
Bank of Communications Co., Ltd.

2017 CSR Report



About this report

Report coverage

This report includes information on the Bank of Communications Co., Ltd. (BoCom) and its domestic and international branches, subsidiaries and retail banks. The report covers the period from January 1 to December 31, 2017.

BoCom publishes its CSR report annually. The 2016 CSR Report was published on 28 March, 2017.

References

This report is written in accordance with the China Banking Regulatory Commission's *Opinions on Promoting the Social Responsibility of Financial Institutions*; the China Banking Association's *Social Responsibility Guidelines for Financial Institutions in China's Banking Sector*; the Shanghai Stock Exchange's *Notice on Promoting Social Responsibility of Listed Companies and Publishing the Environmental Information Disclosure Guidelines for Companies Listed on the Shanghai Stock Exchange*; the *Environmental, Social and Governance Reporting Guide* of Hong Kong Exchanges and Clearing Limited (HKEx); and the *GRI Sustainability Reporting Guidelines Standards* (GRI Standards) issued by the GRI Global Sustainability Standards Board (GSSB).

Reporting process

BoCom uses a seven stage preparation process when drafting its report. This is based on the bank's CSR practices and covers project approval, information gathering, drafts and revisions, a senior management review, a Social Responsibility and Consumer Protection Committee review, a Board of Directors review, and printing and publishing. BoCom communicates frequently with its stakeholders for feedback on the structure and content of the report.

Assurance

The bank asked PricewaterhouseCoopers Zhong Tian CPAs Limited Company (special general partner) to provide a third-party assessment of the report, in line with the "International Standard on Assurance Engagements (ISAE) 3000: Other Than Audits or Reviews of Historical Financial Information", and an independent statement of assurance.

Report data

Financial data from BoCom's 2017 financial statements have been independently audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company (special general partner). Other data from previous years are included in the report.

All financial statements are reported in RMB, unless otherwise stated.

Report availability

This report is available electronically and in hard copy. BoCom uses environmentally friendly paper for all printed copies and electronic copies are viewable at www.bankcomm.com.

Both Chinese and English versions of the report are available. If discrepancies exist between the two versions, the Chinese version takes precedence.

Designations

The Bank of Communications Co., Ltd. is also referred to as "BoCom" or "the bank" in this report.

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Chairman's message

In 2017, BoCom started applying the 19th CPC National Congress guidelines for the first time. We deepened reforms, implemented the 13th Five-Year Plan, upheld Party integrity and employed the BoCom strategy. We also pressed ahead with supply-side structural reforms and improved the quality and efficiency of our development approach and—in line with the global sustainability agenda—contributed to the United Nations Sustainable Development Goals (SDGs), fulfilling our social responsibility obligations as a major state-owned bank and creating comprehensive value for the company and its stakeholders.

A new vision for development. Responding to the Chinese government's vision of achieving “innovative, balanced, green, open and shared development” while “deepening transformative reform and running a disciplined Party”, BoCom focused its attention on three priorities: Risk management, IRD management, and cost management. We did this to secure steady growth and profits, to maintain assets quality and to make progress in the field of crime prevention. In 2017, the bank supported efforts to open new markets and to promote economic globalization. In doing this we supported economic growth and advanced our efforts in industrialization IT application, urbanization and agricultural modernization to make China a competitive manufacturing player while transforming and upgrading the service sector. In 2017, BoCom was ranked at 171st on Fortune 500 list by *Fortune magazine (U.S.)* and 11th on Top 1000 World Banks list (up two places from 2016) by *The Banker (U.K.)*.

Improving people's lives. In 2017, BoCom facilitated the flow of financial resources to micro- and small enterprises by drawing financial resources from the private sector, the business community and individuals. We leveraged our financial resources to support science, education, culture, health, and consumers. This sector-wide approach ensured that people had better access to childcare, education, employment, medical services, elderly care, housing, and social assistance. We also intensified our approach to poverty alleviation to ensure that all the people benefit from our growth. Our new financial products and services have raised the level of service that the bank offers. In 2017,

BoCom reached No.1 bank by the number of outlets on the Top 100 Model Outlets list with 20 awarded branches by China Banking Association.

Harmony between man and nature. BoCom embraces green finance and the allocation of resources that contribute to making energy-intensive, highly-polluting and overcapacity industries greener. We believe this will facilitate new energy and green industry growth and mitigate future risks. BoCom initiated information exchanges with domestic and international peers on green finance, and emphasized the importance of energy savings and emissions reduction initiatives. We also encouraged employees to take part in environmental projects.

Over the past 110 years, BoCom has been a pioneer of responsibility and innovation. Entrepreneurship, responsibility, and innovation are a central part of how we operate and how we fulfill social responsibility and socialism with Chinese characteristics. We will continue to build a prosperous society to achieve the Chinese Dream of national rejuvenation.

Corporate culture

Corporate mission

Create shared value

Corporate vision

Build the best wealth management bank in China

BoCom spirit

Entrepreneurship, responsibility, and innovation

Business philosophy

One BoCom, One Customer

Development Strategy

Become a top listed wealth management banking group with a global presence and diversified business

Slogan

A century of BoCom, your wealth management bank

1 About BoCom

1.1 Company profile

BoCom is a large state-owned banking group and one of China's major financial services providers. It offers commercial banking, securities, trusts, financial leasing, fund management, insurance, and offshore financial services. On 31 Dec, 2017, BoCom had 235 branches in mainland China, including 30 provincial branches, 7 branches under the direct supervision of the head office, and 198 branches under the supervision of provincial branches. In addition, it had 3,270 outlets in 239 cities at or above the prefecture level and 158 counties or county-level cities. BoCom has 21 representative offices and branches and 65 outlets (excluding representative offices) outside the mainland China, covering 16 countries and regions. Its wholly owned subsidiaries include the Bank of Communications Financial Leasing Co., Ltd., China BoCom Insurance Co., Ltd. and BoCom International Global Investment Limited. BoCom also has a controlling stake in the following subsidiaries: the Bank of Communications Schroder Fund Management Co., Ltd., The Bank of Communications International Trust Co., Ltd., BoCom Life Insurance Co., Ltd., BoCom International Holdings Co., Ltd. (3329.HK), Dayi BoCom Xingmin Rural Bank Co., Ltd., Anji BoCom Rural Bank Co., Ltd., Shihezi BoCom Rural Bank Co., Ltd., and Laoshan BoCom Rural Bank Co., Ltd. BoCom is the largest shareholder in the Changshu Rural Commercial Bank Co., Ltd. (601128.SH), one of the largest shareholders of the Bank of Tibet, and a strategic investor in the Bank of Hainan.

