researches on commercial banking development, assist the bank development and establish think tank. The research station also signed a joint training agreement with well-known universities such as Tsinghua University, Nankai University and Xi'an Jiaotong University. According to the agreement, prominent scholars, academicians and professors are invited to guide researches in the research station. There are 3 heretofore post-doctors (application for entry of one of them was under processing) working in the research station and initiating studies that focus on capital management, asset management transformation and rural finance development based on the needs of the Bank's strategy.



>>> Graph: Awarding Ceremony of the postdoctoral research station



>>> Graph: Monthly Report from doctors

 The Technical Front

Zhongyuan Bank strives to become a modern commercial bank with distinctive characteristics, vitality and a leading modern commercial bank in central China by adhering the technology and innovation philosophy. Digital transformation strategy is actively promoted to adapt the rapid change in the community and technical development. Referring to the latest experiences globally and regionally and the integration of "internet innovation genes", the Bank has created a differentiated advantage on digital technology. Besides, the principle of "Adjusting organizational structure, strengthening science and technology, improving data-based governance, cultivating T-type talents², establishing supportive institutional mechanisms (調整組織架構，加強科技建設，完善數據治理，培養T型人才，建立配套體制機制)" has been implemented as the Bank's periodical achievement on digital transformation and comprehensive implementation of agile operation mode.

²T-type talents refers to talents who have deep and board professional knowledges.

 Practice | The establishment of "Zhongyuan Smart Platform"

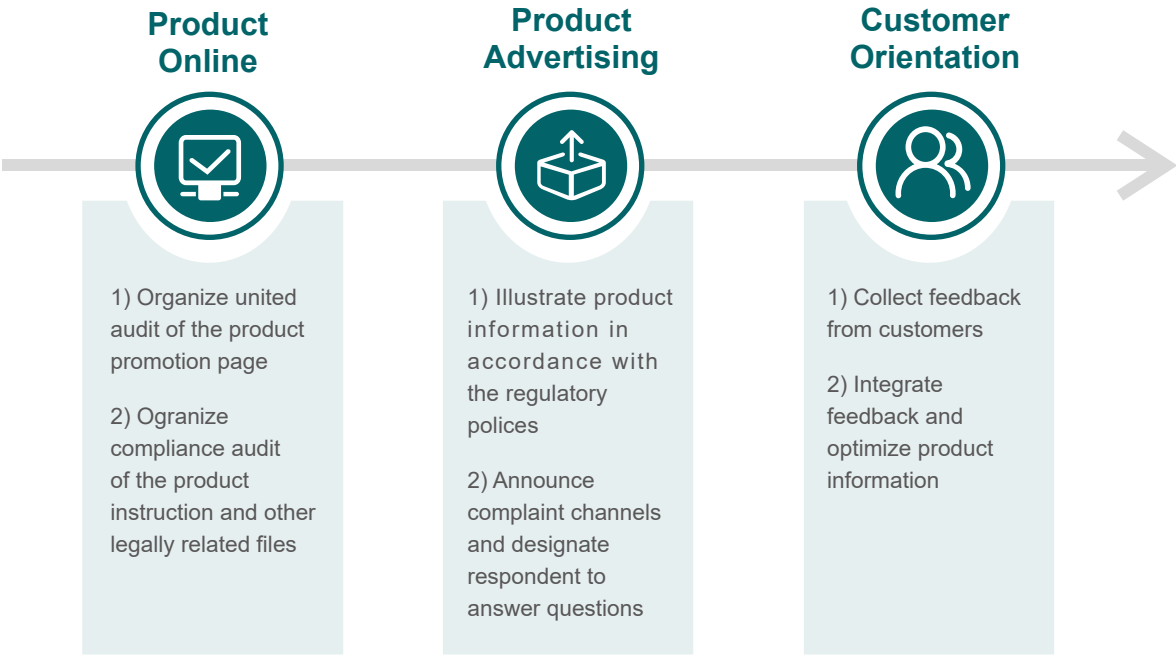
Background of Establishment: The existing community market in Henan Province is ecologically fragmented. The property company mobile applications, internet mobile applications and commercial mobile applications exist disadvantages such as unclear target clients, ineffective problem solving and unobvious price competitive.

Ways of Establishment: Based on the in-depth analysis on characteristics and needs focused on potential clients in 2018, the Bank has designed the "Zhongyuan Smart Community" modern platform targeting property companies, property owners, third-party service providers and merchants from the community. The platform is utilized advanced technologies such as cloud computing, big data and artificial intelligence to connect property companies, property owners, government, merchants and community service for a one-stop integration and forming a comprehensive service platform.



 Service Prioritization

The Bank's financial product advertisement and promotion are under supervision from multiple departments to ensure the products are in compliance with laws and regulations and that the promotions are genuine and reliable.



During the Reporting Period, the Bank has revised the *Administrative Measures for Services by Zhongyuan Bank Co., Ltd.* (《中原銀行服務管理辦法》), which improves the Bank services management. According to the policy, a service management leader group is established and is led by the President of the Retail Affairs, and heads from several departments are served as team members. By flexibly making use of the feedback and evaluation management scheme, the administrative measure concerns various aspects covering the whole service management procedure, enabling the Bank to realize its shortcomings and constantly optimize customer service.

Considering the needs of the aged, weak, ill and disabled on the banking services, the Bank formulates 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》), which shows concerns to clients that require special assistance. According to the policy, sub-branches should provide corresponding barrier-free access to enable the special customer groups to receive quality service. Designated staff is assigned for quality service providence and assistance for the clients.



● Focus points of service management

Listen Sincerely

The Bank listens to its clients sincerely in order to satisfy various clients’ interest, respond and deal with the complaints analogously. Six complaint channels are provided to enable clients to provide their feedback in a simple way. Enquires and questions raised by media are handled, verified and answered by headquarters office.

Telephone	The Customer Service Center records and conveys views of clients to relevant departments. The departments should deal with the issue timely and revert the outcome back to the Customer Service Center for further record and documentation.
Online	Relevant departments are taking responsibilities to follow-up. The Customer Service Center is responsible for recording and filing the procedure of dealing and outcome of online complaint.
Message Book (Box)	Sub-branches would operate daily checking on message box. After investigating the issues, they should contact client timely for response and handling.
Onsite	Sub-branches should make feedback for those onsite complaining customers with possible solution and appease the customers. Besides, records of the complaint should be marked in the logbook of the day.
Letter	Headquarters' general office is responsible for complaint letter verification and conveyance to departments being complained. The department that being complained should react in time and organize follow-up visits.
Convey from Government Department	Customers could also leave their comments to the government department before conveying them to the Bank. These comments are going to be collected by the receiving department and managed by the Retail Integration Department.

