

# **2019 Environmental, Social and Governance Report**

**China Minsheng Banking Corp., Ltd.**

**March 2020**

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# **I About the Report**

## **Introduction**

This Report aims to disclose the Environmental, Social and Governance (ESG) management and performance of China Minsheng Banking Corp., Ltd. (hereinafter referred to as “China Minsheng Bank”, “the Company”, “we” or “us” in this report) (stock code: 01988) ) and thus, to enhance full understanding and communication between various stakeholders and the Company. This Report should be read together with the “Corporate Governance” in the *2019 Annual Report of China Minsheng Banking Corp., Ltd.* and the *2019 Corporate Social Responsibility Report of China Minsheng Banking Corp., Ltd.* for a more comprehensive understanding of our efforts and achievements in sustainable development.

## **Reporting Period**

Unless otherwise specified, this report covers the period from 1 January 2019 to 31 December 2019.

## **Reporting Scope**

Unless otherwise stated, the disclosure scope of this Report includes Head Office of China Minsheng Banking Corp., Ltd. and its business units. The reporting scope of relevant data and calculation methods are also included in this Report.

## **Preparation Basis**

This Report complies with the *ESG Reporting Guide* set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (SEHK). The reference for the *ESG Reporting Guide* is attached as appendix in the report. This report has complied with the “Comply or explain” provisions set out in the *ESG Reporting Guide*.

## **Confirmation and Approval**

This Report was discussed and approved by the 7th Session of the Board of Directors of the Company on March 30, 2020.

## **II Environmental, Social and Governance Principles**

### **(I) Core Concept**

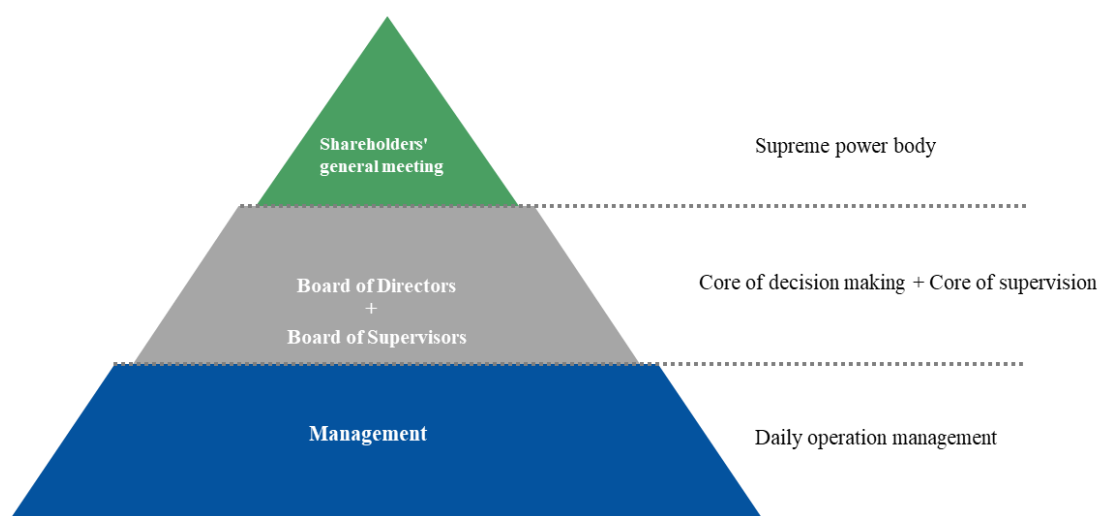
We actively fulfil our ESG commitments by integrating ESG management concepts into corporate culture and business operation management. By firmly establishing the responsibility consciousness of “Minsheng Bank Serves the Public and Cares People’s Livelihood, and the Public Support Minsheng Bank”, the Company adheres to the corporate mission of “From the People and For the People”, the corporate vision of “a time-honoured bank” and the core value of “Integrity, mutual benefit, people oriented idea and pursuit of excellence”, and proactively promotes a mutual and harmonious development integrating corporate development, social progress and ecological improvement, so as to protect shareholders' interests, increase corporate value and promote sustainable and healthy development of enterprises and the society.

### **(II) System**

The Company is committed to establishing a high standard ESG governance structure. It effectively implements the management of enterprise ESG through the organizational structure of "Three boards and one management", of which the shareholders' general meeting is the supreme power body of the Company, the Board of Directors is the core of decision-making, the Board of Supervisors is the core of supervision, and the management is responsible for the Company's daily operation management, which supervise and review ESG performance. The relevant departments of the Head Office form the ESG working team, which is responsible for specific ESG work in their respective areas of work. Under the instruction of the ESG working team, branches and sub-branches at all levels carry out local ESG works to ensure potential ESG risks in all lines of business of the Company can be properly managed, and the ESG responsibility can be effectively implemented.

In order to enhance ESG capability of the Board of Directors and improve the Company's ESG structure, at the 18th meeting of the 7th Session of the Board of Directors of the Company in 2019, two proposals, namely the Name Changing for Strategic Development and Investment Management Committee of the Board of Directors and Amendments on Certain Clauses of the 'Committee's Working Rules, were discussed and approved. Accordingly, the “Strategic Development and Consumer Rights Protection Committee of the Board of Directors” was officially established by the Board of Directors of the Company. The new working rules incorporated the relevant contents of inclusive finance and consumer rights protection, and included assessing performance of social responsibilities, such as economic, environmental and social welfare undertakings, into the duties of the Board of Directors. This increases the strategic importance and focus on ESG management. Through hearing and reviewing reports regularly, the Board of Directors researches and discusses ESG issues, guides and supervises the management to carry out related work, so as to ensure the effectiveness of ESG governance.

## ESG Management Framework of “Three Boards and One Management”



### (III) Strategy

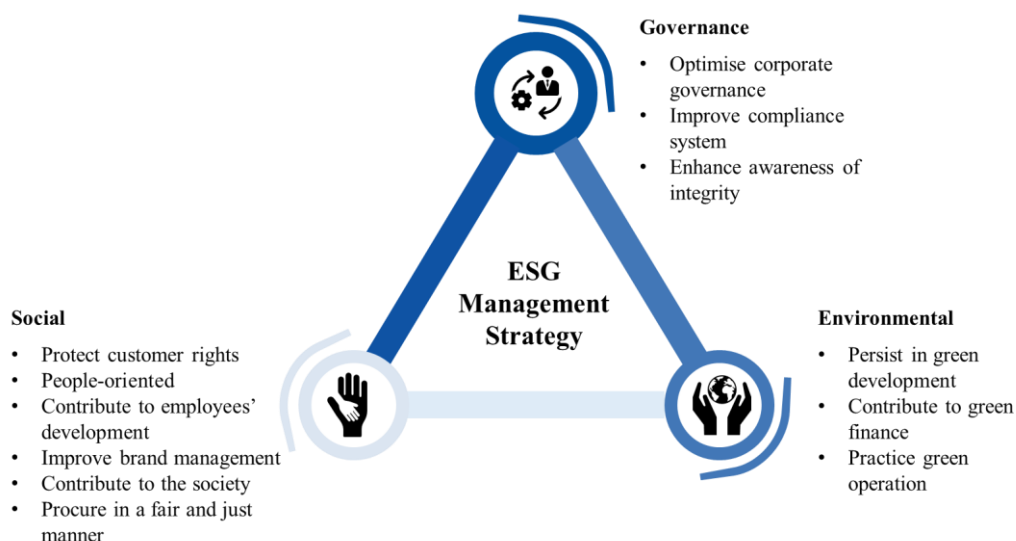
The Company strictly complies with relevant national and local laws and regulations, attaches great importance to corporate governance, constantly improves our governance level by strengthening internal compliance management system such as anti-corruption and anti-money laundering, and by increasing employees’ awareness in integrity, and strives to match ourselves with international standards.

The Company is committed to constantly improving responsibility performance through enhancing service quality, protecting customers’ rights and interests and strengthening corporate brand management. We adhere to the “people-oriented” philosophy and establish the concept of respecting, cultivating and contributing to employees’ achievements. Moreover, we protect employees’ legitimate rights and interests, and provide broader opportunities for learning and development, so as to realise their personal value. We insist on contributing to the society and sharing achievements of development with the society. We enhance investments in supporting education, medical care and volunteer services, cultural welfare undertakings, and serve the needs of communities through in-depth communications. We also establish a just and fair supplier management system and promote suppliers to implement their environmental and social responsibilities through the green procurement principle.

The Company insists on the idea of green development. On one hand, we proactively implement the *Common Commitment on Green Credit of China’s Banking Industry* to support the green economy, low-carbon economy and circular economy as well as prevent environmental and social risks. Taking the advantage of financial leverage, we optimise our credit structure by providing credit support to industries featuring energy-conservation and environmental-protection, restricting credit to industries featuring high pollution and

high energy consumption, and expediting exit for outdated production capacity, so as to promote industrial restructuring and sustainable social development. On the other hand, we focus on "cost saving and efficiency improvement", constantly advocate the concept of green office and practice the green operation mode.