In 2017, BoCom was listed 171 (by revenue) on the Fortune Global 500, the ninth straight year on the list. The bank also ranked 11th on *The Banker's* list of the Top 1000 World Banks, in Tier-1 capital, making it a top-20 ranked bank for the fourth time.

【Chart】 BoCom's development trajectory

1908: Founded in the 34th year of Emperor Guangxu's reign in the Qing Dynasty (1908), BoCom is one of the oldest banks in China. As a note-issuing bank it played an instrumental role in the modern history of Chinese financial industry.

1958: Mainland operations are incorporated into the local People's Bank and the

People's Construction Bank of China; BoCom's Hong Kong branch continues to operate independently.

1986: State Council approves the decision to reorganize BoCom.

1987: On 1 April, newly reorganized BoCom Shanghai officially opens for business as China's first joint-stock commercial bank.

2004: State Council approves the *General Plan of BoCom on Deepening Shareholding Reform*; first of the five major state-owned banks of China to complete financial restructuring by offering additional shares and disposal of NPLs; first to introduce a foreign strategic investor – HSBC.

2005: BoCom lists on Hong Kong Stock Exchange becoming the first commercial bank to be publicly listed outside mainland China.

2007: Bank lists on the Shanghai Stock Exchange.

2015: The State Council approves the *BoCom's Deepening Reform plan*; BoCom pushes forward its triple reform process – explores new mechanism of corporate governance for large state-owned commercial banks, and reforms internal operation mechanisms; also advances transformation and innovation to its business model.

2017: Initial reforms positively impact BoCom; impetus for transformation is gathered and core indicator performance improves.

1.2 Key performance

【Chart】

		2015	2016	2017
Economic	Total assets (RMB 100 million)	71,553.62	84,031.66	90,382.54
	Total loans (RMB 100 million)	37,220.06	41,029.59	44,569.14
	Net profits (RMB 100 million)	665.28	672.10	702.23
	Taxes (RMB 100 million)	337.71	331.57	297.95
	Dividends (RMB 100 million)	200.51	201.62	212.09
	Dividend per share (RMB)	0.27	0.2715	0.2856
	Return on average assets	1.00%	0.87%	0.81%
	Return on average equity	13.43%	12.18%	11.44%
	Impaired loan ratio	1.51%	1.52%	1.50%
	Provision coverage	155.57%	150.50%	153.08%

	Capital adequacy	13.49%	14.02%	14.00%
	Tier-1 capital adequacy	11.46%	12.16%	11.86%
	Core Tier-1 capital adequacy	11.14%	11.00%	10.79%
	Total assets of branches outside mainland China (RMB 100 million)	7,012.31	8,559.14	9,646.70
	Total profits from branches outside mainland China (RMB 100 million)	40.93	53.50	51.24
	Total assets of 6 controlled non-bank subsidiaries (RMB 100 million)	1,725.78	2,156.81	2,704.86
	Total profits of 6 controlled non-bank subsidiaries (RMB 100 million)	28.15	35.42	40.21
	Outstanding loans, central and western China (RMB 100 million)	10,031.51	11,053.40	12,018.36
	Outstanding loans, micro-, small- and mid-sized enterprises (RMB 100 million)	12,302.28	12,768.70	13,389.94
	Outstanding loans, agro-related (RMB 100 million)	5,992.7	6,247.68	6,536.18
	Low-income housing loans (RMB 100 million)	353.27	426.10	499.11
	Science, education, culture, and health loans (RMB 100 million)	717.31	805.97	818.12
	Personal loans (RMB 100 million)	9,933.19	11,861.87	14,098.82
	Customer satisfaction score (J.D. Power)	837	846	848
	Number of product innovation plans implemented	107	95	73
	Share of successful transactions made through the UnionPay interbank trading system	99.99%	99.99%	99.99%
	Number of outlets in the mainland China	3,141	3,285	3,270
	Number of outlets ranked among Top 100 Model Outlets	20	—	20
Environmental	Share of green loan customers	99.64%	99.66%	99.76%
	Share of outstanding green loans	99.79%	99.84%	99.94%
	Share of loans to heavily polluting, energy-intensive, and overcapacity industries	1.83%	4.90%	4.20%
	Outstanding loans to energy saving	2,047.95	2,411.99	2,771.08