Apart from different channels provided for feedback and comments, clients are invited to the active customer satisfaction surveys organized by the Bank, which is set for a pre-understanding of client demands and needs in an active and investigative way. Comments from the client would then be integrated into the Bank’s product and service management. During the Reporting Period, the Bank conducted several surveys through voice messages after completing the telephone banking services with clients. The satisfaction rate of the year on telephone banking was 99.5% while the rate for online banking was 94%.



the satisfaction rate for telephone banking rates was

99.5%

while the rate for online banking rates was

94%

Privacy Protection

In accordance to the laws and regulations such as 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》) and 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》), the Bank has its responsibility to protect clients’ personal financial information and duty to secure financial information. Accordingly, the Bank has established internal management policies such as 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》) and 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》) to accelerate the improvement on coordination of the consumer rights and interests protection. There was no significant violation on laws and regulations related to privacy protection being detected during the Reporting Period.

The Bank's personal financial information protection system follow the principle “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)”. It is set for preventing unauthorized search, disclosure, loss, leakage, destruction and tampering of personal financial information. The personal financial information system is also integrated into the Bank comprehensive risk management system and structuring as an up to bottom protective system, as the guarantee of financial information and the cornerstone of client information protection improvement plan. In addition, a personal financial information security risk investigation is conducted by the Bank every six months. Based on the issues founded in the investigation, the Bank intends to modify the problems timely while the personnel who have violated the regulations of personal financial information protection policies would be accounted 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》) .

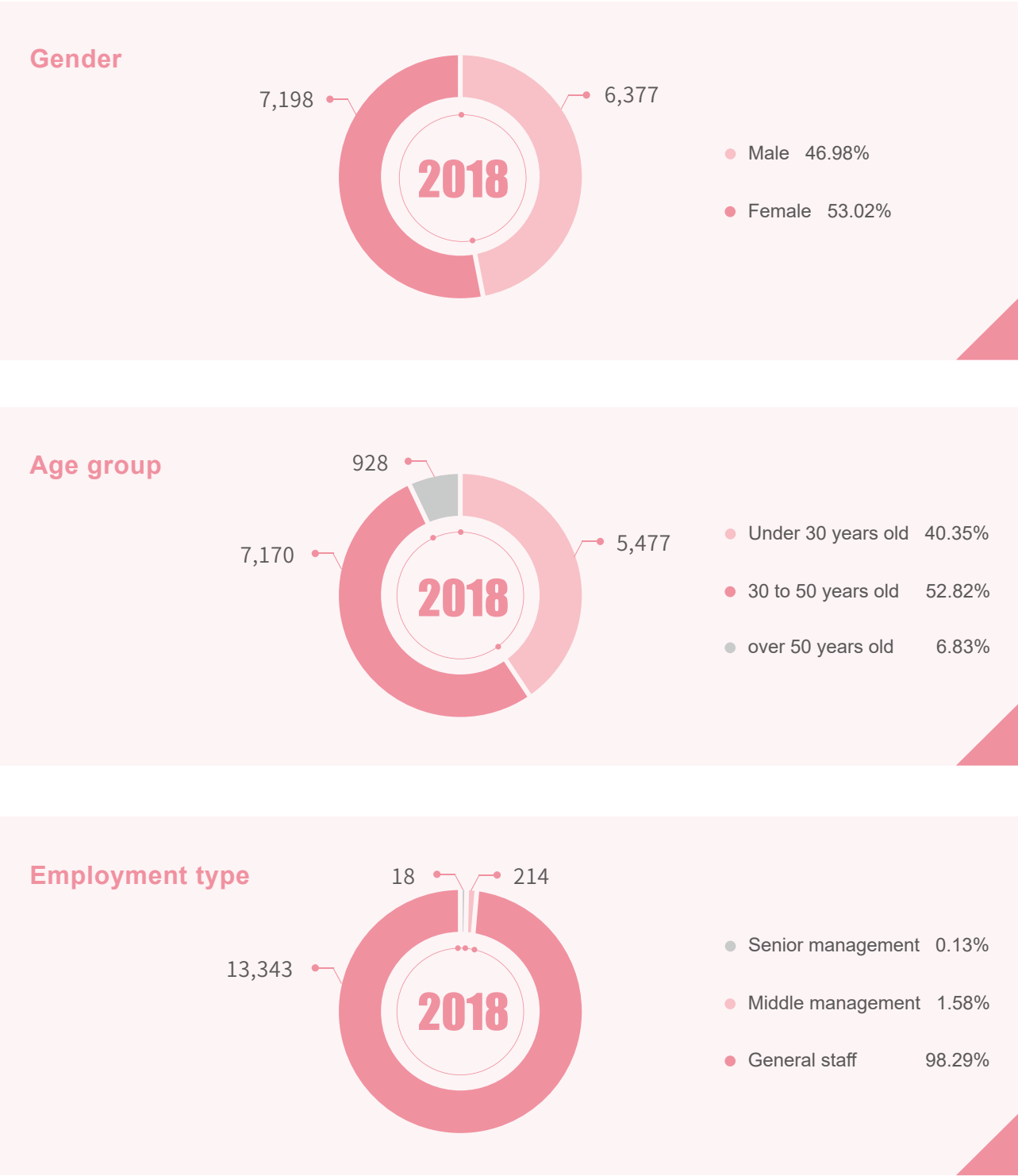


Initiation of Talent Team

Employees' Right | Ensure Safety | Training Platform

Zhongyuan Bank follows the “people-oriented (以人為本)” management philosophy to create a comfortable and secure working environment for employees. Their rights and interests are protected with a completed administrative policies system. With respect to the career development, the Bank continues to optimize and diversify the training system and training content as a platform for employees to improve self-value and the learning of advanced knowledge. The training system is expected to achieve the goal of co-development between employees and the enterprise.