In addition, the Company launched a value management enhancement project in 2019, which embed ESG evaluation methodologies and tools. Focusing on four value modules, namely green finance, inclusive finance, technology finance and social responsibility, we streamlined the value management context and clearly defined the way to improve value management and put forward the method of organic integration of non-financial and financial value measurement, so as to realise sustainable development.



#### (IV) Stakeholders Engagements and Materiality Assessment

The Company actively communicates with stakeholders to understand and respond to their needs. The table below sets out the major stakeholders, main ESG concerns and major communication channels identified by the Company.

Major Stakeholders	Main ESG Topics	Major Communication Channels
Government and regulators	Compliance Transparent Corporate Governance Timely Taxes Payment	Meetings organised by government and regulatory authority Compliance reports disclosure Communication through forums
Investors/Shareholders	Compliant Operation Market Expansion Product Innovation	Shareholders' general meetings of the Company Company announcements Online questionnaire
Customers	Customer Services Personal Privacy Safety Customers' Complaints	Customer satisfaction survey Customer service centre Complaints at outlets
Employees	Employees' Rights and Benefits	Workers' congress

	Remuneration System	Employee activities
	Labour Standards	Panel discussion
	Training and Development	Online questionnaire
Community	Community Development	Volunteer activities
	Social Public Welfare	Online questionnaire
	Transparent Procurement	Online questionnaire
Suppliers	Equal Competition	Supplier assessment
	Commercial Ethics	Supplier hotline

In 2019, taking into full consideration of stakeholders' demands and our overall strategy and operation goals, the Company conducted materiality assessment on ESG topics relating to 11 aspects as set out in the *ESG Reporting Guide* and identified the most important topics of the year under the premise of complying with local laws and regulations and disclosure requirement of the SEHK. The material topics are product responsibility, anti-corruption, employment, development and training and community investment. The other topics include emission, resource utilisation, environment and natural resources, health and safety, labour standards and supply chain management. The Report will discuss each of these topics in further details.

### III Customer Service

The Company continuously improves the management system of customer rights protection and carries out publicity and education activities in terms of customer rights and interests. Being a customer-oriented company, we are committed to service quality improvement. We respond to customers' expectations with differentiated services by virtue of targeted analysis of their needs. We strive to protect our customers' personal and property safety by conducting safety inspections and assessments on a regular basis, improving the measures and enhance management of security protection. Besides, we also concern about the protection of customers' information security, continuously innovate technological means and take comprehensive measures at multiple levels to protect customers' rights.

#### (I) Customers Rights Protection

The Company is committed to safeguarding customers' legitimate rights and interests, thoroughly implements the guidelines issued by the State Council and the China Banking and Insurance Regulatory Commission ("CBIRC") on protecting the rights and interests of financial consumers, strictly abides by the laws and regulations such as the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, actively implements the *Implementation Measures of the People's Bank of China for Protecting Financial Consumers Rights and Interests and the Guiding Opinions of CBIRC on Strengthening the Mechanism and System Building of Consumer Rights and Interests of Banking and Insurance Institutions*, and has established a complete organisation structure of consumer rights protection from top to bottom. The Company clearly states that the Board of Directors is the highest leading body for consumer rights protection, taking the Consumer Rights Protection Committee as the body for comprehensive coordination and



decision-making. In 2019, the Head Office set up a tier-one consumer rights protection department to further strengthen the integrated management of consumer rights protection across the Company.

We have constantly optimised the consumer rights protection system, successively introduced policies concerning consumer rights protection such as the *Implementation Measures for Trainings on Consumer Rights Protection of China Minsheng Bank* and *Administrative Measures for Financial Knowledge Publicity and Education of China Minsheng Bank*. In 2019, we improved the system of consumer rights protection in accordance with the regulatory requirements, issued the *Assessment and Review Measures for Consumer Rights Protection of China Minsheng Bank*, which further defined the assessment and review process and criteria. We also revised the *Administrative Measures for Examination and Evaluation of Consumer Rights Protection of China Minsheng Bank*, which optimised the KPIs, standardised the examination and evaluation process, strengthened the application of examination results, and thus improved the effectiveness and efficiency of consumer rights protection across the Company.

Meanwhile, we proactively organised multiple large-scale consumer publicity and education activities such as “Financial Consumer Rights Day” “Financial Knowledge for of Families” and “Financial Knowledge Campaign” according to the regulatory requirements. In 2019, with a total of 12,493 sessions of concentrated publicity activities, 13.88 million audiences, 803 media reports and more than 5.25 million copies of various promotional materials distributed, these events played a positive role in improving consumers’ financial knowledge and safety awareness. In 2019, China Minsheng Bank was awarded the “Outstanding Organisation” in the “3.15” Consumer Rights Protection Publicity and Education Week of the Banking and Insurance Industry and in the Joint Financial Education and Publicity, respectively. We also won the “Best Achiever” in the Financial Knowledge Campaign of the Banking Industry.

## **(II) Improvement of Service Quality**

The Company attaches great importance to the improvement of customer service quality. With the rapid development of internet finance, customers are expecting upgraded means and channels to obtain financial services. In order to expand the channels for inclusive finance service and under effective risk controls, we rolled out the “95568 Remote Banking” in September 2018, which applied multiple technologies including high-speed audio and video transmission, intelligent voice and face recognition, incorporated all-around banking services and, convenient logistics and distribution system, and coordinated online-and-offline interconnection to provide the customers with "12\*7" remote video services, which effectively improved our competitiveness in retail banking. In 2019, the “95568 Remote Banking” provided a total of 2,665,000 services with customer satisfaction up to 99.58%.



### **Case: The 4th "Looking for Beautiful Voice" Business Skills Competition**

We consider it important to improve skills of customer service staff. In 2019, the representative team of China Minsheng Bank participated in the 4th “Looking for Beautiful Voice” Business Skills Competition organised by the China Banking Association, which represented the most competitive arena for customer service in the banking sector of China, and was composed of two parts, i.e. the training skills competition and comprehensive skills competition. The former attracted 236 internal trainers from 63 banks, where the representative team of China Minsheng Bank was awarded the “Best Training Team”. The latter attracted 291 competitors from 67 representative teams of 58 banks, and the representative team of China Minsheng Bank made the final round as the first place winner in the preliminary contest, and the first prize of the “Beautiful Voice of Customer Service” - The Best Comprehensive Team for the fourth year in a row.

### **(III) Prevention of Safety Risk**

The Company strives to protect customers' personal and property safety, continuously conducts safety inspections and assessments on a regular basis, and strengthens safety management on branches and sub-branches by initiating the “Safe Sub-branches” activity. The Company managed to conduct detailed inspections at critical points of time, carried out special safety inspections for holidays such as the New Year’s Day, the Spring Festival and the National Day as well as for summer flood prevention and winter fire prevention, gave safety tips for existing problems and helped branches improve security and protection measures to optimise management level in this regard. The Company strengthened supervision and guidance of safety assessment work of all institutions in identifying and rectifying risk potentials.

In 2019, a total of 923 sub-branches were awarded “Safe Sub-branches”, accounting for 75% of all outlets. 415 outlets passed the safety assessment and inspection of the local regulatory authorities, with an average score of 98.48 points, and the result of each branch was among the best in the local area. Besides, the safety assessment results of 12 branches including Shanghai Branch ranked first in the local area, and the safety management work of each institution was fully recognised by the regulatory authorities.

The Company also made efforts to prevent and respond to incidents such as illegal installation of card skimmers on self-service machines and telefrauds. In 2019, branches in Jinan, Hangzhou, Wuhan, Zhengzhou, Fuzhou, and Taiyuan successfully prevented the installation of recording devices on self-service machines successively. Besides, Jinan Branch successfully caught the suspects in two cases, which was highly appraised by the local police. The Head Office summarised the successful experience of Jinan Branch in a timely manner, and prompted all branches to strengthen self-service machines security protection by referring to measures adopted by Jinan Branch, standardised the inspection and handling process, and enhanced the preventive capabilities of security guards.

In 2019, the Company prevented and intercepted 193 incidents and various criminal acts involving RMB 6.79 million, and assisted the police to catch 14 suspects, which protected the personal safety of customers and employees, the safety of our consumers' property, and the safety of our banking operations.

#### **(IV) Customers Complaints and Feedback**

The Company is always devoted to providing high-quality services for customers. This year, we printed and circulated the *Notice on Further Strengthening the Complaint Management of Branches*, requiring all operating units to clearly define the classification and grading, handling and resolution, function setting, team building, professional training and information reporting of complaints management. We require all operating units to resolutely implement requirements in the Notice and timely report the progress of the complaints management. At the same time, we also printed and circulated the *Customer Complaint Analysis and Improvement Mechanism of China Minsheng Bank*, comprehensively analysed customer complaints and improved work flow, conducted regular meetings and other long-term work mechanisms, strengthened the requirements of the complaint information collection, issue analysis and improvement, and promoted the systematic and scientific management of customer complaints at all branch levels.