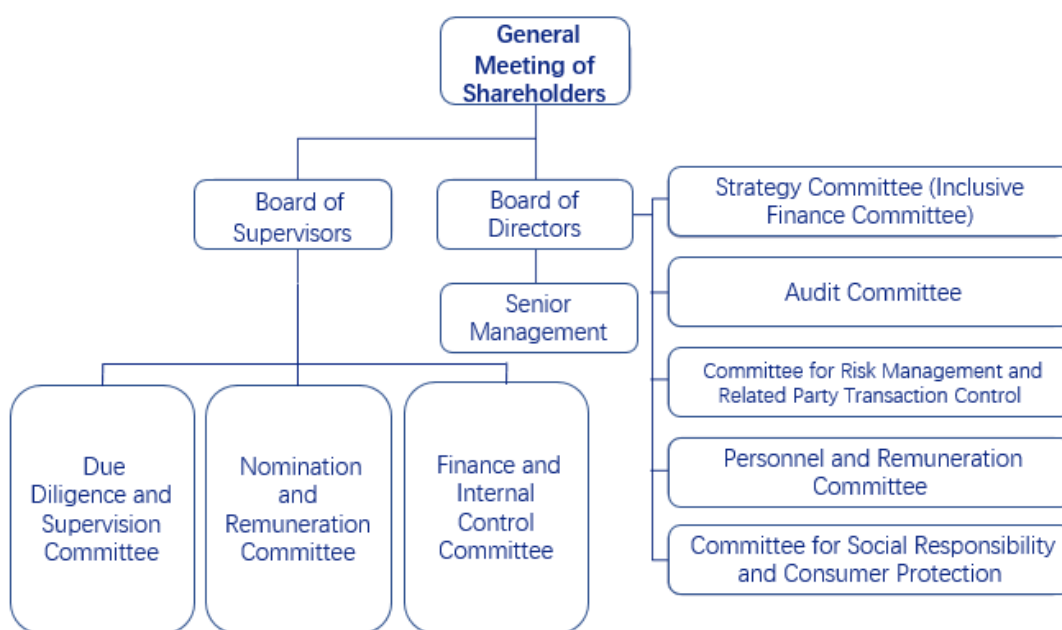
	and emissions reduction (RMB 100 million)			
	E-banking business share	88.13%	91.42%	94.54%
	Head office water use (10,000 tons)	30.5	37.10	33.20
	Head office electricity use (10,000 kWh)	8,558.05	10,187.95	10,228.10
	Head office gas use (10,000 m ³)	132.24	161.60	126.25
	Head office paper use (tons)	35.78	43.03	38.06
	Head office carbon emissions (tons of CO ₂ e)	70,294.42	83,772.48	83,324.72
	Bank-wide video conferences	6,072	6,954	7,342
	Data center PUE	1.76	1.68	1.76
Social	SCVPS (RMB)	3.86	3.77	4.25
	Employees (domestic and international)	91,468	92,556	91,240
	Females, middle and senior management	2,474	2,512	2,678
	Ethnic minorities	3,658	3,832	3,976
	Charitable donations made (RMB 10000)	2,448.13	2,583.33	2,591.22
	Poverty reduction donations (RMB 10000)	1,097.49	1,777.74	2,051.29
	Employee happiness index	66.09	68.93	71.81

1.3 Corporate governance

BoCom meets all of its regulatory requirements and implements measures to improve the architecture of its corporate governance structure. In 2017, the bank revised its Articles of Association which define the legal status of Party organizations. BoCom is responsible for overseeing the rights and responsibilities of the Party and how it makes decisions and how it supervises the banks governance mechanism. The governance mechanism focuses on the “core of the Party committee leadership, the strategic decision-making by Board of Directors, the business operations of senior management, and the supervision of the Board of Supervisors”. 17 members make up the 8th Board of Directors. They include 3 executive directors, 8 non-executive directors, and 6 independent non-executive directors. More than one-third of Board members are independent directors. The 8th Board of Supervisors currently has 13 members, including a

chairman, 5 shareholder supervisors, 3 external supervisors, and 4 employee supervisors. 4 of the supervisors are female. During the 2017 reporting period, the bank revised the following: *The Rules of Procedure for the General Meeting of Shareholders*, *the Regulations on Work of Independent Directors*, and *the Measures for Managing Information Disclosure*. It also formulated *the Comprehensive Risk Management Policy* and *the Measures for Managing the Postponement of and Exemption from Information Disclosure*.

【Chart】 BoCom Governance Structure



BoCom is committed to be the “best bank for all investors and capital markets”. It plans to achieve this by serving its shareholders, adhering to its profit distribution policy, and paying investors cash dividends. In 2017, BoCom paid RMB 22.83 billion in common and preferred stock dividends to investors.

Financial security remains a priority for all BoCom management teams. In 2017, how the bank manages risk and anti-corruption was a viewed as a priority by the leadership team which also implemented measures to eliminate all forms of fraud and money-laundering.

【Chart】

Risk management

- Improve the comprehensive risk management system by focusing on “comprehensive, process controls, accountability and developing a risk mitigation culture”. The Board of Directors is the top decision-making body at BoCom and has responsibility for all aspects of risk management, while the Committee for Risk Management and Related Party Transaction Control under the Board is responsible for understanding the bank’s risk profile. Risk management committees at the senior management level adhere to a “1 + 3 + 2” framework. This means the Comprehensive Risk Management Committee is responsible for managing risks across the bank’s operations in accordance with the risk management plans and risk appetite framework devised by the Board of Directors. Under the Comprehensive Risk Management Committee, there are three specialized committees: The Credit Risk Committee, the Market and Liquidity Risk Committee, and the Operational Risk and Compliance (Anti-Money Laundering) Committee. There are also two review committees: The Ascertainment of Loan/Examination of Non-Loan Review Committee and the Risk Asset Review Committee. Practical risk management committees also exist at the branch and subsidiary levels to ensure efficient and professional decision making.
- Formulate and revise policies and regulations. This include *the Opinions on Further Strengthening the Prevention and Control of Financial Risks* and *the BoCom Policy on Comprehensive Risk Management*. These policies form part of the bank’s comprehensive risk management policy system.
- Set 20 risk limits. BoCom regularly monitors eight risk categories: Credit, liquidity, market, operational, IT, interest rates, country-specific, and reputation risks.
- Establish a multi-tiered risk management training system to heighten employees’ risk awareness.

Anti-corruption and anti-commercial bribery

- Improve the bank’s integrity system by issuing signed liability statements by leaders at all levels.
- Develop special work plans and identify and solve problems related to the granting of

loans for personal gain, large-scale centralized purchases, falsified information on renovation expenditure in capital construction projects, and the illegal running of businesses by employees.

- Launch the “Long Sword 2017” campaign. During the 2017 reporting period, x corruption activities accounting for RMB 27.22 million in losses and involving 365 bank employees were discovered and investigated.
- Organize ethics and crime prevention workshops; visit the homes of employees to foster a culture of togetherness and integrity.