By the end of 31st December 2018, the Bank had a total of 13,575 employees. Most of them are from Henan province. The number of employees by gender, employment type, age group are shown as follow:



Employees’ Right

A flawless policy and systematical management are the foundations to protect employees' rights and interests. According to the laws and regulations such as *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》) and *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), the Bank sets up an employment management policy system to ensure all staff be treated fairly. No discrimination and unfair treatment related to gender, age, belief, etc., are allowed since rights of every employee should be protected.

During the Reporting Period, no violations in laws and regulations that have significant impact on the Bank relating to employment has been founded. In addition, there is no occurrence on child labor or forced labor.

The Bank manages the staff introduction and recruitment in accordance with the Measures of Staff Introduction and Recruitment of *Zhongyuan Bank Co., Ltd.* (《中原銀行人員引進與招聘辦法》) in the process of recruitment. Under the principle of “fair, open, merit, compliance (公平、公開、擇優、合規)”, the staff introduction and recruitment is carried out based on the annual human resources management plan and the needs of development. Furthermore, to fulfill the requirements raised by 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》), the *Provisions on the Prohibition of Using Child Labor* (《禁止使用童工規定》) candidates' identity card is verified during recruitments stage, which is in addition to the background check to safeguard the bottom line of underage employment. The Monitoring and Guardian Department is responsible for the recruitment supervision, preventing unauthorized use of persons who do not meet the qualifications.

The internal policies of the Bank cover employees' interest management in details including salary, dismissal, promotion, working hours, rest periods, welfare, etc.:

The Administrative Measures of Requesting Leave and Work Attendance of Zhongyuan Bank Co., Ltd.

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》) regulates the daily and weekly working hours. Beyond, it has clear regulations and explanations on the rest period for employees. Further, the Bank formulates the Administrative Regulations on Compulsory Vacations of Zhongyuan Bank Co., Ltd. (《中原銀行強制休假管理規定》), which provides extra protection on mental and physical health of employee and prevention from risks.

The Administrative Measures on the Remuneration of Employees of Zhongyuan Bank Co., Ltd.

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》) is implemented based on the principle of “externally competitive, internal fair, performance oriented, prudent manageable (外部競爭力、內部公平性、業績導向、審慎經營)”, which the remuneration system meets the requirements of Zhongyuan Bank. The remuneration system includes five aspects, the basic salary, quarterly performance salary, annual performance salary, medium and long-term incentives and allowance and welfare.

The Administrative Measures on Employee Dismissal of Zhongyuan Bank Co., Ltd.

The Administrative Measures on Employee Dismissal of Zhongyuan Bank Co., Ltd. (《中原銀行員工離職管理辦法》) stipulates the obligations and rights of both the Bank and employees in the process of dismissal. It regulates turnover management as well as standardlizing the process.

The Interim Provisions on the Appointment and Dismissal of Leading Cadres of Zhongyuan Bank Co., Ltd.

The Interim Provisions on the Appointment and Dismissal of Leading Cadres of Zhongyuan Bank Co., Ltd. (《中原銀行領導幹部任免暫行規定》) is the guideline that raises the principle of “sagacious, moral, recognized, democratic, open, competitive, merit, concentrated, compliance (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)”, this provides transparent and fair promotion opportunities to employees who have met the qualifications with internal competition-promotion channel.

The Administrative Measures on the Remuneration of Employees of Zhongyuan Bank Co., Ltd.

Benefits provided to employees are categorized into statutory benefits and autonomous benefits. The statutory benefits include the national “five insurance and one fund (五險一金)” whereas the autonomous benefits include enterprise annuity, supplementary medical insurance, holiday benefits, heatstroke prevention and cooling/heating fee, annual medical examination, trade union condolences, cultural and sports expenses, etc.

Ensure Safety

Zhongyuan Bank understands the importance of health. It conscientiously implements 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》), *Measures for the Administration of the Allocation of Assistive Devices Covered by the Work-related Injury Insurance* (《工傷保險輔助器配置管理辦法》), *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 related laws and regulations. By improving health and safety awareness of employees and ensuring a clean and safe working environment, the Bank has committed its concerns and promises to employees' health and safety.

During the Reporting Period, there was no occurrence of violations on laws related to the protection of health and safety leading to a significant impact on the Bank, and none of the employees had been killed or injured.

In respect of health security, the Bank organizes various cultural and sports activities to enrich employees' daily life. The medical examinations and medical insurance are provided for a comprehensive health security system:



- organize medical examination for employees whereas new recruits also participate in medical examinations in the hospital before being officially verified;
- except for national basic medical insurance, supplementary medical insurance is set up to ensure treatment to be provided when employee got sick;
- organize various cultural and sports events at both headquarters and branches to enrich the lives of employees and strengthen communications between them.

Case | The Workout Day and the First Table Tennis Competition

The Zhengzhou Branch held the Workout Day and the First Table Tennis Competition on 20th May 2018. More than 50 employees from all levels of the branch participated. The event demonstrated a good cohesiveness of employees from Zhengzhou Branch, enhanced the communication between them and strengthened their motivation for further challenges with the united and cooperative spirits.



Case | The 2018 Women's Day Tug of War Competition of the Xinyang Branch

On occasion of the 108th International Women's Day, the Xinyang Branch held a Women's Day Tug of War Competition. More than 200 employees from the Xinyang branch and its subordinate units participated in the competition. The Deputy Governor of the branch, the Secretary of the Disciplinary Committee, and the Director of the trade union attended and awarded the winning teams.



Considering fire safety, all branches of Zhongyuan Bank are required to carry out at least two fire drills yearly. The Bank also publishes 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》) to define the responsibilities and practices related to safety management, in which safety protection works, visitor management, conference management, monitoring center management, fire safety management, etc. are included, forming the comprehensive headquarters safety management mechanism. Branches and sub-organizations should formulate their own administrative measures in office safety management according to the policy. According to the requirements of the Fire Services Department, the Bank has developed a fire protection system with fire service installed at the working site. Third party fire safety and electrical safety inspections are conducted by qualified fire protection electrical testing companies.



>>> Mini fire station at headquarters



>>> Fire mask



>>> Full view of the mini fire station at headquarters



>>> Fire equipment at the headquarters

Case | Fire drill conducted at the headquarters and IT center

On 16th April 2018, the Monitoring and Guardian Department of the headquarters organized a fire drill involving more than 100 people including the new recruited employees in 2017 and 2018 and all staff working at the headquarters. Instructors from the Henan Provincial Fire Protection Association were invited to illustrate on fire prevention, use of fire equipment and evacuation and self-rescue in fire. The fire drill was successfully completed with the support from the head of the headquarters, district police station and the property company.



