

**China Minsheng Banking Corporation
Limited**

**2018 Environmental, Social and
Governance Report**

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About the Report

Introduction

This Report aims to disclose the Environmental, Social and Governance (ESG) management concept and performance of China Minsheng Banking Corp., Ltd. (hereinafter referred to as “the Company”, “the Bank” or “we” 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 Report” in the *2018 Annual Report of China Minsheng Banking Corp., Ltd.* and the *2018 Corporate Social Responsibility Report of China Minsheng Banking Corp., Ltd.* for a more comprehensive understanding of the Company.

Reporting Period

Unless otherwise specified, the period covered of this Report is 1 January 2018 to 31 December 2018.

Reporting Scope

To comply with the Appendix 27 Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”), we commenced the preparation of the 2018 Environmental, Social and Governance Report (this Report). This Report was prepared in the consideration of stakeholder engagement and the nature of the Company’s business, as well as the ESG management concept and performance of the Company in 2018. The reporting scope of relevant data and calculation methods are also included in this Report.

References

This Report complies with the ESG Reporting Guide set out in Appendix 27 to the Exchangers Listing Rules by Hong Kong Exchanges and Clearing Limited. The

reference to the ESG Reporting Guide is attached in appendix section as well. This report has complied with the “Comply or explain” provisions set out in the ESG Reporting Guide.

Confirmation and Approval

This Report was deliberated and approved at the 14th meeting of the Seventh Session of the Board of Directors of the Company on March 29, 2018.

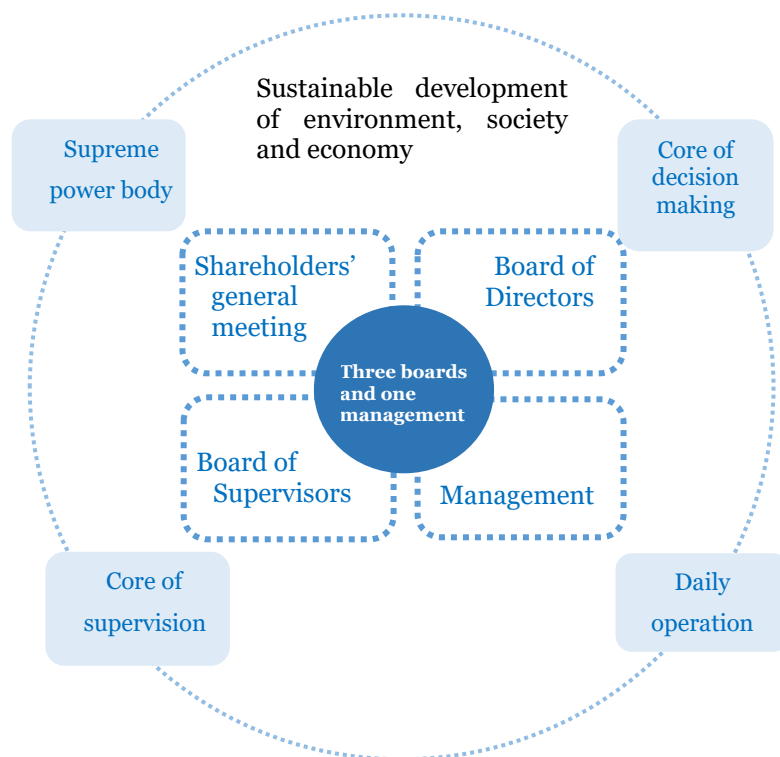
Environmental, Social and Governance Management

Environmental, Social and Governance Core Concept

By firmly establishing the responsibility consciousness of “Minsheng Bank Serves the Public and People’s Livelihood, and the Public Support Minsheng Bank”, the Company sticks to the corporate mission of “From the People and For the People”, the corporate vision of “Evergreen Bank, Centennial Minsheng” and the core value of “Integrity, mutual benefit, people oriented idea and pursuit of excellence”, and proactively promotes the harmony among corporate development, social progress and ecological improvement, so as to protect shareholders' interests, increase corporate value and fulfil social responsibility.

Environmental, Social and Governance Management System

The Company is committed to establishing a high standard ESG management system. With the shareholders’ general meeting as 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 daily operation management. Multiple departments in the Head Office form the ESG working team to perform their own duties for specific ESG work. Under the instruction of the ESG working team, branches at all levels perform local ESG to ensure various business risks that in respect of environmental, social and governance can be properly managed, and the ESG responsibility can be effectively implemented.



Management Framework of "Three boards and one management"