Anti-fraud and anti-laundering

- Improve the internal fraud and money-laundering control system by formulating the *Regulations on Reporting of Large and Suspicious Transactions* and revise the *Regulations on Work of the Board of Directors Committee for Risk Management and Related Party Transaction Control*.
- Encourage the reporting of large and suspicious transactions and improve the quality of BoCom’s reports; assist the police in its efforts to solve cases.
- Perform due diligence on tax-related information, identify holders of non-resident accounts, and assist authorities that are cracking down on cross-border tax evasion.
- Intensify risk prevention across the bank’s operations but in particular on phone fraud, illegal fundraising, and pyramid scams. Increase public awareness on money laundering by posting electronic posters, screening education films, and organizing quiz competitions.
- At the end of the 2017, early warnings were issued to 1,851 financial transactions, 92.9% (1,721) of which were checked, and 4,514 transactions related to corporate lending rules for 1,507 clients were issued early warnings, 88.7%, (1,337) of which were checked. Fighting bank-related crimes ensures the financial safety and security of our clients and the country.

Note: See *the Bank of Communications 2017 Annual Report* for more detailed information on corporate governance.

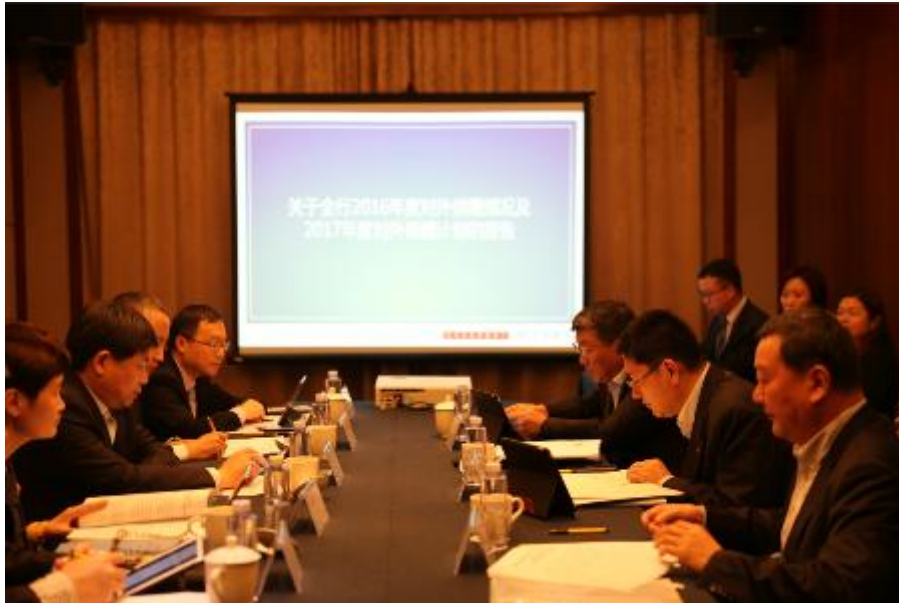
2 Managing responsibility

BoCom uses a comprehensive CSR management system. Corporate social responsibility is embedded in its development strategy, operations and management practices. The bank fulfills its social responsibility objectives in a way that contributes to the sustainable development of the Chinese economy and society.

Declaration of responsibility: Achieve more through harmony and credibility and grow with society.

Vision: Fulfill the responsibilities of a modern corporate citizen while meeting the expectations of our shareholders, customers, employees, and all other stakeholders to be a global CSR leader.

BoCom has a Committee for Social Responsibility and Consumer Protection under its Board of Directors. The Committee is authorized by the Board of Directors and operates in accordance with the *Regulations on Work of the Board of Directors Committee for Social Responsibility and Consumer Protection*. The Committee is responsible for the bank's CSR strategy and for reviewing the strategies, policies and objectives for consumer protection. All donations must be approved by the Committee to protect the rights and interests of all stakeholders. In 2017, the Committee reviewed the annual work report and operational plan, the annual CSR report, the operational plan and donation report, the green credit report, the consumer protection report, the five-year plan for building a Happy BoCom, and the annual Happy BoCom progress report. Throughout the review process Committee members suggest how to improve the bank's CSR and consumer protection practices and how to embed comprehensive responsibility plans.



Members of the Committee for Social Responsibility and Consumer Protection

【Chart】

SCVPS: RMB 4.25, a year-on-year growth of 12.73%

In 2017, BoCom held a two-day CSR training workshop for 40 senior managers responsible for the CSR practices at subsidiaries and branches under the supervision of provincial branches. The workshop focused how to incorporate CSR practices into the day-to-day operations of the organizations and how to help improve the competence of CSR managers.