Training Platform

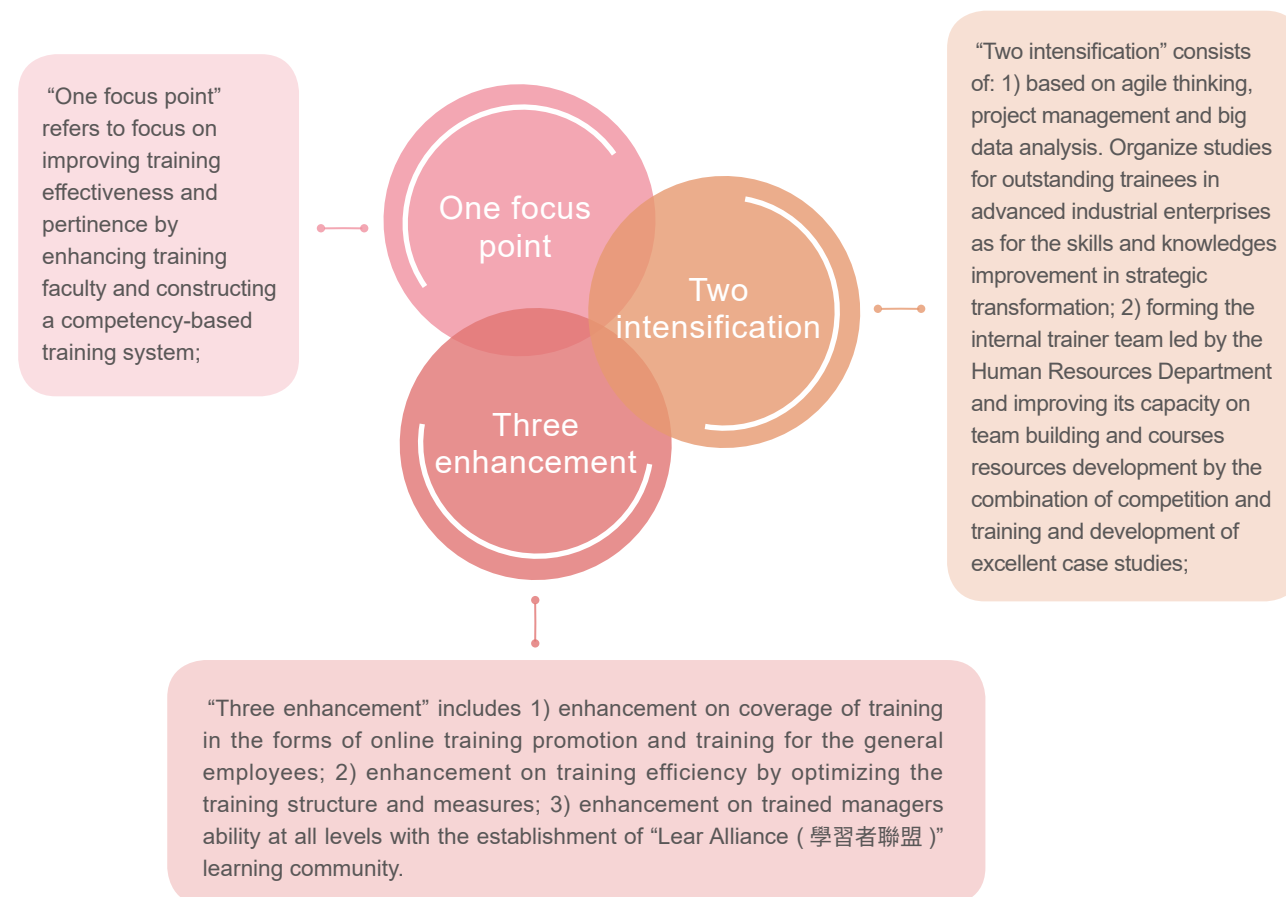
Talents are recognized as an important part of the Bank’s sustainable development strategy. In order to enhance the training management for employees in the Bank, continuous employee training scheme is designed for increasing professionalism and technical level of all employees and the co-development between the enterprise and its employees. The Bank establishes employee training system under “People-oriented (以人文本)” training philosophy and developed its strategy-oriented system with multiple structures, types, channels and measures. Depending on its “Unified principle, unified planning, hierarchical management, hierarchical implementation (統一原則、統一規劃、分級管理、分級實施)” administrative system, it formulates different training programs including medium and long-term training program and annual training program. Therefore, the Bank has formulated the *Administrative Measures for Employees Training of Zhongyuan Bank Co., Ltd.* (《中原銀行員工培訓管理辦法》) to clarify the division of responsibilities in the training work, the process of making training plan, the types and forms of training and the process and resources allocation during the specific implementation. Since the training system had not yet incorporated gender into training information collection, the Bank could not analyze trained percentage and average training hours of different gender. The Bank would incorporate gender information collection, where appropriate, in order to improve reporting level of the ESG report.



In 2018, training is planned based on the Bank’s annual development plan and has established it into a professional employee certification system. It covers different categorizes of employees in accordance with employment types, emphasizes training targets and efficiency. In which, the “Starting Plan (啟航計劃)”, “Pilot Plan (領航計劃)”, “Voyage Plan (遠航計劃)”, “Spark Plan (星火計劃)” and “Nugget Plan (掘金計劃)” were initiated.



The 2019 training scheme focuses on the enterprise development strategy and needs on human resources management. “One focus point (一個重點)”, “Two intensifications (兩個加強)” and “Three improvements (三個提升)” are the considerations of the training scheme in the coming year:



Case | The 2018 Excellent Manager Ability Improvement Training of “Nugget Plan”

From 15th to 19th October 2018, the 2018 Excellent Manager Ability Improvement Training of “Nugget Plan” was successfully held in Renmin Business School. More than 50 excellent cadres from the headquarters and branches joined the training. Well-known experts, scholars and elites were invited. Topics such as “macro environment analysis and financial risk prevention”, “financial technology innovation and user thinking change” were deeply discussed during the training. The training achieved a significant result in helping trainee to understand the financial frontier dynamic, change their mode of thinking and improve their management level. It also supported the workforce and implement the development strategies and agile transformation of the Bank.