To actively respond to the complaints and suggestions from customers and address their concerns in a timely manner, we strengthened the management of several customer complaint channels that included 95568 customer service hotline, complaints at outlets and complaints by letters and visits, to further standardise the requirements of customer service from multiple channels and enhance customers' satisfaction.

##### ***Management of Complaints Received via 95568 Customer Hotline***

95568 phone banking is a telephone service system that provides services, consultation, complaint reception and suggestions for individual customers. It is committed to providing 365 days and 24 hours non-stop and one-stop customer services. According to the industry standard in the *Statistical Classification and Coding of Complaints Filed by Financial Consumers (Banking Financial Institutions)* of the People's Bank of China and the administrative measures for complaint management issued throughout the whole bank, the Company refined 95568 customer service hotline complaint grading and classification criteria, graded and classified complaint data on a monthly basis, and supervised and urged relevant departments to improve the efficiency and quality of complaint handling. At the same time, for complaints that have been handled, follow-ups on customer complaint satisfaction will be carried out to supervise and urge the relevant departments to continuously enhance the quality and level of complaint handling.

##### ***Management of Customer Complaints at Outlets***

In order to improve the customer service quality in physical outlets and standardise customer complaint management at outlets, the Company has benchmarked its existing policies against the regulatory requirements including the *Implementation Measures of the People's Bank of China for Protecting Financial Consumer Rights* and the *Decent and Standardised Service Evaluation Index System and Scoring Standards for Banking Outlets*,

and incorporated relevant service content into the outlet channel complaint management and basic service monitoring index system. On this basis, the Company formulated the *Administrative Measures for Customer Complaints at Outlets of China Minsheng Bank (Trial)*, which set out clear specifications and requirements for the process and timeliness of handling customer complaints at outlets, strengthened the publication management of complaint at outlets and implements the requirements for complaint publication. All these have effectively improved the management quality and effectiveness of complaints at outlets and protected consumer rights.

In order to properly manage complaints at outlets, the Company carried out trainings on handling customer complaints at outlets in July 2019, providing special guidance for persons in charge of complaint management at outlets, which explained in details the operation of the customer service workflow system and the entry requirements for work orders regarding complaints at outlets. It also interpreted the statistical classification standards of banking complaints and the handling process and requirements for complaints at outlets. These trainings clarified branch-level handling rules for complaints at outlets, which effectively improved the authenticity and integrity of complaint data input at outlets.

#### ***Management of Public Complaint and petitions***

The Company has a petition and tip-off handling policy in place to receive and handle petitions, tip-offs of customers via letters, calls, e-mails, faxes and visits in a timely manner. The Company has clearly defined the work scope and duties, streamlined the management contents and enriched the handling process regarding petitions in the *Administrative Measures for Public Petitions of China Minsheng Bank*. Pursuant to which, the Company adheres to the principle that the involved department should make reply in 7 days and conclusion in 30 days or no more than 45 days in case of complicated matters.

#### **(V) Information Security Protection**

The Company attaches great importance to customer information security management, strictly complies with the relevant laws and regulations such as the *Law of the People's Republic of China on the Protection of Consumer Rights* and the *Cybersecurity Law of the People's Republic of China*, and strives to adopt a variety of physical, electronical and managerial security measures meeting industry standards to protect customers' personal information security and prevent them from being leaked or damaged during the process of collection, storage, and transmission. The Company formulated the *Privacy Policy of China Minsheng Bank*, which is applicable to all channels of China Minsheng Bank, to provide basic security protection policies for data governance. It has also formulated the *Guiding Opinions on Legal Risk Management of Personal Information Protection (Version 1.0)* to control personal data management and prevent legal risks. Meanwhile, the Company uses encryption technique and constantly updates U-keys to ensure data confidentiality, employs trusted protection mechanism to protect data from malicious attacks, organises professional teams to take care of information security and report directly to the management, and holds training courses on security and privacy protection to raise employees' awareness of personal information protection. Moreover, the Company

conducts data security capability assessment and information security risk assessment on a regular basis.

The Company actively establishes data classification and grading policies, data security management rules, and data security development specifications to regulate the storage and use of personal information. As a matter of principle, segregation of duties between authoriser and operator is applied to the approval, implementation and review process, so as to protect customer's personal information from unauthorised access, public disclosure, use, modification, damage or loss. Besides, the Company formulated the *Administrative Measures for Information Security Incidents of China Minsheng Bank*, which clarified the rules in terms of classification and grading, monitoring and early-warning, safety inspection and assessment rules, and reporting and appraisal rules of customers' information security incidents.

### ***Information Security Management System***

The Company has built an integrated information security management and protection system for the Head Office and branches on the basis of "adequate and proactive defence", which eliminates corresponding and potential security threats to the security of networks, systems, applications and data, and realises integrated control and synergy of all levels by deploying security tools and processes based on operating principles of "management as the core, tools as the support, policies as the basis and processes as the guidance. With the application of various technologies such as big data, behaviour analysis, threat intelligence and security synergy, we have established a complete financial security protection system that meets compliance and our development requirements by setting up a comprehensive protection model and a professional security operation team.

## **IV Compliance Operation**

The Company has been adhering to integrity and compliance in operation. We continue to improve the internal control and management system, strengthen the capability of risk prevention and control, and raise our employees' awareness of compliance. In combating corruption, the Company prioritises prevention, adopts preventive and punitive measures simultaneously, strengthens supervision, focuses on creating a culture of integrity, and promotes publicity and education on anti-corruption to build our brand of education and publicity. In addition, we continue to strengthen anti-money laundering management, and have integrated anti-money laundering requirements into business processes and operational procedures.

### **(I) Internal Control and Compliance Management**

Compliance with laws and regulations is a fundamental basis for steady operation of enterprises. To improve the internal control and compliance system, the Company established a comprehensive internal control and compliance management system covering the whole process according to the *Three-Year Plan for Internal Control and Compliance of China Minsheng Bank*. The Company has set up a full-coverage compliance review

mechanism with “routine compliance review + independent compliance review”, and optimised appraisal and assessment, forming a staff conduct code governance system of full coverage, clear delegation of authority and counterbalance.

In addition, in order to raise employees' awareness of compliance, the Company held the first “Compliance Culture Year” in 2019, which was carried out in various forms such as lectures by the senior management, compliance trainings, warning education through case study, compliance competition and compliance test. The Head Office compiled and published *the Cases Study for Warning Education*, all business units carried out 1,322 warning education activities through case study throughout the Bank, and a total of 53,638 middle management and grass-roots staff participated in the first annual unified exam of compliance in 2019. With the help of relevant activities, the Company promotes learning through examination, improves compliance awareness of all staffs, and vigorously enhanced the implementation of arrangements and requirements for compliance education. We have also launched multi-dimensional publicity of compliance, including online publicity through channels such as WeChat platform and “Minsheng Law Online”, and organised each business unit to promote publicity of compliance through a variety of channels.

## **(II) Promotion of Integrity**

In strict compliance with relevant laws and regulations on anti-corruption such as the *Banking Supervision Law of the People's Republic of China* and the *Interim Provisions on Banning Commercial Bribery*, the Company prioritises prevention, adopts preventive and punitive measures simultaneously, continuously strengthens supervision, focuses on creating a culture of integrity, and promotes publicity and education on anti-corruption to build our brand of education and publicity. The Company set up a leading group to enhance prevention and control of employee moral risks. In July 2019, the Company revised the *Measures for Punishment of Employees for Disciplinary Violation of China Minsheng Bank* to further strengthen employees' sense of integrity and self-discipline and intensify the accountability for violations.

In addition, we continue to vigorously promote anti-corruption publicity and education. In November 2019, the Company launched a promotion tour on “party ethics building in a new era and cultivating employee professional ethics” throughout the bank. The focus was on 6 dimensions which included the new era, new party ethics, new cadre standards, new supervision, new cases for warning and new policies. As at the end of 2019, the Company organised 51 anti-corruption trainings involving all 56,295 employees.

## **(III) Prevention of Money Laundering Risks**

The Company further optimised the anti-money laundering system in compliance with the *Anti-money Laundering Law of the People's Republic of China*, the *Administrative Measures for Reporting of Large-amount Transactions and Suspicious Transactions of Financial Institutions* and other regulatory requirements for anti-money laundering. This year, the Company prepared the *Administrative Measures for Money Laundering and Terrorist Financing Risks of China Minsheng Bank* as the “fundamental law” for anti-money laundering of the Bank, and formulated or revised 27 internal control rules for anti-

money laundering applicable to the whole bank on this basis, which redefined the management standards and responsibilities of each post and obligation at all levels.

From the perspective of business lines, business departments regarding operation management, channel management, personal finance, small business finance, transaction banking, private banking, internet finance, direct bank and credit card, have formulated business line-based anti-money laundering system or operational guideline, integrating anti-money laundering requirements into business processes and operational procedures. From the perspective of business units, the Head Office, under the requirements of “Policy Streamlining” project, has issued guidelines for making anti-money laundering policies to tier-one and tier-two branches, which clarified the types of policies that should be further specified in accordance with the local regulatory requirements and their actual conditions. The guidelines also required to strengthen supervision on policy implementation by business units while avoiding redundant policies.