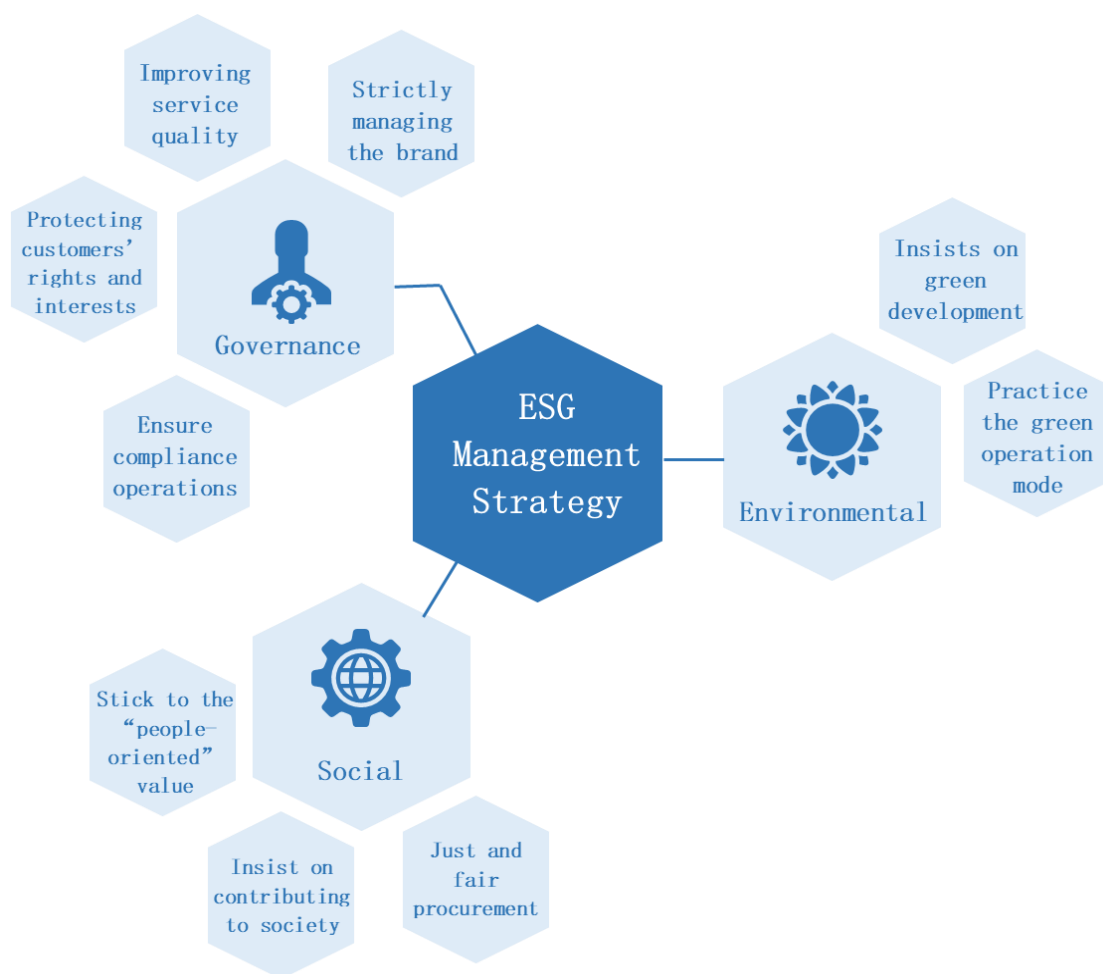
Environmental, Social and Governance Management Strategy

The Company strictly complies with relevant national and local laws and regulations, attaches great importance to corporate governance, constantly improves its governance level by strengthening the building in internal anti-corruption and anti-money laundering and increasing employees' awareness in integrity, and strives to match itself with international standards.

The Company is committed to constantly improving product responsibility performance through improving service quality, protecting customers' rights and interests, and strictly managing its brand. We stick to the "people-oriented" value and establish the concept of respecting people, cultivating talents and contributing to employees' achievements. Moreover, we protect employees' legitimate rights and interests, and provide broad space for learning and development, so as to

realise their personal value. We insist on contributing to society and sharing achievements of development with the society. We spare no efforts to support education, medical care and volunteer services, enhance investment in cultural welfare undertakings and satisfy the needs of communities through in-depth communications. We also established a just and fair supplier management system and promote suppliers to implement their environmental and social responsibilities through the sustainable procurement principle.

The Company insists on the ideal of green development. On one hand, we proactively implement *Common Commitment on Green Credit of China Banking Industry*, boost the green economy, low-carbon economy and circular economy, prevent environmental and social risks, give play to the role of financial leverage and optimise the credit structure. In addition, the Company gives credit support to energy-conservation and environmental-protection industries, limited supply of credit for high-polluting and high energy-consuming industries, and speed up progress of exit for enterprises with backward production capacity to promote industrial restructuring, so as to support 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.



Stakeholders Engagements and Materiality Assessment

The Company actively carries out the communication with stakeholders to understand their needs timely and respond proactively. Based on the features of our business, major stakeholders, main ESG concerns and major communication channels recognised by the Company are set out at the table below.

Major Stakeholders	Main ESG Concerns	Major Communication Channels
Government and regulators	Legal Compliance Transparent Corporate Governance	Participating in governmental regulatory meeting Compliant reports disclosure

	Pay Taxes in a Timely Manner	Communication through web forums
Investors and Shareholders	Compliant Operation Market Expansion Product Innovation	Shareholders' general meeting of the Company Company announcements Online questionnaire
Customers	Customer Services Personal Privacy Safety Customers' Complaints	Customer satisfaction survey Customer service centre Hall complaints
Employees	Employees' Rights and Benefits Remuneration System Labour Standards Training and Development	Congresses of workers and staff Employee activities Panel discussions Online questionnaire
Community	Community Development Social Public Welfare	Volunteer activities Online questionnaire
Suppliers	Transparent Procurement Equal Competition Commercial Ethics	Online questionnaire Supplier assessment Supplier hotline

In 2018, through the periodic investigation into the stakeholders' demands, combined with contents of the integral strategies and operation directions, the Company conducted materiality assessment on ESG topics in 11 aspects showed in *ESG Reporting Guide* and identified the most important topics of this year in prerequisite of compliance with relevant domestic laws, regulations as well as the disclosure requirements of the HKEX, which are product responsibility, anti-corruption and employment and community investment; related topics include emission, resource utilisation, environment and natural resources, health and safety, development and training, labour standards as well as supply chain

management. This Report will discuss the content involved in each topic individually.