Case | The 2018 headquarters Pre-employment Quality Training for University Student

Pre-employment training was held by the headquarters from 25th to 26th March 2018 to help the university graduates enhance professionalism and business etiquette. Over 80 new employees participated in the training through both onsite training and video training. The training guided trainees on mind changing, targeting concepts on differences between school and workplace, efficiency awareness, time management, cooperation and win-win strategy, etc. In addition, systematical training around appearances and manners of business occasions were introduced to help them realize the transformation from “student” to “social person” as soon as possible.





Engagement in Social Welfare

Targeted Poverty Alleviation | Community Assistance



Zhongyuan Bank adheres to its society-serving philosophy and actively fulfills its social responsibilities. Various social welfare activities are initiated during the Reporting Period. The Bank has donated a total of RMB 1,988,134 which was mainly distributed for poverty alleviation, to special groups, to poverty-stricken families, to the education sector and to those communities with difficulties.

Targeted Poverty Alleviation

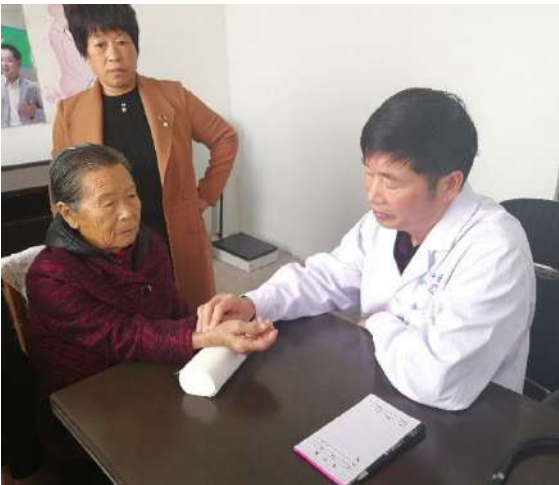
Targeted poverty alleviation and elimination are the basic strategies for getting rid of poverty in the new era. Zhongyuan Bank leverages its strengths as a financial enterprise in providing poverty alleviation loans and implementation of targeted poverty alleviation services with the Bank development concept “Zhongyuan Bank, the Bank for the Zhongyuaners (中原銀行，中原人自己的銀行)” to practice its financial poverty alleviation policy.

Case | The “five in one (五位一體)” poverty alleviation of the Wuyang Branch

Adhering to the purpose of providing full scale financial advantages of banks in serving local economical development, the Wuyang Branch has actively cooperated with the county government and poverty alleviation office since its establishment. For an effective model of targeted poverty alleviation, the branch finial formed a “government + bank + enterprise + production base + poor household” poverty alleviation model after multi-level of researches and consultations. The model is supported by the government’s risk compensation funds. Beyond, by signing a support project agreement with local leading enterprises, the borrower could apply funds from the bank to purchase production equipment. On the other side, those leading enterprises take responsibilities for technical guidance and training, as well as agricultural products purchase at a reasonable price, forming a stable production model.

Case | Initiation of carrying out medical treatment at the countryside

On the 7th October 2018, Xuchang Branch held a “day of delivering surgery to the countryside (送醫下鄉扶貧行動日)” campaign in all counties to familiarize the poor households in rural areas and acknowledged the regional health and poverty alleviation policies. Doctors gave lectures to guide and change the lifestyles of the people and conducted health inspection on registered poor households for identifying health, subhealth, chronic disease, geriatric diseases, etc. and further to make disease diagnosis and develop targeted health interventions.



Community Assistance

In addition to unwaveringly implementing the national poverty alleviation initiatives, Zhongyuan Bank cares about the surrounding communities. Through daily observation and research, it understands the urgency and demands from the surrounding communities. It plays a role that a corporate should play in supporting donations and financial knowledge popularization, maximizing the Bank’s advantages on promotion of harmonious development of enterprises and communities.

Case | The Jiaolong Water Volunteer Rescue Team thanked the Zhumadian Runan Subbranch for donation

The Runan Jiaolong Water Volunteer Rescue Team is a volunteer association that practices social responsibilities and enthusiastic in social welfare. It provides timely and free rescue to save people falling in the water. Through the hardworking of Jiaolong Water Volunteer Rescue Team, many lives and broken families in Runan County were saved.

The Runan Subbranch noticed the equipment of the team were old and needed to be replaced. Therefore, it purchased new rescue equipment for the team for free, delivering a positive energy to the society. To express the thankfulness, the team came to the Runan Subbranch with a banner and thanked the branch for its donation.



Case | The Shangqiu Zhangge Subbranch condoled the nursing house of Zhongge County

On 2nd March 2018, the 15th day of the lunar month and the Lantern Festival, the Zhangge Subbranch organized a “deliver warmth and love (送温暖、献爱心)” corporate love activity for promoting the Chinese traditions of respecting the elderly. The Zhangge County Government Party Committee and all employees of the Zhangge Subbranch visited the nursing house and brought rice, starch, oil, etc. for condolences of care and blessing to the elderly people.

The Zhangge Subbranch spread the spirit of selfless dedication and respect for the elderly to the community. It is expected that it could cultivate a tendency to respect the elderly in the community, achieving the goal of “providing the elderly with a sense of security, health care support, education and cultivation, happiness, worthiness (老有所養、老有所醫、老有所教、老有所學、老有所樂、老有所為)”.



On the other hand, popularization on the financial knowledge and improvement of the community's understanding in the financial industry are important to the Bank. It is also one of the main performance indicators of the Bank's fulfillment on its social responsibility. Therefore, the Bank held financial lectures, financial night schools, classes in the countryside, etc. During the Reporting Period, advancing the financial knowledges related to security card payment, non-cash payment, anti-illegal fundraising, anti-financial fraud, anti-counterfeiting, etc. By the end of 2018, in forms of onsite introduction, posting posters, invitation of onsite visiting and others, the Bank has held more than 10,000 financial knowledge activities to the countryside accumulatively. These activities had enriched financial knowledges of rural residents and were gladly received by them.



Construction of Green Bank

Resources Saving | Emission Control

Proceeding Green Finance | Practicing Green Charity



The Bank actively assumes and accomplishes its environmental protection responsibility in recent years. It sternly 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》), the *Water Law of the People's Republic of China* (《中華人民共和國水法》) and other related laws and regulations. Although the Bank does not have business leading to intensive energy consumption or pollution, it concerns about itself in performing and supporting environmental protection in two fields: 1) giving efforts to build an energy-saving bank, which indicates decreasing consumption on raw materials and resources, leading to a green office operation; 2) diligently exploring and developing green credit business in line with the national economic policies and regulatory tendency.