Meanwhile, the Company established a money-laundering risk strategy formulation and risk assessment mechanism. The Board of Directors issued bank-wide annual strategy for money laundering risk management, and engaged external audit firms to evaluate the implementation. We continued to improve the assessment indicator system for money laundering risks of business units, and independently established the inherent risk assessment indicators. We organised the first comprehensive assessment on money-laundering risks of all business units and promoted modification and improvement based on the assessment results.

This year, the Company actively held trainings on anti-money laundering and strengthened the function of members of the anti-money laundering leading group to raise employees’ awareness of anti-money laundering. At the Head Office level, we invited regulatory experts to conduct 6 on-site anti-money laundering trainings for the senior executives and the senior management of the Company, and launched unified certification of international anti-money laundering specialists. As at the end of 2019, 55 key personnel passed the ACAMS exam, 34 video or other types of trainings were organised, involving nearly 10,000 persons directly. At the branch level, all the business units organised more than 3,000 trainings on anti-money laundering, with the participation of all employees.

The Company continued to promote anti-money laundering knowledge publicity and education in order to effectively fulfil the anti-money laundering publicity obligations of financial institutions, create a favourable environment for anti-money laundering, and improve the understanding of anti-money laundering among all the staff and the whole society. In July 2019, the Company organised the themed publicity month of “Fighting against Money Laundering and Building Harmonious Bank”, so as to further popularise anti-money laundering knowledge. The one-month anti-money laundering publicity was completed by making full use of the WeChat official accounts, websites, text messages, internal videos, banking outlets and external media, mainly covering popularisation of basic anti-money laundering knowledge and obligations, fighting against money laundering according to laws, and publicity of anti-money laundering achievements in China. A total of 1,897 branches and sub-branches participated in this activity, including all branches in the Chinese mainland, and the number of participants amounted to 800,000.

#### **(IV) Corporate Brand Management**

The Company attaches great importance to brand management, strictly complies with relevant regulations in the *Advertisement Law of the People's Republic of China* and safeguards its own legitimate rights and interests. During the process of external brand publicity, the Company takes the *Measures for Brand Management* as the leading policies, and promotes the standardisation and unification of visual images of the Company's brand culture in an all-round way accompanied by external and internal promoting activities in various forms through multiple channels.

To meet the needs of the Company's strategic transformation and in response to the regulatory authorities' requirements of strengthening We-Media information security management, this year, we further integrated our We-Media resources, and achieved centralised, systematic, professional and refined management over We-Media, which effectively controlled the management risk of We-Media.

#### **(V) Intellectual Property Protection**

In compliance with the *Law of the People's Republic of China against Unfair Competition*, the *Patent Law of the People's Republic of China* and other applicable laws and regulations, the Company put efforts into the protection of intellectual property and strengthened legal protection for innovations to prevent intellectual property risks. In 2018, the Company comprehensively revised the *Administrative Measures for Intellectual Property*, further specifying the requirements of innovation protection, license management, infringement treatment, etc. In 2019, on the occasion of the 70th anniversary of the founding of the People's Republic of China, the Company released the *Legal Risk Warning on Use of Logos Related to the 70th Anniversary of the People's Republic of China* in a timely manner to prompt the entire bank to regulate marketing and avoid violations.

Meanwhile, in 2019, the Company continues to strengthen the legal protection of innovative achievements, and has applied for 43 software copyrights, 8 trademarks and 2 invention patents, out of which, the authorisations of 28 software copyrights, 5 trademarks and 17 invention patents were obtained.

### **V Employee Care**

Based on the people-oriented concept, the Company respects and protects the legitimate rights and interests of employees, treats employees of different nationalities, races, religions and genders fairly and equally, and is committed to providing a fair and diversified working environment for employees. We put efforts in team building, create multiple paths of career growth for employees, encourage them to participate in enterprise management, and promote democratic management. The Company pays consistent attention to the safety and health of employees, and provides them with reliable safety protection and health guarantee conditions. In addition, we also focus on human care, help staff in need, and carry out regular staff satisfaction surveys.



## **(I) Protection of Employees' Rights and Interests**

### ***Employment and Labour Standards***

The Company strictly abides by the national laws and regulations related to employment and labour, such as the *Labour Law of People's Republic of China* and the *Labour Contract Law of the People's Republic of China*. During the processes such as signing, renewing, terminating and discharging labour contracts, the Company strictly follows laws and regulations to ensure that the process is fair and equal, irrespective of employees' gender, race or other related diversity factors, avoids child and forced labour and safeguards the legitimate rights and interests of employees. According to national laws, regulations and regulatory policies, we established and improved labour relations management, and formulated the *Administrative Measures for Labour Contracts of China Minsheng Bank (Revised)*, the *Administrative Measures for Employee Departure of China Minsheng Bank* and the *Administrative Measures for Employee Induction of China Minsheng Bank* to further safeguard the legitimate rights and interests of employees and the enterprise, and thus build a harmonious and stable employee relationship.

In February 2019, nine authorities including the Chinese Ministry of Human Resources and Social Security issued the *Notice on Further Regulating Recruitment to Promote Equal Employment of Women*. Based on which, the Company issued the *Guiding Opinions on Recruitment for 2019* to set out further requirements for the Company to strengthen prevention of gender discrimination in employment, under which it is not allowed to set up gender restriction or gender preference in the recruitment process, and cannot refuse to employ women on grounds of their gender.

The Company adheres to the local minimum wage standards and related regulations on basic welfare, in providing all employees with basic pensions, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance. Besides, the Company also establishes supplemental welfare mechanisms as housing funds, enterprise annuity, and supplementary medical insurances to improve the employees' welfare security.

In order to further attract, select and cultivate outstanding fresh graduate talent, the Company established a campus recruitment plan for management trainee with a theme of "Shining Your Future" this year, in combination with summer internship programme and autumn campus recruitment, to further enrich and perfect the campus recruitment brand "the Future Banker" from the aspects of campus recruitment cycle, position category and training objectives. It provided young talents guarantee for promoting the sound development of businesses and maintaining the vitality and stability of the talent team, and it also established a targeted and orderly campus recruitment system that won the recognition and favourable reception from teachers and students in universities.



#### **Case: The fourth “Sailing Plan” management trainee programme**

In April 2019, the fourth “Sailing Plan” management trainee programme of the Company was launched in Beijing. The “Sailing Plan” recruits excellent fresh postgraduates from domestic and international universities and provides excellent backbones for departments of various business lines following the two-year customised and systematic training. From 2016 to the end of 2019, the Company has recruited students for four consecutive sessions, with a total of over 178 persons.

Acting on the Company’s reform and transformation strategy, and in order to strengthen the support for introducing the core talents for reform and transformation, this year we implemented the “Selected Talent Recruitment Plan” with the theme of “Accomplish Mission Together with You” to attract mid-to-high-end talents. We adopted targeted promotion plan, systematic mechanism, customised selection mode, and specified attraction strategy, so as to introduce and properly allocate core talents for our reform and transformation, expand the talent reserve for key positions across the bank.

#### **Statistics on Employee Employment in 2019**

<b>Indicator</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Total employees at the end of reporting period (person)</b>	55,265	55,649	56,295
<b>Proportion of female employees (%)</b>	54	54	54
<b>Proportion of female managers (%)</b>	37.57	37.62	37.94
<b>Proportion of ethnic minority employees (%)</b>	4.32	4.57	4.53
<b>Social insurance coverage (%)</b>	100	100	100
<b>Labour contract signing rate (%)</b>	100	100	100
<b>Proportion of local staff in Hong Kong Branch (%)</b>	57.44	54.98	82.88

During the Reporting Period, the awards obtained in 2019 for our human resources management are as follows:



### ***Democratic Management of Employees***

In accordance with relevant provisions of the *Trade Union Law of the People's Republic of China* and the *Constitution of Labour Union of China*, the Company supports the independence of the trade union and democratic election of its chairman and makes full provision for the trade union funds, so as to protect the democratic management rights of employees.

The Company actively implemented the *Provisions on the Democratic Management of Enterprises*, adhered to the promotion of corporate democratic management by focusing on the workers congress, and addressed the opinions of employees on major issues involving their vital interests. In addition, in accordance with relevant requirements of the *Implementation Measures for Democratic Management of Enterprises in the Financial Sector of China*, and the *Operating Procedures for Workers Congress in the Financial Sector of China*, we held the third meeting of the first session of the workers congress on 24 May 2019. The meeting approved five rules and regulations including the *Implementation Rules for Workers Congress of China Minsheng Bank* by secret ballot, to protect the employees' right to know, participate, express and supervise according to law.

The establishment of the workers congress system has played a crucial role in ensuring that our employees exercise their democratic rights and protecting their legitimate rights and interests.