Customer Services

Protection for Customers' Rights and Interests

The Company is committed to safeguarding customers' legitimate rights and interests, thoroughly implementing 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 such as the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, actively implementing the requirements of the *Implementation Measures of the People's Bank of China for Protecting Financial Consumers' Rights and Interests*. It establishes a completely and relatively independent consumer rights and interests protection organisation structure from top to bottom. It clearly states that the Board of Directors is the highest leading body for the protection of consumers' rights and interests, taking consumer rights and interests protection committee as the decision-making body for comprehensive coordination and deliberation. It also clearly states that the committee secretarial organisation acts as the overall management department for the Company's consumer rights and interests protection, with special protection centre, which is responsible for leading the protection of consumer rights and interests of the Company.

In 2018, the Company has constantly optimised the consumers' rights and interests protection system, successively introduced consumer rights and interests protection policies such as *Measures for the Implementation of China Minsheng Banking Corp., Ltd. for Consumer Rights and Interests Protection Training and Administrative Measures of China Minsheng Banking Corp., Ltd. for Financial Knowledge Publicity and Education*. The Company also adhered to the working mechanism of joint conference, established a mechanism for implementing the list

of consumer rights protection tasks, continued to promote the rectification mechanism of related issues, and improved the regular work reporting mechanism.

In 2018, the Company organised five large-scale consumer publicity and education activities such as “Financial Consumers’ Rights and Interests Day” and “Bring Financial Knowledge into Thousands of Families” throughout the whole Bank, with a total of 14,054 sessions of concentrated publicity activities, 65,200 person-time engaged, 6.49 million audiences, and more than 2,666 thousand copies of various

Consumer publicity and education activities

14,054 sessions of concentrated publicity activities

65,200 person-time engaged

6.49 million audiences

More than **2,666 thousand** copies of various promotional materials distributed

promotional materials distributed, playing a positive role in improving consumers' financial quality and safety awareness. Besides, the Head Office of the Bank was awarded as the annual advanced unit of “Bring Financial Knowledge into Thousands of Families” appraised and elected by the China Banking and Insurance Regulatory Commission (“CBIRC”).

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 institutions to clearly define the classification and grading, disposal and resolution, function setting, team building, professional training, and information reporting of complaint management. It also requires all operating institutions to resolutely implement requirements in the Notice and report the progress of the complaints on time. At the same time, we also printed and circulated *Customer Complaint Analysis and Improvement Mechanism of China Minsheng Bank*,

comprehensively teased out the customer complaints analysis and improvement work flow, set up the complaint analysis meeting 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 customers' complaint channels that include letters and visits and 95568 customer service hotline, as well as outlets, to standardise the requirements of customer service management from multiple channels and enhance customers' satisfaction.

Management of Complaint by Letters and Visits

The Company has clearly defined the work scope and duties regarding complaint letters and visits in the *China Minsheng Bank's Management Measures for Complaint Letters and Visits*, sifted through the content of complaint letter and visit management comprehensively and enriched the corresponding handling

Principle for Handling Complaint Letters and Visits

Reply in **7** days

Conclude in **30** days

Conclude in **45** days for complicated matters

process. Pursuant to the *China Minsheng Bank's Management Measures for Complaint Letters and Visits*, the Company adheres to the principle that the involved department should make reply in 7 days and conclude in 30 days or no more than 45 days in case of complicated matters.

Management of Complaints received via 95568 Customer Hotline

According to the industry standard in *Statistical Classification and Coding of Complaints Filed by Financial Consumers (Banking Financial Institutions)* of People's Bank of China and complaint management measures issued throughout the whole bank, the Company refined 95568 customer service hotline complaint

grading and classification criteria, 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, a return visit of customer complaints 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 of the Company's physical outlets and standardise the customer complaint management at outlets, the Company has formulated the *Administrative Measures for Customer Complaints at Outlets of China Minsheng Bank (Trial)*. This measure specifies the process of handling customer complaints at outlets, and makes clear requirements for the timely processing of complaints, effectively improving the quality and effectiveness of customer complaint management at outlets and protecting consumers' rights and interests.

Complaint Management Training

The Company, who attaches great importance to the complaint management training for employees, conducted an examination for the complaint management position. In July 2018, we organised the first complaint management examination, which effectively promoted the popularisation and implementation of the complaint management system at the branch level, ensuring that employees at the positions of branch complaint management could accurately understand the working principles, familiarise with the complaint handling process, and strictly abide by the operational norms.

The Company also carried out the special training of *Interpretation on Administrative Measures of Customer Service Work Order and Enhancement in Quality and Effectiveness of Complaint Handling*, interpreting the administrative measures for Company's customer service work order and the requirements of

complaint handling, and conducted training and guidance for relevant departments and positions of Company's complaints handling. Meanwhile, the Company actively participated in the comprehensive evaluation activities of the banking customer service centre organised by the China Banking Association. The credit card customer service centre won the “Comprehensive Demonstration Unit” award for the fourth time consecutively and won the title of “Outstanding Unit of Value Contribution”.

Customer information security

The company attaches great importance to customer information security management, strictly complies with relevant regulations such as *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and *Cybersecurity Law of the People's Republic of China*, and has formulated the *Administrative Measures for Information Security Incidents of China Minsheng Bank* based on compliance with national and regional laws and regulations. The Measures has refined the classification and classification rules of customer information security incidents, the rules of monitoring and warning, the rules of security inspections and evaluation, and the rules of incidents reporting and assessment.

Brand Management

The Company attaches great importance to brand management, strictly complies with relevant regulations in *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 standardisation and unification of visual images of the Company's brand culture was promoted in an all-round way under the framework of *Measures for Brand Management*, and accompanying 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, in this year, the Company upgraded and developed multi-channel management applications, further integrated the Company's We-Media resources, and achieved centralized, systematic, professional and refined management over We-Media, which effectively controlled the management risk of We-Media.