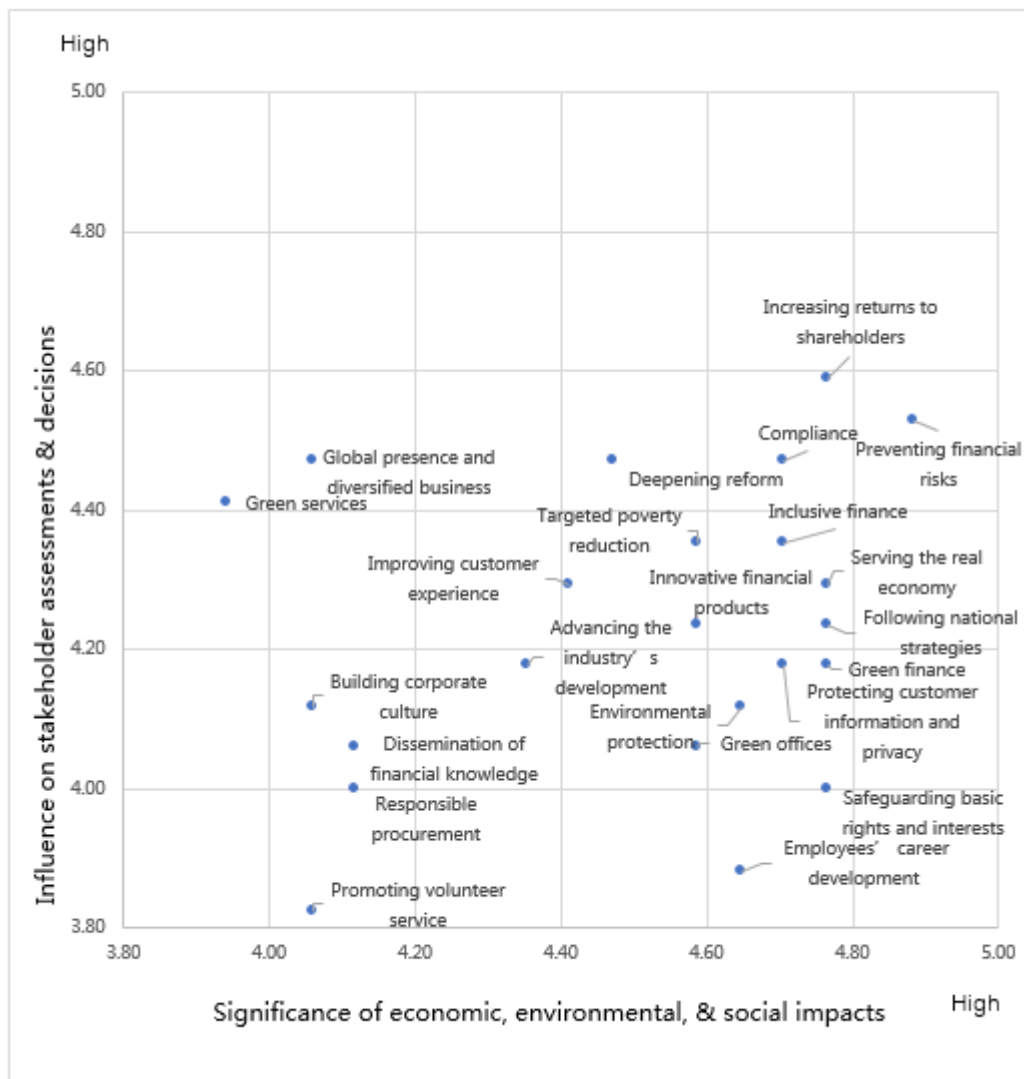


CSR training workshop

Materiality analysis

In 2017, BoCom started defining material issues proposed in the *GRI Sustainability Reporting Standards 2016*. The materiality approach helps BoCom identify and rank the issues that are most material to the bank's economic, environmental and social impact from the perspectives of its stakeholders. This approach positively influenced how the bank defines, manages and discloses important stakeholder issues.

【Chart】 Materiality analysis result of BoCom in 2017



Stakeholder engagement

Stakeholder	Specific	Primary concern	Source of information	Response
Customers	Current and prospective	Convenient, efficient, and quality financial	Customer satisfaction survey, product promotion, customer	Provide efficient, quality services, and innovative financial

		services	service hotline, various customer activities	products for greater customer satisfaction; fulfill obligations to protect customer interests and information.
Shareholders	Own bank shares	Good return on investment; fair, impartial, transparent, and timely information disclosure	General meetings, investor activities, investor hotline, e-mail and fax, and company announcements	Efficient operations, good business performance, and effective investor relations for maximum value for investors.
Government	Governments at all levels; PBOC and its branches, CBRC, CSRC and their agencies; administrative agencies for commerce and tax at all levels	Maintain stability of financial system, help develop the national economy, and improve people's well-being	Policy directives, work reports, day-to-day communications, etc.	Compliance management, standard operations, active implementation of China's economic policies, support for agriculture, rural areas, and farmers, micro-, small, and mid-sized companies and the development of central and western China, etc.
Employees	Bank staff, regardless of position or duration	Stable employment, proper benefits, satisfactory working conditions, and growth opportunities	Workers Congress, staff opinion solicitation, staff studies, counseling sessions, etc.	Protect employee rights and interests, and grow together to increase employee satisfaction
Environment	The areas where the bank does its business and other affected areas	Pay close attention to climate change, support low-carbon economy, help build a more conservation-minded society	Information disclosure, related activities, pricing strategies, etc.	Promote green credit, e-banking, green operations, green procurement, and green activities.
Communities	General public	Social harmony	Financial service	Engage in charitable

	and institutions of areas where the bank does business and other affected areas	and improved well-being	activities, public interest activities, etc.	activities, organize volunteer activities, and disseminate financial information.
Partners	Suppliers and other institutions doing business with the bank	Honesty, mutual benefit, and fair procurement	Invitations to bid, business exchanges, various forms of cooperation, etc.	Adhere to the principle of integrity, mutual benefit, and consultation on an equal footing; centralize procurement; develop long-term partnerships.
Social organizations	Industry (e.g. CBA), nonprofits (e.g. environmental or public interest)	Boost development of the industry as well as social harmony	Information disclosure—various related activities	Cooperation with related parties in accordance with the bank's CSR strategy.

Honors

Category	Honor	Granted by
General	171 st on Fortune 500 list	<i>Fortune</i> magazine (U.S.)
	11 th on Top 1000 World Banks list (up two places from 2016)	<i>The Banker</i> (U.K.)
	Best Wealth Management Bank of the Year	<i>Financial Times</i>
	Most Influential Bank Brand of the Year, Outstanding Bank of the Year by Credit Card	Wallstreetcn.com
	Outstanding State-owned Commercial Bank of the Year	<i>The Economic Observer</i>
	State-owned Commercial Bank of the Year with Outstanding Competitiveness, Wealth Management Bank of the Year with Outstanding Competitiveness	<i>China Business Journal</i>
	Best Universal Bank of the Year, Best Custodian Bank of the Year	Eastmoney.com
	SynTaoGF-Caixin ESG 50 Index	Caixin Media
	Top 100 Companies of Shanghai – No.1 in the	Shanghai Enterprise