During the Reporting Period, there was no occurrence of significant violation on environmental protection related to laws and regulations.

Resources Saving

Zhongyuan Bank has continued its implementation of the comprehensive plan on energy conservation and emission reduction for the “13th Five-Year Plan (十三五規劃)”. In conjunction with the decisions of “increasing revenue and saving cost, upgrading quality and improving efficiency (增收節支、提質增效)”, the Bank formulated the *Announcement of Advocating Diligence and Savings* (《關於倡導勤儉節約的通知》). It has regulated that the resources saving strategy is targeting two subjects: cultivation of resources saving awareness and promotion resources saving practices. Specifically, the document emphasized resources saving practices related to energy conservation, water conservation, paper saving and office consumables saving as follow.



Electricity Conservation

Make full use of natural lighting; cut off equipment power in time after work has been completed.



Paper Saving

Cut spending of paper on meetings, training, documentation, communications, etc.; make full use of video conferencing systems and promote paperless office.



Water Conservation

Turn off faucet in time when leaving or finding the faucet is dripping.



Office Consumables Saving

Adhere to the principle of making best use of office consumables and pay attention to maintenance of office consumables.

During the Reporting Period, the main resources consumed by the Bank included fossil fuel for stationary equipment and mobiles, basic resources such as electricity and water, paper and office consumables, etc. Throughout the active cooperation between departments of the Bank and good environmental protection awareness of the employees, the Bank ensured the smooth progression of its environmental protection work and maximized the efficiency of its resources consumption.

For regulating electricity consumption, the lighting system in office area is set with a time switch and the lighting system would be turned off when there is sufficient sun lighting; incandescent lamp would be replaced by LED lamps as soon as reaching the end of its serviceable life; the centralized air conditioning system is set with a certain temperature and would only be turned on during working hours.



The Bank issued the *Opinions on Guiding Reformation and Business Vehicles Use of Zhongyuan Bank Co., Ltd.* (《中原銀行公務用車改革指導意見》) for vehicle use regulation. The policy is managing the application procedure for vehicles using in order to reduce vehicle use whereas 13 unnecessary vehicles were retired within Zhongyuan Bank. Beyond, it also requests using public transportation unless it is found necessary.

Meetings held within the Bank are no long supported with extra office consumables; video conference is adopted to replace most of the onsite meetings.

Resources used³

	2018	2017	Unit	Change Rate
Electricity consumption	46,523,195.18	48,094,409.10	kWh	-3.27%
Electricity consumption intensity ⁴	84.70	88.17	kWh/m ²	-3.94%
Water consumption ⁵	345,899.57	333,521.50	Metric ton	+3.71%
Water consumption intensity	0.63	0.54	Metric ton/m ²	+16.61%
Natural gas consumption	315,635.80	419,749.00	Cubic meter	-24.80%
Natural gas consumption intensity	0.57	0.77	Cubic meter/m ²	-25.33%
Coal gas consumption	8,046.00	3,474.00	Cubic meter	+131.61%
Coal gas consumption intensity	14.65	6.37	Liter/m ²	+129.99%
Ethanol gasoline consumption	264,719.00	300,522.43	Liter	-11.91%
Ethanol gasoline consumption intensity ⁶	3,676.66	3,535.56	Liter/Vehicle	+4.00%
Paper consumption	192,250.40	209,004.30	Kilogram	-8.02%
Paper consumption intensity ⁷	14.19	15.44	Kilogram/person	-8.10%
Stationery equipment consumption	7,913.00	7,602.00	Kilogram	+4.09%
Stationery equipment consumption intensity	0.58	0.56	Kilogram/person	+4.07%

³Data of resources consumptions are collected from the headquarters and 18 branches.

⁴Footprint of the headquarters and 18 branches is used as denominator, which is 549,292.88 m² in total (it is used in other intensity calculation that use “m²ⁿ” as denominator).

⁵Water used by the Bank is all from the municipal water supply pipe network, thus, there is no problem for sourcing water.

⁶Number of vehicle used by the headquarters and 18 branches is used as denominator, which is 72 in total (it is used in other intensity calculation that use “vehicle” as denominator).

⁷Number of employee used by the headquarters and 18 branches is used as denominator, which is 13,575 in total (it is used in other intensity calculation that use “person” as denominator).

Recycle Emission Control

As a commercial bank, business of Zhongyuan Bank is mainly operated in office and would not be involved in any manufacturing processes, therefore emission of the Bank mostly includes indirect greenhouse gas emission caused by electricity consumption, direct greenhouse gas and air pollutants emission caused by fossil fuel consumption for stationary equipment⁸ and vehicles, and waste generated during office operation. In addition to the aforementioned methods on controlling electricity consumption and regulating vehicle use, as for managing greenhouse gas and air pollutant emission, the Bank also puts efforts on promoting waste management to decrease waste generation:

For managing waste office consumables, it is suggested to use soft copy to transport files in case of unnecessary and printing should all be done in two-side print. Part of the generated waste office consumables are collected by the third party suppliers, ensuring wastes such as cartridges, lamps, batteries are properly disposed.



For the management of kitchen waste of the Bank, it is recommended to consume food in a saving way while activities of wasting food would be informed within the Bank. It also initiated a statistic on the food consumption amount at different time, which is used for a scientific preparation of food amount and reducing the generation of kitchen waste. Generated kitchen waste would be collected in the canteen and then be disposed by the municipal waste disposal system.



Air pollutant emission⁹

	2018	2017	Unit	Change rate
NO _x emission	3,330.48	4,355.93	Kilogram	-23.54%
SO _x emission	134.77	175.30	Kilogram	-23.12%
CO emission	1,352.69	1,564.69	Kilogram	-13.55%
PM emission	6.84	7.78	Kilogram	-12.08%

⁸Stationary source emissions are counted depends on branches that have heating equipment or staff canteens.