Intellectual Property Protection

The Company has adhered to *Anti-Unfair Competition Law of the People's Republic of China*, *Patent Law of the People's Republic of China* and applicable laws and regulations, carried out work related to protection of intellectual property, and improved the system for intellectual property protection. Since 2008, the Company published its first company-wide document on intellectual property rights. Based on this document, the Company has issued new regulations related to intellectual property management each year.

Compliance Operations

Internal control compliance management

Compliance with laws and regulations is a fundamental premise for the Company's operation. With the aim to carry out legal compliance promotion activities over the Company, the Company prepared the *Three-Year Plan for Internal Control Compliance* that clarified the overall objectives of internal control compliance management, formulated, printed and circulated 31 basic policies, initially establishing the control system of internal control compliance covering the whole process.

The Company has set up the full-covered compliance review mechanism with *Routine compliance review + Independent compliance review*, and has built up the comprehensive, preemptory and counterbalanced employee behavior governance system.

In addition, the Company has also promoted education and trainings for key personnel regarding compliance with laws and regulations. As a result, the awareness of legal compliance of all employees has been significantly enhanced. Over 1,100 sessions of training have been carried out in terms of employees' professional ethics, the bottom line of compliance, operational risk, case prevention and control, compliance examination, daily work, cases for warning and specific business, with about 170 thousand person-time engaged. The Company has set up the rule of accumulated points during the legal compliance training based on positions of employees, which links up with individual annual performance appraisal so as to promote and supervise the implementation of arrangements and requirements for legal compliance education.

The Company has also launched multi-dimensional publicity of compliance with laws, conducted online publicity through WeChat for legal compliance, and prepared and published "Minsheng Law Online" to organise each subsidiary to promote internal publicity of legal compliance through a variety of channels.

Anti-corruption

In adherence to the principle of integrating punishment and prevention while attaching great importance to the latter and in strict compliance with national policies and regulations on anti-corruption such as the *Banking Supervision Law of the People's Republic of China* and *Interim Provisions on Banning Commercial Bribery*.

the Company has continuously strengthened supervision, focused on creating a culture of integrity, and further promoted publicity and education on anti-corruption by sustained development of its brand of education and publicity. In 2018, the Company set up civil enterprise's strategic employees' moral risk prevention and control leading group, and issued *Investigation Report on Strengthening Civil Enterprise Strategic Employees' Moral Risk Prevention and Control*. Besides, the Company has revised the *Measures for managing employee*

Part-time job to update the employee part-time job management system and enhance the whole process of managing employee's part-time work activity.

On the other hand, the Company vigorously carried out anti-corruption training and has held speaking tours of “Supervise discipline implementation and keep our mission firmly in mind to open up new prospects for fighting corruption and upholding integrity”, which covered 48 bodies and all their staff. By the end of 2018, a total of 49 training sessions were held, with 42,000 person-time.

Anti-Money Laundering

In compliance with *Anti-money Laundering Law of the People's Republic of China, Measures for the Administration of Financial Institutions' Reporting of High-Value Transactions and Suspicious Transactions* and other supervision requirements for anti-money laundering, the Company has strengthened internal control. In 2018, the Company comprehensively teased out and revised the anti-money laundering internal control institution and prepared *Administrative Measures of China Minsheng Banking Corp., Ltd. against Money Laundering and Terrorist Financing Risks* and other new policies, further deepening and improving the Company's anti-money laundering internal control institutional system.

In 2018, the Company has actively promoted trainings on anti-money laundering to raise employees' awareness of anti-money laundering and strengthen the function of members of the anti-money laundering leading group. The Company organised anti-money laundering trainings for a total of 10,015 sessions, with a person-time of about 220,000. The training targets at all employees with focus on the training and management over key positions such as operators, customer managers and senior executives. In respect of anti-money laundering publicity, the Company continuously carried forward the popularisation of anti-money laundering culture for fulfilling its social responsibility. In 2018, 6,809 sessions of publicity campaigns were conducted, with about 10 million person-time of publicity audiences, and about 1.2 million publicity materials distributed. The

publicity sites expanded from halls and outlets to communities, business districts, schools, markets, enterprises, etc., achieving good results.

The number of anti-money laundering trainings:



10015 sessions

The number of participants:



About **220,000** person-time

Publicity campaigns



6809 sessions

Publicity materials distributed



About **1.2** million copies

Publicity audiences



About **10 million** person-time

In 2018, the Company achieved remarkable results in anti-money laundering, with its 10 first-tier branches being awarded A Class in terms of efforts made in anti-money laundering. In the aspect of honours and awards for anti-money laundering, 14 first-tier branches won 24 advanced awards.

Grade evaluation in anti-money laundering

10 first-tier branches

Being awarded **A** Class in terms of efforts made in anti-money

Honours and awards for anti-money laundering

14 first-tier branches

Won **24** advanced awards

Employee Care

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 whole process, including 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. This year, according to national laws, regulations and regulatory policies, we further established and improved labour relations management, and revised the *Administrative Measures for China Minsheng Banking Corp., Ltd. for Labour Contracts (Revised)*, *Measures for Staff Demission of China Minsheng Banking Corp., Ltd.* and *Measures for Employee Induction Management of China Minsheng Banking Corp., Ltd.* to further safeguard the legitimate rights and interests of employees and the enterprise for building a harmonious and stable employee relationship.

Adhering to the local minimum wage standards and related regulations on basic welfare, the Company provides all employees with basic pensions, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance. Besides, the Company also offers other welfare such 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 talents, the Company established a campus recruitment plan for management trainee as the core of “Your Shining Future”, together 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 objective. It not only provided a young talents guarantee for promoting the sound development of businesses and maintaining the vitality and stability of the talent team, but also established a targeted and orderly campus recruitment system that wins the recognition and favourable reception from teachers and students in universities.