	Service Sector	Confederation
Economic	Best Transaction Bank for Supply Chain Finance	<i>Asiamoney</i>
	China Financial Innovation Award, Top 10 Financial Products, To 10 Innovations in Wealth Management	<i>The Chinese Banker</i>
	Best retail bank in China by customer satisfaction	J.D. Power (China Retail Banking Satisfaction Study)
	No.1 bank by the number of outlets on the Top 100 Model Outlets list	China Banking Association
	11 th Golden Cicada Awards – Wealth Management Bank of the Year	<i>China Times</i>
	8 th Financial Awards Selection – Outstanding Wealth Management Brand of the Year, Outstanding Private Banking of the Year	<i>Shanghai Securities News</i>
	Best Bank of the Year by Wealth Management, Best Bank of the Year by Investment Value	Sina
	Trustworthy Bank of the Year	JRJ.com
	Outstanding Financial Institution of the Year, User-trusted Banking Brand of the Year	Hexun.com
	CCTM 2017 China Treasury Awards – Best Treasury Management Bank	Treasurychina.com
	Most Trusted Financial Institution by Smart Business, Best Innovation in Cash Management	<i>CFO World</i>
Environmental	Best Green Financial Institution	CBN
	2017 Lujiazui CSR Awards – Environmental Practices	Lujiazui Financial City
Social	Most Socially Responsible Financial Institution	China Banking Association
	Finance Against Poverty Innovation Award	Finance.sina.com.cn
	3 rd China (Shanghai) Corporate Social Responsibility Summit of Listed Companies – Finance Against Poverty Award	Listed Companies Association of Shanghai

3 CSR highlights I: Strengthening the Party, and growing sustainably

Responding to sustainable development trends: The 19th CPC National Congress highlighted the need to uphold and improve Party leadership and to make the Party stronger. The Party suggested we prioritize the political work of the Party and exercise strict governance over its function and role. In 2017, BoCom took practical steps to strengthen and grow the Party and implement strict governance measures over its operations and development.



SDGs:

Our actions: Law-based Party governance; fighting corruption and bribery

BoCom is strategically positioned to reform its development model. The bank plans to do this by strengthening key performance indicators and leveraging its competitive advantages, and by exploring new growth opportunities that improve business efficiency in accordance with the bank's overall strategy. By continuing to strengthen the Party while also exercising strict governance over how it functions, BoCom intends to build a strong foundation for reform and development. This will ensure a benign political ecology and enhance the competitiveness of the bank. It will also help deepen reforms and transform the BoCom development model to better serve the real economy and national growth.

Innovation is a boon to organizational growth and team building. BoCom must draw on primary-level Party organizations and the exemplary role of Party members in a way that stimulates the motivation and influence of Party members to be role models who are proficient in their specialty at work and willing to promote the development of all departments and the bank.

Peng Chun, the Chairman of BoCom

As a century-old large financial institution and the first state-owned joint-stock commercial bank in China, BoCom understands its political responsibility. It provides

strict governance over Party members while fulfilling its economic and social responsibility. The bank invests time and energy to strengthening Party discipline and is committed to fighting against corruption. BoCom has cultivated a political atmosphere in which Party members dare not be corrupt, are unable to be corrupt, and have no desire to commit corruption.

【Chart】BoCom has established three mechanisms for a benign political atmosphere

- **Strengthen deterrence and establish a corporate punishment mechanism that prevents corruption.** Strictly exercise Party discipline and law; show no tolerance for corruption; stand firm against corruption; and press ahead with Party-building and anti-corruption.
- **Strengthen the valve of institutions and establish a preventive mechanism to prevent corruption.** Clarify the institutional red-line; strengthen the construction of business and management systems; address corruption that occurs on people's doorsteps; resolutely deter corruption.
- **Nurture a bank-wide anti-corruption culture and establish a self-discipline mechanism that prevents any desire to commit corruption.** Establish a moral baseline for all bank employees; Facilitate a culture of responsibility and innovation; ensure integrity from all Party members.

● **Implementing the 19th CPC National Congress guidelines to promote sustainable development in financial work**

Finance is both a competitive national advantage and a key part of national security. It is also a fundamental driver of economic and social development. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, BoCom understands the principles of the Central Economic Work Conference and the Central Financial Work Conference are an important part of how the bank can exercise governance over Party members. The bank provides strong political assurance to all ongoing reform and transformation efforts focusing on three core areas of work that ensures stable financial operations: serve the real economy preventing financial risks and deepening financial

reforms, and.

【Chart】 Understanding the principles of the 19th CPC National Congress through diverse channels.

- Developed and implemented the Plan of BoCom Party Committee for Studying and Following the Guidelines of the 19th CPC National Congress.
- Organized bank-wide a reform and development seminar and held three training programs for primary-level Party secretaries.
- Established *the BoCom Party-Building Newsletter* and the “BoCom Party-Building” WeChat account.
- Strengthened online and offline training seminars of the Party school.



The Party committee of BoCom convened a democratic life meeting



8 May 2017, a thematic seminar for principals of department affiliated to BoCom was hold

in Jiangxi Cadres Academy. Niu Ximing, the Secretary of the Party committee and the Chairman of BoCom at the time, delivered the first lecture

- **Embedding Party-building into business operations and management**

Party leadership and advancing practical reforms. BoCom has reformed all of its business operations over the past two years including its internal operating mechanism and its business model.

Utilizing the Party Committee and exploring a corporate governance mechanism with Chinese characteristics. BoCom clearly defines the legal status of Party organizations in its corporate governance system. The system outlines the Party's duties and its decision-making, implementation and oversight protocols. The bank uses a corporate governance mechanism with Chinese characteristics and has incorporated Party-building into the Articles of Association. 97.39% of shareholders voted in favor of this at the general meeting. The BoCom Party Committee helps chart the overall direction of the bank, drafting plans and ensuring the implementation of its decisions.