**Case: The First Employee Representative Proposal Competition of "Listening to the Voice of the People, Gathering People's Wisdom and Promoting Development"**

On December 10, 2019, the Company held the first staff representative proposal competition of "Listening to People's Voices, Gathering People's Wisdom and Promoting Development". All the proposals come from the front line, reflecting the common concerns of the employees about the reform and development of the enterprise, representing the sincere voice of the majority of employees, and playing a positive role in building a harmonious labour relationship and promoting high-quality development. The success of the competition marked that the democratic management of the Company has reached a new level.

***Protection of Female Employees' Rights and Interests***

The Company protects the legitimate rights and interests of female employees, and the Female Working Committee of the Head Office attaches great importance to the care of female employees with focus on their physical and mental health and the protection of their rights. We signed collective contracts that contain a special section for female employees, distributed rights protection-related handbooks such as the *Manual for Promotion of Gender Equality in Workplace* and the *Mini Manual for Protection of Rights and Interests of Female Employees* across the Company, advocated the trade unions of branches to organise seminars about rights protection for female employees, initiated the "Building Nursing Room for Female Employees" event across the bank, set up psychological counselling platform and added physical examination items for them, and reinforced organisational building and gave trainings to female directors of the trade unions of branches and sub-branches.. With these measures, we care female employees with practical actions and aim to solve the most practical and direct difficulties faced by them.



#### **Case: “Building Nursing Room for Female Employees” activity**

The Company actively carried out the “Building Nursing Room for Female Employees” event, and have built 6 nursing rooms jointly with China Financial Workers’ Union. Based on the example and guidance of China Financial Workers’ Union, the Company promoted the activity throughout the bank. In 2019, we received a total of 35 applications for nursing rooms from 33 branches, and finally approved to initiate 10 projects after review. The Workers’ Union of the Head Office allocated funds of RMB 30,000 to each project, so as to support the branches to build and open the rooms.



#### **Case: “Care for Women & Health” lecture on prevention and treatment of females' tumours**

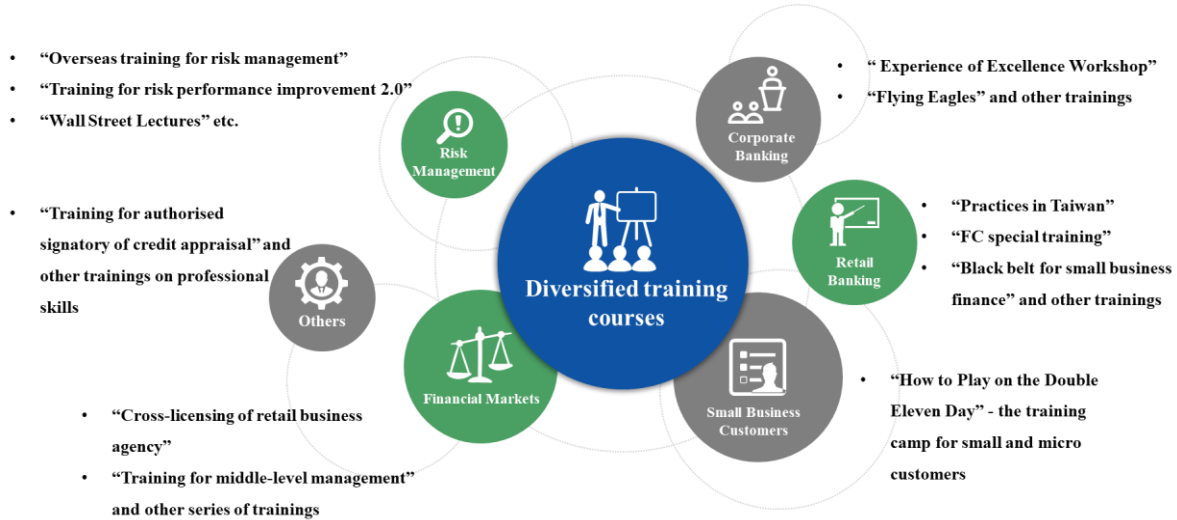
On 8 May 2019, the Chongqing Branch held a special lecture with the theme of “Care for Women & Health” on the prevention and treatment of females' tumours. In the lecture, the experts shared the basic knowledge, changing trends, reasons for the rising incidence, prevention and screening of tumour diseases, etc., and interacted with employees and their family members to help female employees establish the concept of disease prevention and promote their physical and mental health.

## **(II) Training and Development**

Based on the strategic positioning as “a bank for the non-state-owned enterprises, a fintech-based bank and a bank of comprehensive services” and the transformation objective of “value management” of human resources in the new era, this year, the Company has fully implemented the requirements of strategic transformation and human resources development plans to change the concepts and improve the systematic planning and design of training programmes. We also have strengthened the platform building, enhanced the science and technology support and improved the teaching standards, to provide staff with a variety of quality trainings.

The Company firmly upholds the concept of transformation from “training” to “cultivation”, and puts emphasis on development of the systematic thinking. Therefore, each training project aims at improving the readiness, dedication and contribution of core talents in key positions, with training courses elaborately designed based on the long-term development plan of trainees. In 2019, the Company offered a variety of trainings for different training participants.

At the same time, the Company has made continuous efforts to reinforce resource sharing. It has worked on the development and function improvement of "e-commerce models for teaching resources platform" following the basic idea of openness and sharing. Based on the principles of "content first, channels-based, experience-oriented, and operation-rooted", the Company keeps optimising the construction of digital training platforms in line with the development trend of education and training in the era of mobile internet.



During the reporting period, the Company held 3,426 training programmes that involved 240,000 participants, achieving 3.42 million hours of learning time and 4.93 million of credits points, representing increases of 14% and 10% as compared with the corresponding period of the previous year, respectively, among them, 87% of the total credits points met the standards. The number of online courses also increased by 25% as compared with the corresponding period of the previous year to 1,361. A total of 6 qualification examinations were organised with 110,000 employees participated, representing an increase of 60% as compared with the corresponding period of the previous year.

### Statistics on Employee Trainings in 2019

Indicator	2019
Average training time for senior management (hour/person)	82
Average training time for middle management (hour/person)	52
Average training time for general employees (hour/person)	33
Average training time for employees (hour/person)	35
Percentage of senior management taking trainings (%)	100
Percentage of middle management taking trainings (%)	94
Percentage of general employees taking trainings (%)	85

<b>Percentage of female employees taking trainings (%)</b>	85
<b>Percentage of male employees taking trainings (%)</b>	89



#### **Case: The “Hundred, Thousand and Ten Thousand Talent Project”**

The Company officially launched the “Hundred, Thousand and Ten Thousand Talent Project” in December 2017. The project mainly targeted at senior management, which enabled them to look to the future while sticking to their own work during curriculum study and learning activities, in an effort to complete the project jointly based on the mechanism of “ the Hundred lead the Thousand” and “the Thousand lead the Ten Thousand” , and effectively solve practical problems in business development. In 2019, we completed the study and subject research report of the second module and conducted the first centralised face-to-face training of the third module, making an innovative and useful effort on trainings for senior management.



#### **Case: Sub-branch president training**

In 2019, the Company rolled out centralised rotated trainings for sub-branch presidents for the first time. The trainings combined internal and external teaching resources to help sub-branch presidents to better understand their roles, the development trends, and the strategic business orientation of the Head Office. Moreover, such trainings were conducive to achieve concerted minds, insightful views, and enhance leadership and business capabilities. A total of 15 trainings were conducted this year with teaching resources from multiple departments of five major lines of business, i.e. corporate banking, retail banking, risk management, financial markets and strategic management. Some classic cases from the trainings were circulated for experience sharing, forming a learning platform community for sub-branch presidents.

### **(III) Safety and Health**

#### ***Attaching Great Importance to the Employees' Physical and Mental Health***

The Company attaches great importance to the employees' health and safety. In accordance with relevant national laws and regulations such as the *Labour Law of the People's Republic of China*, the Company manages employees' safety and health by providing employees with comprehensive insurance schemes, including accident insurance, comprehensive medical insurance, etc. The Company also values employees' mental health, and actively organises various activities for employees to enrich their leisure time and achieve work-life balance, continuously enhancing their sense of belonging.



#### Case: EAP service programme

In June 2019, the Company officially launched the EAP service programme to help employees develop in an all-round way, realise personal value, improve work efficiency and quality of life. The programme is a psychological counselling service designed to improve employees' mental health and happiness, and help them better achieve balance between work and life. We hope that this programme can help employees "work happily and live healthily", boost their happiness and promote individual development, therefore, to contribute to the sustainable development of the Company.

### ***Safety and Fire Protection Management in Workplace***

In strict compliance with related laws and regulations such as the *Fire Protection Law of the People's Republic of China* and the *Requirements on Safety Prevention of Banking Operation Outlets*, the Company has established a complete security prevention and controlling system and is committed to creating a safe and reliable environment for business development by means of strengthening security management in outlets, enhancing fire safety management at offices, and improving employees' safety awareness.