Until the end of 2018, the Company had been awarded as the “China Top 30 Employers of the Year 2018” issued by Zhaopin, the “Employer Excellence of China in 2018” and the “Excellence in Human Resources Strategy” issued by 51Job and other authoritative awards in the field of employer brand. Moreover, the Company won the “Excellent Enterprise in Human Resources Development and Management of China Enterprises Award” for the first time.

Sailing for Dream

On 26 July 2018, the third “Sailing Plan” management trainee programme of the Company was launched in Beijing. The “Sailing Plan” recruits excellent fresh postgraduates from domestic and foreign universities and provides excellent backbones for each professional line of business following the two-year customised and systematic training. From 2016 to the end of 2018, the Company has recruited students for three consecutive sessions, with a total of over 150 persons.

Employee employment statistics

Indicator	2016	2017	2018
Employee totals at the end of reporting period (person)	56,168	55,265	55,649
Proportion of female employees (%)	54	54	54
Proportion of female Managers (%)	38	37.57	37.62
Proportion of minority employees (%)	4.54	4.32	4.57
Social insurance coverage (%)	100	100	100
Labor contract signing rate (%)	100	100	100

Proportion of local staff in Hong Kong branch (%)	59	57.44	54.98
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Training and Development

In 2018, based on the strategic positioning as "a bank providing comprehensive services for private enterprises and financial technology" and the transformation objective of human resources "value management" in the new era, the Company focused on its actual need of structural adjustment in human resources, optimisation of organisational structure and improvement in human resource efficiency to conduct its training works, and strived to cultivate strategic and comprehensive talents through concentrating on key groups, enriching learning methods, optimising management process and facilitating the transformation toward achievements, to continuously build up a professional and international talent teams that qualify for market needs, and forge a talent supply chain that could underpin strategy and transformation.

According to the needs and requirements of talent development in management, professional, sales and operation posts, the Company established curriculum system and developed study resources based on different levels and categories, and vigorously promoted the construction of certification management system and portable study platform, which lays a solid foundation for improving the quality of different training and cultivation projects across the Company. In 2018, 371 hours of online learning materials was released and 1.44 million person completed the courses throughout the year, with a learning period of 93 hours per person, covering 100% of the employees. The percentage of holders of occupational

qualification certificates such as CFA, CFP and CPA continued to rise and the professional capability continuously enhanced.

Model worker (excellent skilled personnel) innovation studio

In order to vigorously promote "the Spirit of Craftsmanship", take advantage of leading role of model workers and excellent skilful talents, inspire the sense of innovation and creativity among employees, and promote business development, we launched "Innovation Workshop for Model Workers (Excellent Skilful Talents)" in 2018. As a result, a group of the workshops with standard working rules, outstanding innovation achievements and fruitful talent cultivation was flourishing. They focused on key and difficult problems in business operation and management, innovated in technology, management, service and mechanism, and exploited their functions of innovation, problem-tackling, concentration and leadership in full, greatly promoting the upgrade of staff skills and enterprise innovation.

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. At the same time, the Head Office regularly assessed the employee well-being index, and promoted the inclusion of the assessment results into the year-end assessment of subsidiaries' balance scorecards. According to the evaluation and data analysis, the Company effectively and closely monitored work and living conditions of employees, and provided data support and scientific decision-making basis for targeted improvement, continuously enhancing employees' sense of well-being.

The Company has also actively organised various cultural and sports activities for employees to enrich their leisure time to achieve work-life balance and enhance the sense of belonging. In 2018, the Company founded the Bridge Association and Go Association to promote the diversified development of cultural and sport activities. Employees in Minsheng could deeply interact with their colleagues and have a better understanding with each other through watching games and practising sport skills, discussing the development of Minsheng Bank's business on a better platform.

Work happily, live happily

To create a circumstance of "work happily, live happily", Zhengzhou Branch founded a dozen of clubs including basketball, football, badminton, yoga, photographing, cycling, etc. Clubs regularly held games and activities to help employees with work-life balance, which not only demonstrated active and positive employees' spirit, but also effectively enhanced teams' sense of honour and solidarity.

Safety and Fire Protection Management

In strict compliance with related national laws and regulations such as the *Fire Protection Law of the People's Republic of China* and *Requirements on Safety Provisions of Banking Business Premises*.

the Company has established a sound safety monitoring and controlling system and is committed to creating a safe and reliable environment, internally and externally, for business development by means of strengthening security management in outlets, enhancing fire safety management at offices, and improving employees' safety awareness.

The Company launched a special safety inspection at business locations, vaults, self-service equipment and self-service banks to comply with the instructions of CBIRC. Each branch attached great importance to this work and actively

completed every stage. For the special safety inspection, the Company set up 1,371 working teams in total, dispatched 4,600 inspectors, invested RMB 11.91 million, effectively improving the overall safety and protection level. The Company organises thorough safety inspection of each office area in the Head Office every month with property management and department safety staff to screen and eliminate any hidden danger in electricity usage and fire protection. In line with the principle of "education first, prevention matters" in fire safety management, the Company intensified daily safety inspection, attached importance to daily safety education for employees, and regularly launched emergency response exercise to improve the awareness and ability of fire safety.

**Special
safety
inspection**

Set up 1,371 working teams in total, dispatched 4,600 inspectors, invested RMB 11.91 million, effectively improving the overall safety and protection level.

**Monthly fire
safety
inspection**

The Company organises thorough safety inspection of each office area in the Head Office every month with property management and department safety staff to screen and eliminate any hidden danger in electricity usage and fire protection.