⁹Data of air pollutant emission are collected from the headquarters and 18 branches; Emission of air pollutants of the Bank mostly come from vehicle exhaust when using vehicles and exhaust gas generated form fossil combustion of stationary equipment; calculation refers to the *First National Pollutant Survey of Urban Sources and Discharge Coefficients* (《第一次全國污染物质普查城镇生活源產排污係数手冊》) issued by the First National Leading Group for Pollution Sources Survey of the Sate Council.

Greenhouse gas emission¹⁰

	2018	2017	Unit	Change rate
Total emission	25,401.63	26,525.26	Metric ton	-4.24%
Scope 1 emission ¹¹	944.39	1,232.03	Metric ton	-23.35%
Mobile source emission	256.31	346.98	Metric ton	-26.13%
Mobile source emission intensity	3.56	3.79	Metric ton/vehicle	-6.07%
Stationary source emission	688.08	909.98	Metric ton	--24.39%
Stationary source emission intensity	1.25	1.67	Kilogram/m ²	-24.91%
Scope 2 emission ¹²	24,457.24	25,283.23	Metric ton	-3.27%
Scope 2 emission intensity	44.52	46.35	Kilogram/m ²	-3.94%

Waste generation

	2018	2017	Unit	Change rate
Hazardous waste				
Waste battery	63.40	66.00	Kilogram	-3.94%
Waste lamp	9,703	10,077	No.	-3.71%
Waste cartridge	4,999	5,569	No.	-10.24%
Non-hazardous waste				
Kitchen waste	32.70	34.00	Metric ton	-3.82%

¹⁰Greenhouse gas emissions of the Bank are mostly derived from vehicle exhaust by vehicle use (scope 1), exhaust gas generated by fossil combustion of stationary equipment (scope 1) and indirect emissions from the use of purchased electricity (scope 2).

¹¹Calculation for scope 1 emission refers to *the Guideline for 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）》) issued by the Climate Division of the National Development and Reform Commission.

¹²Calculation for scope 2 emission refers to the *2011 and 2012 China Regional I 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.

Proceeding Green Finance

Zhongyuan Bank constantly practices business innovation and supports green financial industry development. Accordingly, it launched the *Administrative Measures for Funds Raised by Green Financial Bonds of Zhongyuan Bank Co., Ltd* (《中原銀行股份有限公司綠色金融債券募集資金管理辦法》), the *Administrative Measures for Green Credit of Zhongyuan Bank Co., Ltd*. (《中原銀行綠色信貸實施管理辦法》), etc. On 25th April 2018, it successfully issued its first green financial bonds on the national inter-bank bond market.

Process management for loan issuance



By the end of 31st December 2018, the 2018 Green Financial Bonds of Zhongyuan Bank Co., Ltd. (中原銀行股份有限公司 2018 年綠色金融債券) issued by the Bank has provided financial support to three green projects, including an “urban water ecology management project”, a “central heating project” and a “water plant project”. All three projects were financially supported for its construction. Additionally, independent third-party evaluation agencies were hired to assess three projects. Based on these, the Bank evaluated and predicted the environmental benefits to be generated after that those projects are put into operation in the future in accordance with the designed values in feasibility studies. It is expected that the projects would achieve good performance in environmental protection.

Annual environmental benefits calculation value of green finance projects

Benefits category	Energy saving by standard coal	Carbon dioxide emission reduction	Sulfur dioxide emission reduction	Nitrogen oxide emission reduction	Dust emission reduction	River treatment	Water saving
Unit	Metric ton	Metric ton	Metric ton	Metric ton	Metric ton	Kilometer	Ten thousand Metric ton
Water ecological management	/	/	/	/	/	6.88	/
Central heating	2,996	7,909	3.52	4.19	0.48	/	/
Water plant	/	/	/	/	/	/	707.50
Total	2,996	7,909	3.52	4.19	0.48	6.88	707.50

Project Introduction urban water ecological management project

According to the flood prevention design, the urban water ecological management project could expand the capacity of flood and drainage control as well as mitigating impacts caused by flood disaster on riverbank. The over-flow capacity of the rectified river channel would be significantly improved and the water level of the river could be lowered under the same flow rate, which is beneficial to surface drainage management, mitigating inland disasters and guaranteeing safety for waterlogging. Meanwhile, it is effective for preventing the impact of petrochemical leakage on lives of residents along the route and surroundings, which is furtherly avoiding pollution on water body and the environment.

Project Introduction central heating project

To improve effectiveness of the district heating system, which is consisted of a large number of small coal-fired boilers with low combustion efficiency, the central heating program uses furfural residues as its sources for biomass boilers to generate electricity and steam for heating. It would change the situation of low efficiency in energy generation and resources consumption of the current heating system. The project is going to cover a heating area of 1.3 million square meters with an average heating energy generation level of the nation.

Project Introduction water plan project

The water plan project is a part of the construction of urban water supply plant and water supply network reconstruction project. It could notably improve the water quality for urban residents and industrial or commercial use, meeting their needs for not just quality but quantity for the increasing demands. Meanwhile, throughout the construction and improvement of the supporting pipe network, problems such as water leakage of the pipe and loss of water in decentralization system could be corrected.

Practicing Green Charity

In addition to the implementation of green office and issuance of green financial bonds, Zhongyuan Bank also encourages its staffs to actively engage in environmental protection related public welfare activities. It deliberately cultivates employees' awareness of environmental protection, publicizes the positive energy of environmental protection to the community as for practicing its social responsibility. During the Reporting Period, branches of the Bank spontaneously organized or participated into various environmental protection activities, promoting Zhongyuan Bank's carefulness and contribution to environmental protection.

Case The Zhengzhou Branch's participation in voluntary tree planting

On 11th March 2018, more than 30 cadres and employees from the Zhengzhou Branch participated in a voluntary tree planting. With their hard working, rows of saplings were planted on the loess-covered hillside, adding a beautiful landscape to the barren hills. Participated employees, who had shown positive attitudes and the noble working style of Zhongyuan Bank, were highly praised by the organizer of the event.



Case The Zhoukou Branch fulfilled its social responsibility and participated in tree planting voluntarily

On 12th March 2018, cadres and employees of the Zhoukou Branch enthusiastically participated in the tree planting event held in the municipal forest park.



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 in the 2018 Environmental, Social and Governance Report (the “ESG Report”) of Zhongyuan Bank.