Attaching great importance to employees' security training and education, we regularly organise trainings on security knowledge and skills, and conduct emergency response drills. Every year, business outlets are required to organise at least four emergency response drills and 2 fire evacuation drills. Security departments of units at all levels are responsible for the unified arrangement of drill subjects and development of drill plans, while sub-branch outlets organise employees to implement the drill plans, and invite local public security departments to provide on-site guidance. The Head Office and branches would also inspect and supervise the implementation of drills by units. Constant trainings and drills have effectively improved employees' security awareness and emergency prevention capabilities.

This year, we organised professional trainings for fire management staff of all branches. Through the professional interpretation of fire protection and a large number of case analysis, the trainings highlighted teaching contents on fire protection accountability, fire awareness training, staff quality improvement, fire accident response, self-rescue and mutual rescue in fire, etc. The trainings also provided experience teaching of using fire-fighting facilities and conducting fire drills, and officers from the fire departments were invited to guide and demonstrate on site how to correctly use fire extinguishers and fire hoses, and impart drill precautions. Positive results have been achieved.

In 2019, institutions at all levels of the Company organised 21,000 security trainings involving 363,700 participants and 5,138 safety emergency drills of various types involving 152,300 participants.





#### **Case: Security work at the 70th anniversary of the PRC**

To ensure the security at the 70th anniversary of the founding of the PRC, the Company revised and improved the emergency plan for the office buildings of the Head Office, and launched 10 security contingency plans based on the principle of “One Plan for One Building” with a view to the characteristics of each office area. The plans covered fire evacuation, group petition handling, collision prevention, arson prevention, explosion prevention, etc., and clarified the responsibilities and duties of personnel involved and handling procedures in emergency responses. In addition, the Company also organised various emergency response drills, and successively carried out drills on collision prevention, group petition handling, fire evacuation, mini fire station synergy etc. to ensure the security of the office area of the Head Office.

#### **(IV) Employee Satisfaction**

The Head Office regularly evaluates employees’ happiness index, and incorporates the evaluation results into the year-end balanced scorecard of each unit. The assessment covers organisational promotion, rectifications and improvements, and evaluation results. With the evaluation and data analysis, the Company can effectively know the work and living conditions of employees, and provide data support and scientific decision-making basis for targeted improvement, so to continuously enhance employees’ satisfaction and happiness.

In 2019, the Company's happiness index evaluation reached 77.7% in terms of effectiveness, up 1.3% over 2018; the average evaluation score across the bank was 74.22 points, 1.61 points higher than 2018, and the overall evaluation results witnessed significant improvement compared with that of the previous year. The Company was awarded the title of “Best Unit for Happiness Practice” for its innovative mechanism, excellent practice, and benchmarking action in constructing an enterprise of happiness in the “2019 Annual Conference of Corporate Culture Management and the 6th Most Beautiful Voice of the Enterprise Show” organised by China Culture Administration Association (“CCAA”), and jointly co-sponsored by China Corporate Culture Management Committee of the CCAA, and GMW.cn.

#### **(V) Assistance to Straitened Employees**

The Company has earnestly assisted employees living in straitened circumstances and improved the registration of employees in difficulties according to the *Records for Assisting and Supporting Employees in Difficulties in Chinese Financial Workers’ Unions System*. During the New Year's Day and Spring Festival, the Workers’ Union of the Head Office organised various activities to help those employees in need. Leaders of the Company visited and sent comforts to the staffs in extreme difficulties, conveying the care and warmth from Minsheng family. During the New Year's Day and Spring Festival in 2019, the Company sent warm regards to 319 employees in total, including 316 employees in straitened circumstances and 3 single mothers in economic difficulty, with total allowance of RMB 1,349,500. Through warmth-sending activities, we knew well the

appeals of grassroots employees and solved their practical difficulties, which enabled the majority of employees to feel the warmth and care from Minsheng Bank, further enhancing the cohesion.

## **VI Community Investment**

The Company sticks to the corporate mission of “From the People and For the People”, continues to pass on the concept of excellent social responsibility. While providing high-quality financial services to the market and our customers, we attach great importance to fulfilling the major responsibilities of corporate citizenship and actively assume social responsibilities.

### **(I) Poverty Alleviation**

The Company has successively formulated the *2019 Targeted Poverty Alleviation Plan of China Minsheng Bank*, the *Guiding Opinions on 2019 Targeted Poverty Alleviation of China Minsheng Bank*, and the *Administrative Measures for Loans for Targeted Poverty Alleviation of China Minsheng Bank (Trial)* etc., which further demonstrated the commitment and attitude of the Company to increase social input. In 2019, the Company developed a poverty alleviation system of "One Body and Two Wings", with targeted poverty alleviation work in Hua County and Fengqiu County of Henan Province as the focus, supplemented by series of poverty alleviation programmes in the severely impoverished areas of "three regions and three prefectures" and "Minsheng ME Charity Innovation Funding Scheme".

In 2019, we provided RMB 27 million funds to assist and support Fengqiu County and Hua County, trained 2,844 grassroot poverty alleviation cadres, technical personnel and leading farmers, and purchased RMB 15,498,800 agricultural products. Additionally, we have donated RMB 28.08 million to the poverty-stricken “three regions and three prefectures” for several charity programmes, including the free treatment of children with congenital heart disease in Tibet, medical ambulance donation in Linxia Prefecture, Gansu Province and financial support to ethnic minority students of Meijiang Minsheng Class etc., helping local people to solve difficulties in health care and education.

In 2019, the Company won a number of awards in fulfilling its poverty alleviation responsibilities, including the "Best Targeted Poverty Alleviation Contribution Award" of China Banking Association and the first prize of "2019 Social Responsibility Index of China's Banking Industry" of Chinese Academy of Social Sciences.

### **(II) Public Welfare Innovations**

In 2015, the Company worked with China Foundation for Poverty Alleviation and co-initiated the "ME Charity Innovation Funding Scheme", which has been providing financial support for nation-wide small public welfare organisations and innovative programmes in targeted poverty alleviation, community development and other five major areas for five consecutive years. This Scheme aims to follow and support innovative undertakings in

public welfare. By funding organisations and projects with development potential and social influence, the Scheme brings positive changes to the beneficiary groups while improving the social influence and public awareness of public welfare organisations, so as to make a positive social impact. Each selected organisation will receive RMB 500,000 from the Company, and be able to keep upgrading through this funding platform and strengthen its own functions. As at the end of the reporting period, 86 public welfare projects received RMB 43 million of funds in total from the Scheme, covering 30 provinces and municipalities across the country, directly benefiting 240,000 people.

### **(III) Rural Revitalisation**

In 2019, the Company continued to implement national and regulatory policies, and insist on 6 principles, namely commercial operation, streamlined management, professional operation, differentiated development step-by-step implementation and corresponding policy support. Besides, the Company strengthened the “five mechanisms” covering specialised comprehensive services, statistical accounting, risk management, resource allocation, and assessment and evaluation, so as to actively promote inclusive financial services. Focusing on rural revitalisation strategy, we made efforts to improve agriculture-related financial service mechanisms and provide distinctive and differentiated agriculture-related financial services in line with market positioning, institutional advantages and our own capabilities. We also provided innovative financial products and services for poverty alleviation that were adaptable to our business characteristics and continuously improved the accuracy and effectiveness of financial poverty alleviation in response to the financial poverty alleviation spirit of the Central Government and requirements of regulatory policies.

### **(IV) Public Cultural Undertakings**

During the reporting period, the Company continued to promote and protect outstanding traditional cultures. We actively carried out various works to publicise historical cultures and protect cultural relics, in an effort to lift public awareness of historical and cultural protection with the influence of Minsheng brand. We also funded Beijing and Shanghai Minsheng art museums to drive the development of public cultural undertakings, bringing multiple events of public cultural undertakings to citizens.

As at the end of 2019, Beijing Minsheng Art Museum organised 12 exhibitions, attracting over one million on-site and on-line visitors throughout the year, and held 139 public education activities. Shanghai Minsheng Art Museum held 6 exhibitions and 129 public education activities, attracting about 300,000 visitors.



#### **Case: Pang Maokun Art Exhibition at Beijing Minsheng Art Museum**

On March 8, 2019, "Encounter - Pang Maokun Art Exhibition 2009-2019" opened at Beijing Minsheng Art Museum. Important guests from business, culture, academia, art and major media attended the ceremony. Hong Qi, the chairman of Minsheng Bank, Fan Di'an, the chairman of China Artists Association and President of Central Academy of Fine Arts, Jin Shangyi, the honorary chairman of China Artists Association, Xu Jiang, the vice chairman of China Federation of literary and art circles and president of China Academy of Fine Art attended the opening ceremony. This exhibition is Pang Maokun's largest solo exhibition in his nearly 40 years of art career. The event, displayed in a modern way, comprehensively and stereoscopically demonstrates his rich creation process and artistic exploration through the narrative angle of retrospective exhibition.