Flood Prevention

During the flood season in 2018, due to the common extreme weather in many areas, heavy rains and flood strikes came earlier and more frequently with higher severity, challenging us in flood prevention. The Company fully understood the importance of flood prevention, employed a variety of preventive counter-measures in advance, and coordinated joint response across departments to ensure safety during the flood season.

Protection of Employees' Rights and Interests

Democratic Management for Employees

Adherence to relevant provisions of the *Trade Union Law of the People's Republic of China* and the *Constitution of the Chinese Trade Union*, the Company has sustained the trade union by fully accruing trade union funds and supported

independence of the trade union and democratic election of its chairman so as to protect the legitimate rights and interests of employees. The Company has adhered to the promotion of corporate democratic management with the Congress of Workers and Staff as its core and broadened the channels for employees' democratic decision-making, democratic management and democratic supervision. On 8 May 2018, the Company convened the second meeting of the first Congress of Workers and Staff. The meeting approved seven rules and regulations including the *Measures for Employee Induction Management of China Minsheng Bank* by secret ballot, which guaranteed the employees' right to know, participate, express, and supervise in accordance with the law and gave full play to the Congress of Workers and Staff in significant decision-making and major matters that are closely related to employees' interest.

Protection of Female Employees' Rights and Interests

With respect to protection of female employees' legal rights and interests, the Company has actively organised club activities and cultural and sports activities which are conducive to the physical and psychological health of female employees for the purpose of enriching female employees' knowledge and showing care for their physical and psychological health.

The first most beautiful "Flower of Minsheng" competition

On 26 March 2018, the first most beautiful "Flower of Minsheng" competition successfully ended in Beijing. With the theme of "Endeavour makes beauty", 45 branches of the Company recommended 129 female employees with outstanding performance and capability in business, moral virtue and strong comprehensive quality to participate in the competition. Finally, 12 of them were awarded with the title of the most beautiful "Flower of Minsheng". The Company spread positive energy of Minsheng by selecting and setting example of outstanding female employees who worked hard for and made selfless contribution to Minsheng Bank.

Assisting and Supporting Employees in Straitened Circumstances

The Company has earnestly assisted and supported employees living in straitened circumstances and improved the registration of employees in difficulties according to *Records for Assisting and Supporting Employees in Difficulties in Chinese Financial Workers' Unions System*.

Activities of “Send warm regards”

At the end of 2018, the Company sent warm regards to 303 employees, including 291 employees in straitened circumstances and 12 single mothers in economic difficulty, with RMB 1,411,410 in total.

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 for the market and our customers, we attach great importance to fulfilling the major responsibilities of corporate citizenship and actively assume social responsibilities.

Fulfilling the Responsibility of Poverty Alleviation

In order to thoroughly implement the decision made by the Central Committee of the Party on overcoming difficulties in poverty alleviation, the Company formulated the *Targeted Poverty Alleviation Plan for 2018 and Relevant Policy and Arrangement for Targeted Poverty Alleviation* by making full use of the Company's advantages in banking and integrating internal and external resources and demonstrated the determination and attitude of increasing investments to consolidate the poverty alleviation achievement in Hua County and achieve poverty alleviation objectives in Fengqiu County with the *Seven in One* mode of

poverty alleviation through education, medical care, finance, industry, skills, consumption and e-commerce.

At the end of 2018, the Company had provided RMB 23.34 million of assisting and supporting fund for the two counties.

Supporting Public Cultural Undertakings

During the reporting period, the Company continuously supported the "Dunhuang Protection Fund Project" of Beijing Minsheng Foundation for Arts and Culture and funded Beijing and Shanghai Minsheng Art Museums to promote the development of public cultural undertakings, entertaining citizens with a series of public cultural feasts.

As at the end of 2018, Beijing Minsheng Art Museum attracted about 1 million on-site and on-line visitors throughout the year, held 118 public education activities and organised 30 special events together with the Company, which were widely praised and recognised by professionals. 8 large-scale art exhibition projects were held. Among them, the exhibition "New Ink Art in China 1978-2018" was awarded the special fund of National Cultural Fund in 2018.

As at the end of 2018, Shanghai Minsheng Art Museum held 7 major exhibitions and art projects and 55 public education activities, attracting about 43,000 participants. In the CCTV feature *China on the Move - Shanghai*, the Shanghai Minsheng Art Museum was shown in the China International Import Expo Theme Video and was awarded "Popular Art Venue of the Year" by "Shanghai BANG".

Promoting Public Innovative Undertakings

In 2015, the Company launched the first "I Determine the Power of Minsheng' Love - ME Public Innovative Undertakings Funding Program" jointly with China Foundation for Poverty Alleviation. For the 4 years, the accumulated investment amounted to over RMB 40 million. A total of 1,470 projects applied for the fund and 86 projects among them obtained it. Areas benefiting from the Program

covered 29 Provinces/Municipalities/ Autonomous Regions across the country. The number of direct beneficiaries reached 220,000. This not only brought positive changes to the beneficiary groups, but also social public organization's great improvement in the public awareness of social influence.

The fourth ME Public Innovative Undertakings Funding

On 20 September 2018, the fourth ME Public Innovative Undertakings Funding Program initiated. Funding plan for "Targeted Poverty Alleviation" was added to "I Determine the Power of Minsheng' Love - ME Public Innovative Undertakings Funding Program", focusing on five aspects of "targeted poverty alleviation, community development, education support, health and well-being, ecological civilisation". The Plan would evaluate and select 23 public beneficial projects with "innovation, execution, continuity and influence" and each project would be funded with RMB 500,000.