Maintaining Party supervision over officials and establishing a professional manager system. BoCom is guided by input from both Party supervision officials and unpredictable market conditions and uses the "1+3+1" evaluation system which comprises a comprehensive competitiveness evaluation, an internal control evaluation, a service evaluation system and an employee happiness index. The bank also uses a selection and dismissal system for professional managers.



the signing ceremony of the target responsibility document for the prevention and control of Party conduct and clean government of BoCom 2017 is held in Shanghai. Song Shuguang, the deputy party secretary of the Party committee and Chairman of the BoCom Board of Supervisors, signed the letter of responsibility with Li Xiaomin from the Training Center and Fanjun from Office of the board of supervisors.



employees attended professional examination to be qualified as the deputy of the retail business of provincial branch

● **Extending primary-level Party-building and ensuring strict Party self-governance**

BoCom's strict Party self-governance system applies to all levels of the bank including the primary-level, wherein responsibility is consolidated in the Party governance system. The bank complies with Party leadership across all aspects of its work.

In 2017, BoCom issued its *Opinions on Implementing the Strict Party Self-governance Strategy* and promoted the implementation of the Strict Party Self-governance Strategy which subscribes to the “one main line, two main causes, three systems, four teams and five aspects” approach. BoCom strengthened 3,672 Party organizations and 43,455 Party members in 2017.

【Chart】 The Strict Party Self-governance Strategy — “one main line, two main causes, three systems, four teams and five aspects”

- **One main line : Embed strict Party self-governance into all aspects of work:** Continuously maintain political integrity, think about big-picture issues and follow core leadership; deepen the institutionalization and normalization of “study on the theoretical and practical issues of party-building”, and adhere to the strict combination of strict management of the party and strict management of the bank.
- **Two main causes: Party-building and reform and development:** Carry out intraparty political activities, impose strict Party discipline, strengthen public awareness activities, utilize the exemplary role of leaders and cadres, and make intraparty activities more politically oriented, up-to-date, principled, and effective; press ahead with reform and transformation initiatives, implement central economic and financial policies, support supply-side structural reform, actively align with national strategies and key projects, and support the real economy through different channels.
- **Three systems: Party leadership, organization and institutions:** Establish and improve the democratic centralism system, implement a division of labor responsibility system that falls under the banner of collective leadership, and observe “collective leadership, democratic centralism and meeting-based decision-making”; expand Party organizations, strengthen Party-building in overseas institutions, manage Party members according to unified standards, and strengthen full-time and part-time Party work teams; establish a Party-building work system that places Party leadership at its core, guarantees Party-building institutions, and facilitate a Party

secretary responsibility list as a benchmark for implementation.

- **Four teams: Party secretaries, cadres, Party members and employees:** Select Party secretaries at all levels of the company, strengthen the guidance procedures, opinions and methods throughout the key stages of development; craft strategies, lead teams properly, and advance key work; utilize the role of Party committees in the selection of cadres, prioritize political requirements, and strengthen how to evaluate political quality; fully understand the Party Constitution and the two codes of conduct and four Party regulations, and strengthen internal oversight, integrity and self-discipline; strengthen education and professional skills training, identify, use and cultivate highly skilled talents, build platforms for employee growth and development, and establish a democratic management system based on the workers' congress.
- **Five aspects: Corporate governance, supervision, compliance, talent and culture systems:** Explore new approaches of combining Party leadership and corporate governance, and integrate Party leadership into all aspects of corporate governance; ensure all Party committees take responsibility for improving Party conduct and uphold the integrity and supervision of the discipline committees; strengthen the accountability system, be principled, and prevent risks, combat corruption and oppose formalism, bureaucracy, hedonism, and extravagance; improve the risk management system, the internal control system and the accountability system; enhance the bank's culture for risk mitigation, implement regulatory requirements for rectification, and improve the internal compliance evaluation system; establish a Party governance system that oversees talent, implement the Opinions on Building Professional Talent Teams and the Plan for the Building of Professional Talent Teams during the 13th Five-Year Plan Period, deepen reform and innovation of the education and training system, and improve all professional competencies; advance a culture of risk mitigation, an innovation culture, a service culture, an integrity culture, and improve the soft power.



A Party knowledge contest held by Zhuhai Branch of BoCom in Guangdong

In 2017, the bank's Party self-governance strategy and practices were covered by national media including the *People's Daily*. BoCom also accepted an invitation from the China Executive Leadership Academy to participate in a training program aimed at improving Party-building in state-owned enterprises.

【Chart】 BoCom ensures strict Party self-governance at all levels

The Head Office Party Committee set up the Party-building leading group to coordinate the work of the Party within the bank. Niu Ximing, the Party Secretary of the Party committee and Chairman of BoCom at the time, and Peng Chun, the Deputy Party Secretary of the Party committee and President of BoCom at the time, took the lead and gave lectures, participated in field trips to basic-level institutions and liaison points for inspection and guidance. Niu Ximing compiled the *Innovation and Transcendence: Reform and Transformation of Large Commercial Banks in the New Normal*, which offers insight into how to reform Party-led commercial banks and focuses on Party self-governance. BoCom is committed to improving its responsibility system. At present the bank's Party Secretary has the responsibility for all procedures while executives have a wide-range of responsibilities. Party committees are responsible for the implementation of all responsibility initiatives, and department heads have a dual responsibility. Party committee secretaries are responsible for Party-building, and Party branch secretaries also have dual responsibility.

Develop Party secretary responsibility lists and improve the Party evaluation system. BoCom refined 52 responsibilities for its Party secretaries at institutions under

the Head Office, and 32 responsibilities for primary-level Party secretaries. The bank also embedded Party-building into its business performance evaluation system. The Head Office Party Committee is responsible for overseeing the teams that inspected the Party's code of conduct in 51 institutions under the Head Office. All Party secretaries must submit duty reports to strengthen the Party.

Improving Party-building at the primary level. BoCom improves Party-building at primary-level business units and project teams by strengthening Party member team building activities and establishing a joint meeting system for overseas institutions. The bank implements basic systems that include the Party branch general meetings, meetings of Party branch committees, Party group meetings, Party lectures, organizational activity meetings, and democratic evaluations of Party members. It also ensures organizational activities are regularized. BoCom has strengthened training and guidance programs for Party secretaries and Party workers to reinforce the construction of primary-level Party-building fronts.