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. Zhongyuan Bank Responsibilities

Zhongyuan Bank is responsible for the preparation and presentation of the ESG Report in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) contained in Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (“SEHK”). Zhongyuan Bank is also responsible for implementing internal control procedures to ensure that the 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 express a conclusion on the assurance work in the specified scope of Zhongyuan Bank’s ESG Report and does not serve any other intents or purposes.

CECEPAC (HK) ensures that all personnel involved in the assurance work meet professional qualification, 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.

III. Assurance Type and Criteria

CECEPAC (HK) conducted the assurance to the ESG Report of Zhongyuan Bank in accordance with the AA1000 Assurance Standard (2008) (“AA1000AS”). The assurance type is AA1000AS Type 2, and the assurance level is Moderate.

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”). AA1000AS also requires an evaluation of the quality of the reported sustainability performance information. For this, CECEPAC (HK) employed the Reporting Principles (Materiality, Quantitative, Balance, and Consistency) in SEHK’s ESG Reporting Guide.

IV. Assurance Scope

- The scope of the assurance engagement is confined 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.
- Three specified sustainability performance information disclosed in the ESG Report agreed upon and selected between Zhongyuan Bank and CECEPAC (HK). The selected specified sustainability performance information are as follows:
 - Employees' Benefit
 - Employees' Health and Safety
 - Use of Resources
- The scope of the assurance engagement is limited to information disclosed for the 1 January 2018 to 31 December 2018 period, and any information that falls outside this period or any other data that is disclosed in the ESG Report are 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)’s assurance engagement was conducted at Zhongyuan Bank’s headquarters in Zhengzhou City and a branch in Kaifeng City, Henan Province, and the assurance work included:

- Evaluating the appropriateness of Zhongyuan Bank’s stakeholder engagement participation process;
- Conducting interviews with personnel involved with sustainability management, report preparation and the provision of other 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 sustainability performance information;
- Conducting random sampling of evidence pertaining to quantitative specified sustainability performance information;
- Assessing the extent to which the ESG Report aligns with the ESG Reporting Guide;
- 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 sustainability 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. At the same time, the organized and summarized outcomes of stakeholder engagement have been used to improve the policies for responding the relevant issues. In our professional opinion, Zhongyuan Bank adheres to the Principle of Inclusivity.

Materiality

Zhongyuan Bank has conducted a 2018 materiality assessment. The opinions of its internal stakeholders have been collected; the criteria for identification of its material issues have been prescribed; its material issues have been presented in its 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.

SEHK’s ESG Reporting Guide

Disclosures for general disclosures of environmental and social aspects and key performance indicators of environmental aspects 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. The assessment process and the result of the materiality assessment, participated by the internal stakeholders, have been disclosed; Zhongyuan Bank has disclosed environmental data for two 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. Our observations and recommendations for the ESG Report have been either adopted or responded by Zhongyuan Bank before the issuance of this assurance statement.

Specified Sustainability 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 two selected specified sustainability performance information - Employees’ Benefit and Employees’ Health and Safety in the ESG Report is unreliable or inaccurate, in all material respects.

Regarding specified sustainability performance information – Use of Resources, nothing has come to our attention that

causes us to believe that the corresponding data collection system is unreliable. However, as we were not able to obtain relevant evidence for the raw data, we do not express any opinion on the accuracy of this particular specified sustainability performance information.

VIII. Recommendations

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

- Enhancing the senior management’s involvement in stakeholder communication, material issue determination and its responses, and integrating stakeholder engagement processes into its governance, strategy and relevant decision-making processes through the establishment of policies in Zhongyuan Bank;
- Establishing an ongoing stakeholder identification mechanism for its business development to ensure the understanding of different stakeholders relating to its business;
- Setting long-term goals and action plans to continuously support Zhongyuan Bank’s response to material issues, and to improve relevant management mechanisms in order to enhance the communication, monitoring and reviewing effectiveness of the material issues in Zhongyuan Bank.

IX. 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 of Zhongyuan Bank. There is no relationship between Zhongyuan Bank and CECEPAC (HK) beyond the contractual agreement for providing this assurance engagement.



Appendix

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	●	Construction of Green Bank
	A1.1	The types of emissions and respective emissions data	●	Emission Control
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	●	Emission Control
	A1.3	Total hazardous waste produced and, where appropriate, intensity	●	Emission Control
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	●	Emission Control
	A1.5	Description of measures to mitigate emissions and results achieved	●	Emission Control
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	●	Emission Control
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	●	Resources Saving
	A2.1	Direct and / or indirect energy consumption by type in total and intensity	●	Resources Saving
	A2.2	Water consumption in total and intensity	●	Resources Saving
	A2.3	Description of energy use efficiency initiatives and results achieved	●	Resources Saving
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	●	Resources Saving
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable to principal business	
A3: Environmental and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	●	Emission Control
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	●	Proceeding Green Finance; Practice Green Charity
Social				
B1: Employment	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	●	Employees' Right
	B1.1	Total workforce by gender, employment type, age group and geographical region	●	Initiation of Talent Team
	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	●	Safety
	B2.1	Number and rate of work-related fatalities	●	Safety
	B2.2	Lost days due to work injury	●	Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	●	Safety

Aspect	Indicator	Indicator Description	Disclosures	Pages/ Remarks
Social				
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	●	Training Platform
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	●	Training Platform
	B3.2	The average training hours completed per employee by gender and employee category	●	Training Platform
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	●	Employees' Right
	B4.1	Description of measures to review employment practices to avoid child and forced labour	●	Employees' Right
	B4.2	Description of steps taken to eliminate such practices when discovered	The Bank does not have occurrence on child labor and forced labor	
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	●	Management on Risks of the Supply Chain
	B5.1	Number of Suppliers by geographical region	●	Management on Risks of the 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	●	Management on Risks of the Supply Chain
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.	●	Innovation Driver and Quality Service; the Bank does not produce objects thus is not applicable to health, safety and labeling issues of product and service.
	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	●	Listen Sincerely
	B6.3	Description of practices relating to observing and protecting intellectual property rights	●	Compliance Risk Management on Intellectual Property
	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	●	Privacy Protection
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	●	Management on Risks of Clean Governance
	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	●	Management on Risks of Clean Governance
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	●	Management on Risks of Clean Governance
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	●	Engagement in Social Welfare
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	●	Targeted Poverty Alleviation; Community Assistance; Practicing Green Charity
	B8.2	Resources (e.g.money or time) contributed to the focus area	●	Engagement in Social Welfare



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