Supply Chain Management

The Company strictly complies with the laws and regulations such as *Anti-Unfair Competition Law of the People's Republic of China*, established a complete system of supplier management based on *Management Method for Procurement*, *Management Method for Bidding*, *Management Method for Suppliers*, *Procurement Incorruptibility Regulation*, etc., to provide guidance for the purchase of products and services. At the same time, suppliers are encouraged to include requirements of labour standards, environmental protection, occupational health and safety, and the business ethics into their management systems.

In order to better carry out the policy of green procurement, a strict supplier access system was established. 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 for the Company, and also accept the supervision and administration from the Company. Only suppliers above the threshold could be qualified for tendering of the Company's procurement projects.

Besides, to ensure that suppliers strictly abide by the supplier management standards, we will continue to monitor their performance and has the right to conduct sampling check over the suppliers' policy, procedures and any other documents pertaining to the Bank's code after the selection. We may also request spot check occasionally. An evaluation system was established, including regular evaluations (once a year) and overall evaluation after the end of the contract. Evaluation and analysis of suppliers' performance is conducted by the centralized purchasing department, the purchasing department and the demand department. The results will be an important basis for the Company's decision on future purchasing contract. In 2018, the total amount of green procurement reached RMB 1,466 million and the coverage rate for suppliers check was 100%.

Environmental Responsibility

The Company practices a sustainable development concept of low carbon and environmental protection, energy conservation and emission reduction. Based on compliance with national and regional laws and regulations such as *Environmental Protection Law of the People's Republic of China* and *Energy Conservation Law of the People's Republic of China*, the Company also continues to promote green credit business, achieve multi-dimensional energy conservation and emission reduction, so as to fulfil environmental responsibility. The Company also actively practices green procurement concepts, enhances employees' awareness of environmental protection, and implements various measures which

support green offices to promote the development of environmental protection charitable activities.

Supporting Green Credit Business

In 2018, in accordance with the *Circular on the Establishment of Special Statistics System for Green Credit of People's Bank of China*, the Company formulated the *Measures for the Management of Special Statistics System for Green Credit of China Minsheng Bank* to further promote the statistics system for green credit and identify the management and organisation structure of the special statistics system for green credit from the senior management to all the relevant functional departments in the Head Office and all the business entities.

The Company included green credit policy into risk policies, proposed an overall strategy for green credit, set qualitative and quantitative objectives and expressly determined the industries in credit priority. In addition, the Company intensified the risk management and control of green credit in the entire process, and strictly performed environmental and social risk assessment and review in areas such as due diligence, compliance inspection, credit grants approval, contract management, fund payment and post-loan management. The Company also examined the development of green credit within the Company's 2018 balance scorecards examination system.

In 2018, the Company initially underwrote 3 green bonds with a total issuance of RMB 670 million. In January 2018, the CBIRC and the Banking Association published the results of the first annual evaluation for green banks. The Company ranked as one of the 11 banks with outstanding comprehensive performance in green banking in 2017.

Strictly Controlling “High Pollution, High Energy Consumption and Over-capacity” Industries

The Company formulated *Board of Directors 2018 Risk Management Guidance Opinions*, strictly controlling credit granted to “high pollution, high energy

consumption and over-capacity” industries, expressly requiring stronger environmental and social risk prevention and control, and fully enhancing risk management capability.

In order to strictly contain the credit volume in “high pollution, high energy consumption and over-capacity” industries, the Company abided by the "one-vote veto" in environment protection. The Company would no longer grant any credit in any form to projects and enterprises that were expressly prohibited by the state or not compliant with environment protection regulations and actively withdraw the credit granted. The Company strengthened communication with local regulatory authorities to learn about the compliance with law and regulation of the enterprises under supervision in a timely manner, collect information of customers or projects under supervision involved in significant environmental and social risk incidents, proactively monitor credit management requirements, keep tabs on changes in adjustment of national industry structure and energy conservation and emission reduction policies and inform itself of the negative effect of notification from environment protection supervisors on enterprises and projects with credit grants in time.

Green Operation

The Company sticks to the concept of “Building a green enterprise and adhering to green management”, it advocates walking and reducing the use of elevators. In order to reduce the emission of pollutants, the Company carried out scrapping and replacement for old and over-standard emission vehicles and optimized the usage progress of company buses, controlled the emission of company buses, and reduced the usage frequencies of company buses. We encourage employees to purchase new energy vehicles to use resources rationally and reduce the consumption of them.

In order to improve the efficiency of water use, the Company regularly inspects the integrity of the various water pipelines in the office, and has special personnel responsible for the daily maintenance of the equipment. By installing water-saving

and spill-prevention devices, the waste of water resources can be reduced. Meanwhile, we positively guide our staff by means of water-saving propaganda slogans and corporate media.

The Company advocates green office among the whole staff, such as purchasing energy-saving lighting equipment across the Company and randomly checking whether employees turn off lights immediately when leaving on a long-term basis; intensifying the examination of electricity usage in every outlet and questioning outlets of which the electricity usage is obviously higher than the average; ensuring double-sided copying of non-official documents and drafts; preparing personal office supplies card to record items claimed every month; asking employees to share useful tips about energy-saving and environment protection in a study corner and rewarding those who give reasonable advices that are adopted; recycling office supply waste. At the end of 2018, the recycling amount of discarded computers was 1.25 tons, and the recycling amount of used toner cartridges was 3,867.