#### **Case: Tatsuo Miyajima Art Exhibition at Shanghai Minsheng Art Museum**

On May 17, 2019, the grand exhibition of "Tatsuo Miyajima: Being Coming" at Shanghai Minsheng Art Museum was officially opened, which was also the first exhibition after the relocation of Shanghai Minsheng Art Museum to Shanghai Jing'an Xin Ye Workshop. The event was the largest solo exhibition of Miyajima in Asia so far, where the public enjoyed the 13 groups (pieces) of typical LED installations and performance art works of each period since 1989. It streamlined the creations of Tatsuo Miyajima in the past 30 years. What the artist wanted to express in his works was "time flow itself". Specific for the "Core Tube Space" of Shanghai Minsheng Art Museum, the artist created "Time Waterfall", which showed the eternal glory of human life, thus bringing out the idea of "living in the present".

## **VII Supplier Management**

Adhering to the principle of win-win cooperation, the Company attaches great importance to cooperate with partners, works with suppliers to build a sustainable value chain, and strives to achieve win-win cooperation in the whole industry. In order to achieve mutual benefit and win-win results with suppliers, the Company constantly improves the procurement management rules and regulations, and enhances management of tendering and bidding and suppliers. Under the guidance of green procurement policy, the Company encourages suppliers to include the requirements of labour standards, environmental protection, occupational health, safety and business ethics into their own management system to enhance management of environmental and social risks.

The Company strictly complies with the laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China*, and has established a complete system of supplier management based on the *Administrative Measures for Procurement*, the *Administrative Measures for Tendering and Bidding*, the *Administrative Measures for Suppliers*, *Procurement Incorruptibility Regulation*, etc., to provide guidance for the purchase of products and services. At the same time, as suppliers are encouraged to include requirements of labour standards, environmental protection, occupational health and safety, and the business ethics into their management systems, the Company prefers energy saving and environmental protection products and gives priority to suppliers who have their environmental management system certified and products labeled for environmental protection, so as to improve their environmental behaviours.

In order to better carry out the policy of green procurement, strict supplier access standards have been made. The Company requires suppliers to comply with national laws and regulations, and to have good business reputation and perfect financial and accounting systems. The products or services they provide should meet national and industrial standards and green procurement standards. Suppliers should also follow the occupational health and safety management and labour laws and regulations and their employee remuneration should meet the criteria. Suppliers should be willing and able to provide products and services to the Company and accept the supervision of the Company. Only suppliers above the set threshold and standards are qualified for tendering of the Company's procurement projects.

Besides, to ensure that suppliers strictly abide by the supplier management standards, we continue to monitor their performance and conduct sampling check over the suppliers' policy, procedures and any other documents pertaining to the Company's code after the selection. We may also request on-spot review as appropriate. We have in place a supplier evaluation system, including regular evaluations (once a year) and a general evaluation upon termination of a contract. Evaluation, analysis and feedback of suppliers' performance are conducted by the centralised procurement department, the purchase requisition departments and the demand departments. The results are used as an important basis for the Company's decision on future cooperation.

## **VIII Environmental Responsibility**

In active response to the call of building a beautiful China, the Company regards green development as an important measure to promote ecological civilisation. Efforts have been made to strengthen the guiding green policies, promote the implementation of the green credit development strategy, and support green economy, low-carbon economy and circular economy. The Company strictly controls the credit supply to industries with high pollution and high energy consumption, and accelerates the exit from enterprises with outdated production capacity and "zombie enterprises".

The Company practices a sustainable development concept of low carbon and environmental protection, energy conservation and emission reduction. In strict compliance with national and local laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*, the Company strives to achieve energy conservation and emission reduction through various means, so as to fulfil environmental responsibility. The Company also actively enhances employees' awareness of environmental protection, and implements various measures to support green offices to promote the development of environmental protection charitable activities. In addition, according to the latest policy guidelines and requirements at home and abroad, the Company works with the People's Bank of China, the China Banking and Insurance Regulatory Commission, China Banking Association, Green Finance Committee of China Society for Finance and Banking, and inter-bank institutions to explore on the research and cooperation of green finance at home and abroad as a way to contribute to the construction of ecological civilisation.

## **(I) Green Credit**

In 2019, while further strengthening the guiding green policies, the Company specified the green credit development strategy in the Guiding Opinions on Risk Management by the Board of Directors, and supported the development of green economy, low-carbon economy and circular economy. Including green credit policy into annual risk policies, the Company put up with overall strategy for green credit, set qualitative and quantitative objectives, and specified industries to which credit priority would be given. For instance, the Company provided financing support and financial services to profitable and self-innovated enterprises that implemented energy saving and emission reduction, as well as projects and constructions related to energy saving and environmental protection, clean production, clean energy, ecological environment, green upgrading of infrastructure and green service listed in the *Catalogue of Green Industries (2019)* of the National Development and Reform Commission, the *Classification of Strategic Emerging Industries (2018)* of the National Bureau of Statistics, the *Green Credit Statistics* and the *Catalogue of Projects Supported by Green Bonds* of the People's Bank of China and the China Banking and Insurance Regulatory Commission.

The Company further enhanced the assessment, evaluation, training and publicity of the green credit during the reporting period. Including the green credit into the Bank's balanced scorecard and overall risk management assessment, the Company conducted qualitative and quantitative assessment on performance indicators on green credit, data governance and statistical management in an all-round manner, and increased the weight of green credit in the performance assessment. Leading to carry out the annual self-evaluation of green credit implementation, the Company assessed the organisation management, policy system, process management, internal control management and supervision and inspection from both qualitative and quantitative aspects, examined the development and management of green credit of the Company, and put forward suggestions for improvement. We also organised the first special training event on green finance throughout the Bank to explain green finance's development prospects, business model, product innovation, risk prevention and control, and practice of the industry at home and abroad in a systematic and

comprehensive way. By publishing a special article of *Promoting the Reform and Transformation of the Bank by Expanding Green Finance Layout* in its internal publication of *Minsheng Research*, the Company strengthened green finance promotion, and guided the Bank to consider green finance from the perspective of development.

In accordance with the *Notice of the People's Bank of China on the Establishment of Special Statistical System for Green Loans*, the Company has formulated the *Administrative Measures for Special Statistics of Green Loans of China Minsheng Bank*, which defined the organisational structure of special statistics management of green loans from senior management to relevant functional departments of the Head Office as well as all business units. As at the end of December 2019, the Bank's outstanding green loan balance was RMB 32.255 billion.

## **(II) Control on Industries with High Pollution, High Energy Consumption, and Overcapacity**

The Company strictly controls credit granted to industries with high pollution, high energy consumption and overcapacity and requires stronger environmental and social risk prevention and control, fully enhancing risk management.

We strictly control the credit extension to industries with high pollution and high energy consumption, and accelerate the exit from enterprises with outdated production capacity and “zombie enterprises”. Further clarifying the standards and requirements for green industry in terms of customers and project access, regional strategies and product strategies, the Company adheres to the “one-vote veto” on environment evaluation and no longer grants any credit in any form and withdraws credit granted to projects and enterprises that are prohibited by the state or not compliant with environmental protection regulations. We strengthen communication with local regulatory authorities to learn about the compliance with law and regulation of the enterprises under supervision in a timely manner, pays close attention to changes and adjustments in national industry structure and energy conservation and emission reduction policies and carry out information collection, monitoring and early-warning and post-lone management of customers or projects under supervision involved in significant environmental and social risk incidents.

Since 2017, the outstanding balance of loans of the Bank to overcapacity industries has gradually dropped to RMB 59.275 billion as at the end of 2019.

## **(III) Green Operation**

Abiding by the concepts of building a green enterprise and adhering to green operation and sustainable development, the Company takes the initiative to reduce energy consumption in the construction of office buildings and daily operations, actively fulfills environmental responsibilities, and strives to minimise negative impact on the environment.

### ***Green Construction***

In strict accordance with the national and local *Design Standard for Energy Efficiency of Public Buildings*, the Company requires new office buildings to retain and make use of the

existing resources as much as possible in the site design phase, so as to reduce the damage to the site environment. In selecting building materials, priorities are given to building materials with local characteristics, which not only reduce transportation cost, but also integrate the modern architecture with regional characteristics, for example, the external wall of the new office building of Quanzhou Branch is made of local pale beige stone.

In 2019, for the renovation of existing office buildings, we preferred green and energy-saving products in choosing building decoration materials, lighting and air-conditioning equipments. In construction and acceptance process, we strictly ensured that the concentrations of indoor air pollutants such as formaldehyde, benzene, ammonia, radon and TVOC were in line with local *Code for Indoor Environmental Pollution Control of Civil Building Engineering*.