Environmental Data Summary

Emissions

Item ^{1' 2}	2018 Total
Air emissions(Tonnes)³	0.41
NOx (Tonnes)	0.30
Sulphur dioxide (Tonnes)	0.11
Greenhouse gas emissions (Scope 1&2) (Tonnes of CO₂e)⁴	75,370.22
Tonnes of CO₂e emission per unit area (Scope 1&2) (Tonnes of CO₂e/m²)	0.086
Direct greenhouse gas emissions (Scope 1) (Tonnes of CO₂e)	15,919.28
Natural gas (Tonnes of CO ₂ e)	5,595.43
Petroleum gas (Tonnes of CO ₂ e)	26.30
Diesel (Tonnes of CO ₂ e)	6,661.55
Company vehicles (Tonnes of CO ₂ e)	3,636.00
Indirect greenhouse gas emissions (Scope 2) (Tonnes of CO₂e)	59,450.94
Purchased electricity (Tonnes of CO ₂ e) ⁵	59,450.94

Note:

1. The scope of environmental data only includes the Head Office and 42 tier 1 branch head offices.
2. When referring to emission intensity, energy consumption intensity and waste intensity, the scope of employee only includes employees from the Head Office and 42 tier 1 branch head offices.
3. Due to the natural of the Company's business, the main air emissions are consist of NOx and sulphur dioxide, that generated by company vehicles.
4. Due to the natural of the Company's business, the greenhouse gas emissions include carbon dioxide, methane and nitrous oxide, mainly resulted from outsourcing electricity and consumption of fossil fuel. Greenhouse gas emissions are measured in carbon dioxide equivalents and calculated based on the Baseline Emission Factors for Regional Power Grids in China (2015) issued by National Development and Reform Commission and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories of Intergovernmental Panel on Climate Change.
5. The greenhouse gas emissions of Hong Kong branch office was calculated by conversion factor provided from local power supply company. The greenhouse gas emission of Tibet branch was not included due to the conversion factor is not disclosed.

Energy and Water Consumption

Item	2018 Total
Energy consumption (MWh)¹	176,403.50
Direct energy consumption(MWh)²	68,149.81
Natural gas (MWh)	28,615.83
Gasoline (MWh)	12,720.82
Diesel (MWh)	26,617.30
Petroleum gas (MWh)	195.86
Indirect energy consumption (MWh)	108,253.69
Purchased electricity (MWh)	108,253.69
Energy consumption per unit area (MWh/m²)	0.2022
Water consumption (Tonnes)	958,814.73
Water consumption per unit area (Tonnes/m²)	1.09

Note:

1. The categories of the Company's energy consumption are natural gas, gasoline, diesel, petroleum gas and purchased electricity.
2. Energy consumption data is calculated based on the conversion factors provided in the *General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2008)*.

Waste Management

Item	2018 Total
Hazardous waste (Tonnes)	250.28
Lead-acid battery (Tonnes)	226.43
Hazardous waste materials (Tonnes) ¹	23.85
Hazardous waste unit area (Tonnes/m²)	0.007
Total non-hazardous waste (tonnes)²	20,427.58
Domestic waste (Tonnes)	14,295.13
Canteen waste (Tonnes)	5,708.11
Office supplies waste (Tonnes)	198.32
Electronic supplies waste (Tonnes)	12.44
Electronic products waste (Tonnes)	113.09
Security equipment supplies waste (Tonnes)	30.72
Security products waste (Tonnes)	69.77
Non-hazardous waste per unit area (Tonnes/m²)	0.023

Note:

1. The hazardous waste materials include toner cartridge, carbon powder and cartridge. The number was calculated from purchase order provided from corresponding suppliers.
2. The domestic waste and canteen waste were calculated by date provided from waste recycler. The office supplies waste include office desks, chairs, bookshelves, file cabinets that with fixed-asset serial numbers. It was calculated based on the actual abandoned data. The electronic supplies waste include U disk, teller's machine supplies, portable disk, mouse and keyboard. The number was calculated from purchase order provided from corresponding suppliers. The security equipment supplies waste include fire extinguishers, walkie-talkies and LED flashlights. The number was calculated from purchase order provided from corresponding suppliers. The security products waste include door security parts and monitoring system parts that with fixed-asset serial numbers.

Appendix - Environmental, Social and Governance Reporting Guide

Area	Subject	KPI	Notes
Environment	A1 Emissions	General Disclosure Information on: (a) the policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	<i>Environmental Responsibility</i>
		A1.1 The types of emissions and respective emissions data.	<i>Environmental Data Performance Summary</i>
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	<i>Environmental Data Performance Summary</i>
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	<i>Environmental Data Performance Summary</i>
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	<i>Environmental Data Performance Summary</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	<i>Environmental Responsibility</i>

		Policies on the efficient use of resources, including energy, water and other raw materials.	
		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>Environmental Data Performance Summary</i>
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	<i>Environmental Data Performance Summary</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	<i>Not applicable</i>
	A3 The Environment and Natural Resources	General Disclosure	
		Policies on minimising the issuer's significant impact on the environment and natural resources	<i>Environmental Responsibility</i>
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	<i>Environmental Responsibility</i>
Society	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.	<i>Employee Care</i>

		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: (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.	<i>Employee Care</i>
		B2.1 Number and rate of work-related fatalities	—
		B2.2 Lost days due to work injury	—
		B2.3 Description of occupational health and safety measures adopted, 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)	—
		B3.2 The average training hours completed per employee by gender and employee category	—
	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.	<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>
	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.	<i>Customer Service</i>
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	<i>Not applicable</i>
		B6.2 Number of products and service related complaints received and how they are dealt with	<i>Customer Service</i>
		B6.3 Description of practices relating to observing and protecting intellectual property rights	<i>Customer Service</i>
		B6.4 Description of quality assurance process and recall procedures	<i>Not applicable</i>
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	<i>Customer Service</i>
	B7 Anti-corruption	General Disclosure Information on:	<i>Compliance Operations</i>

		(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	
		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	—
		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>