### ***Green Office***

The Company advocates green office among employees, uses energy-saving lighting equipments and randomly checks whether employees turn off lights when leaving, so as to establish a long-standing mechanism. For power conservation, the Company intensifies the examination of electricity energy consumption in every outlets, questions those with electricity energy consumption higher than the average and requires rectification actions. For water conservation, the Company assigns special personnel to carry out daily inspections and maintenance of various water pipelines in the office area to prevent from trickle and leakage of water, and installs water-saving and spill-prevention devices to reduce water waste. Meanwhile, we positively guide our staff to save water by means of water-saving slogans and corporate media. In order to reduce paper waste, we make full use of the OA system for the issuance of notices and announcements to reduce printing. Employees are encouraged to select double-sided printing or reuse printed paper, and draft documents with single-sided waste paper as much as possible. A supply registration system is also launched at each office to record monthly items claims of individual personnel. In addition, the Company sets up a study corner and asks employees to share useful tips about energy-saving and environment protection and rewards those who give good advice that are adopted. In 2019, the renovation of energy-saving luminaries implemented at the office building of the Head Office has yielded certain good results. Employees were required to follow the policy of kitchen waste classification as promoted by the canteen at the Head Office, with supervision from the canteen staffs. In addition, by changing to use efficient and intelligent oil fume purifier, the Head Office has effectively reduced the emission of air pollutants.



## IX Summary of Environmental Performance

### Emissions

Item <sup>1, 2</sup>	Summary of 2019
<b>Exhaust emissions (in tonne)<sup>3</sup></b>	0.70
<b>Nitrogen oxides (in tonne)</b>	0.67
<b>Sulphur dioxide (in tonne)</b>	0.03
<b>Total greenhouse gas emissions (scope 1 and scope 2) (in tonne)<sup>4</sup></b>	87,362.97
<b>Greenhouse gas emissions per unit area (scope 1 and scope 2) (in tonne/m<sup>2</sup>)</b>	0.08
<b>Direct emissions (scope 1) (in tonne)</b>	10,177.91
<b>Natural gas (in tonne)</b>	6,049.35
<b>Petroleum gas (in tonne)</b>	27.22
<b>Diesel (in tonne)</b>	541.33
<b>Gasoline (in tonne)</b>	3,560.01
<b>Indirect emissions (scope 2) (in tonne)</b>	77,185.06
<b>Electricity purchased (in tonne)<sup>5</sup></b>	77,185.06

Note:

1. The statistical scope of environmental performance data only includes the office buildings of the Head Office and all tier-1 branches.
2. The statistical scope of office areas in calculating of intensity of emissions, energy consumption and wastes only includes the office buildings of the Head Office and headquarters buildings of all tier-1 branches..
3. In consideration of the business nature of the Company, exhaust emissions mainly refer to emissions from company vehicles, comprising mostly nitrogen oxides and sulphur dioxide.
4. In consideration of the business nature of the Company, greenhouse gas emissions arise mainly from consumption of electricity purchased and fossil fuel, including carbon dioxide, methane and nitrous oxide. Greenhouse gas emissions are measured in carbon dioxide equivalents and calculated based on the *2017 Baseline Emission Factors for Regional Power Grids in China* issued by the Ministry of Ecology and Environment of the People's Republic of China and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* (2019) issued by the Intergovernmental Panel on Climate Change (IPCC).
5. The greenhouse gas emissions of Hong Kong Branch are calculated by the coefficient provided by local power supply companies.

## Energy and Water Consumption

Item	Summary of 2019
<b>Energy consumption (in MWh)<sup>1</sup></b>	164,281.69
<b>Direct energy consumption (in MWh)<sup>2</sup></b>	47,861.37
<b>Natural gas (in MWh)</b>	30,937.27
<b>Petroleum gas (in MWh)</b>	202.74
<b>Gasoline (in MWh)</b>	14,650.16
<b>Diesel (in MWh)</b>	2,071.20
<b>Indirect energy consumption (in MWh)</b>	116,420.32
<b>Electricity purchased (in MWh)</b>	116,420.32
<b>Energy consumption per unit area (in MWh/m<sup>2</sup>)</b>	0.15
<b>Water consumption (in tonne)</b>	879,728.80
<b>Water consumption per unit area (in tonne/m<sup>2</sup>)</b>	0.81

Note:

1. Energy consumed by the Company mainly includes natural gas, gasoline, diesel, petroleum gas and electricity purchased.
2. Energy consumption is calculated based on the consumption of electricity and fuel and the conversion factors provided in the *General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2008)*.

## Waste Management

Item	Summary of 2019
<b>Total hazardous waste (in tonne)</b>	179.93
<b>Waste lead-acid accumulators (in tonne)</b>	154.98
<b>Hazardous waste materials (in tonne)<sup>1</sup></b>	24.95
<b>Hazardous waste unit area (in tonne/m<sup>2</sup>)</b>	0.00016
<b>Total non-hazardous waste (in tonne)<sup>2</sup></b>	25,075.16
<b>Domestic waste (in tonne)</b>	19,061.29
<b>Canteen waste (in tonne)</b>	5,694.25
<b>Office supplies waste (in tonne)</b>	150.62
<b>Electronic consumables waste (in tonne)</b>	6.56
<b>Electronic products waste (in tonne)</b>	111.05
<b>Security equipment supplies waste (in tonne)</b>	40.04
<b>Security products waste (in tonne)</b>	11.35
<b>Non-hazardous waste per unit area (in tonne/m<sup>2</sup>)</b>	0.02

Note:

1. The hazardous waste materials include toner cartridge, carbon powder and cartridge. Data from purchase orders provided by suppliers are used for the calculation.

2. The domestic waste and canteen waste are calculated using the data provided by the waste recycler. The office equipment waste is calculated using the actual data of equipment scrap each year, including discarded or disposed office desks, chairs, bookshelves, and file cabinets (with fixed asset serial numbers). The electronic supplies waste includes U disks, consumables for teller's machines, portable disks, mice and keyboards, and data from purchase orders provided by suppliers are used for the calculation. The security equipment consumables waste includes fire extinguishers, walkie-talkies and LED flashlights, and data from purchase orders provided by suppliers are used for the calculation. The security products waste is calculated using the actual data of equipment scrap each year, including discarded or disposed entrance control equipments and monitoring system (with fixed asset serial numbers).

## X Appendix - Reference for ESG Reporting Guide

Subject Area	Aspect	KPIs	Disclosure
<b>Environment</b>	A1 Emissions	General Disclosure: Information on: (1) the policies; and (2) 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.	<i>Environmental Responsibility</i>
		A1.1 The types of emissions and respective emissions data.	<i>Summary of Environmental Performance</i>
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>Summary of Environmental Performance</i>
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>Summary of Environmental Performance</i>
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>Summary of Environmental Performance</i>
		A1.5 Description of measures to mitigate emissions and results achieved.	<i>Environmental Responsibility</i>
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	<i>Environmental Responsibility</i>
	A2 Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	<i>Environmental Responsibility</i>
		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).	<i>Summary of Environmental Performance</i>
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	<i>Summary of Environmental Performance</i>
		A2.3 Description of energy use efficiency initiatives and results achieved.	<i>Environmental Responsibility</i>
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	<i>Environmental Responsibility</i>
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable	
	A3 The Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impact on the environment and natural resources.	<i>Environmental Responsibility</i>
		A3.1 Policies on minimising the listed company's significant impact on the environment and natural resources.	<i>Environmental Responsibility</i>
<b>Social</b>		General Disclosure:	<i>Employee care</i>

B1 Employment	Information on: (1) the policies; and (2) 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.	
	B1.1 Total workforce by gender, employment type, age group and geographical region.	<i>Employee care</i>
	B1.2 Employee turnover rate by gender, age group and geographical region.	—
B2 Health and Safety	General Disclosure: Information on: (1) the policies; and (2) 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.	<i>Employee care</i>
	B2.1 Number and of rate work-related fatalities.	—
	B2.2 Lost days due to work injury.	—
	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	<i>Employee care</i>
B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	<i>Employee care</i>
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	<i>Employee care</i>
	B3.2 The average training hours completed per employees by gender and employee category (e.g. senior management, middle management).	<i>Employee care</i>
B4 Labour Standards	General Disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	<i>Employee care</i>
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	<i>Employee care</i>
	B4.2 Description of steps taken to eliminate such practices when discovered.	<i>Employee care</i>
B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	<i>Supplier Management</i>
	B5.1 Number of suppliers by geographical region.	—
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	<i>Supplier Management</i>
	General Disclosure: Information on:	<i>Customer Services</i>

B6 Product Responsibility	(1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters of products and services provided and methods of redress.	
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
	B6.2 Number of products and service related complaints received and how they are dealt with.	<i>Customer Services</i>
	B6.3 Description of practices relating to observing and protecting intellectual property rights	<i>Customer Services</i>
	B6.4 Description of quality assurance process and recall procedures.	Not applicable
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	<i>Customer Services</i>
B7 Anti-corruption	General Disclosure: Information on: (a) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	<i>Compliance Operations</i>
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the listed company or its employees during the reporting period and the outcomes of the cases.	—
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<i>Compliance Operations</i>
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.	<i>Community Investment</i>
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	<i>Community Investment</i>
	B8.2 Resources contributed (e.g. money or time) to the focus area.	<i>Community Investment</i>