Party branch of Taiyuanchengbei branch of BoCom organized democratic review of Party members in Studies on the theoretical and practical issues of party building



6th Party branch of Changzhou branch in Jiangsu of BoCom convened a democratic life meeting

Bearing in mind the importance of the Party-building work, BoCom is committed to strengthening Party leadership. The bank continues to play its role as a trusted force for both the Party and the government. The bank acts in accordance with the decisions of the CPC Central Committee and is committed to defining objectives and strategies that strengthen the Party. BoCom will combine Party-building with its core strategic objectives by pinpointing its reform and development agenda, and will establish robust policies that guarantees sustainable development.

4 CSR highlights II: Supporting the fight against poverty

Responding to sustainable development trends: The 19th CPC National Congress proposed to intensify its poverty alleviation efforts to give people a greater sense of fulfillment in their daily lives. BoCom promotes well-rounded human development and common prosperity for everyone, and carries out targeted poverty reduction efforts that support the battle against poverty.



Our actions: Poverty alleviation through finance, targeted poverty reductions, and donations.

BoCom adheres to the decisions of the 19th CPC National Congress and the guidelines of General Secretary Xi Jinping in the fight against poverty. The bank implemented the Decision of the State Council on Winning the Battle against Poverty and the Plan for Poverty Alleviation during the 13th Five-Year Plan Period, and created an annual poverty alleviation plan. The introduction of innovative poverty alleviation efforts that focus on key areas such as infrastructure construction, the development of distinctive industries, culture and education in poverty-stricken areas play an important role in BoCom’s operational plans. The bank is working to build capacity in poor areas and to help local residents develop skills and approaches that fight poverty.

In 2017, BoCom improved the operational framework of its poverty alleviation leading group, holding two focused meetings and developing a poverty alleviation plan. BoCom leaders visited impoverished areas and organized targeted poverty reduction projects in three counties (paired with the Head Office) and other impoverished areas (paired with provincial Branches). As a result, the bank published the “BoCom Fulfills Three Responsibilities by Promoting Targeted Poverty Reduction” in the *Poverty Alleviation Newsletter* of the State Council Leading Group Office of Poverty Alleviation and Development. Media from the *People’s Daily*, *Financial Times*, *xinhuanet.com*,

163.com and sina.com publicized the bank’s targeted poverty reduction efforts and wrote about BoCom’s poverty alleviation role model Wang Wenhua. BoCom was also named the “Most Socially Responsible Financial Institution” by China Banking Association in 2017 and granted the “Finance Against Poverty Innovation Award” by Finance.sina.com.cn.

【Chart】 Using finance to strengthen poverty reduction coordination

Policy guidance: BoCom issued its Opinions on Promoting Targeted Poverty Reduction through Finance and continued to focus on poverty reduction in 2017. It formulated its Guidelines on Industrial and Regional Policies and Credit Destinations in 2017 and the Outline of Credit and Risk Policies. BoCom supports infrastructure construction projects and is committed to helping develop distinctive industries. The bank is improving people’s livelihoods and contributing to ecological conservation in poverty-stricken regions. By extending its financial services to poor areas and developing services for SMEs, BoCom is improving the quality and efficiency of local operations and strengthening innovative credit-backed poverty alleviation efforts that support the country’s targeted poverty reduction projects.

Overall deployment: BoCom branches conducted targeted poverty reduction initiatives via financial services in accordance with its 2017 poverty alleviation work plan. The efforts support local leading enterprises and provide targeted assistance to registered poor households and people. The bank has also developed tailored financial solutions that help local governments, enterprises and poor farmers integrate resources and build capacity for sustainable development.

【Chart】

Outstanding loans, targeted poverty reduction through finance (including already out of poverty)	RMB 16.056 billion
personal loans for targeted poverty reduction	RMB 4.209 billion
Organized loans of targeted poverty reduction	RMB 5.072 billion

Number of people served by personal targeted poverty reduction loans	297,600
Number of people served by Organized targeted poverty reduction loans	53,700

Intensified poverty reduction efforts

During the reporting period, BoCom advanced the work of poverty alleviation through various measures such as strengthening organization and leadership, sending cadres and conducting inspections. The bank donated RMB 20.5129 million for poverty reduction through more than 120 projects and pushed forward related efforts in three poor counties designated by the State Council Leading Group Office of Poverty Alleviation and Development (Tianzhu County of Gansu, Litang County of Sichuan, and Hunyuan County of Shanxi). It also provided support for poor areas designated by municipal and provincial governments. According to the actual situation of poor counties and for the purpose of improving the production and living conditions of poor areas and increasing the income of poor households, the bank brought into play its advantages in finance, intensified efforts in poverty alleviation, increased the understanding, and ensured the leadership, guidance, measures and funds in this regard, achieving remarkable results in targeted poverty reduction.

【Chart】 BoCom’s poverty reduction mechanism

Leadership setting a positive example. BoCom’s leaders visit poverty-stricken areas and needy households to build a foundation for targeted poverty reduction projects and offer guidance on poverty alleviation plans.

Cultivating cadres to work on poverty alleviation. The bank views poverty alleviation initiatives as a platform for evaluating promising cadres. A number of cadres who are politically, physically and professionally competent are sent to poor areas to serve as “bellwethers” of poverty reduction.

Conducting inspections and implementing policies. BoCom evaluates how it identifies and selects poor households. The bank also evaluates targeted assistance and exit strategies and analyzes how funds are used in poor counties by visiting and investigating leaders, supervising stationed cadres, and assessing local branches. This

ensures local governments fulfill their primary poverty alleviation responsibilities and implement effective poverty alleviation policies and measures.

Conducting projects in accordance with local situations. BoCom uses its resources to help poor counties. It carries out poverty alleviation projects that take into account local conditions and implements targeted poverty alleviation policies with local features.

【Chart】

Donations for poverty reduction	RMB 20.5129 million
Poverty reduction projects	120+
Seconded cadres (first secretary incl.)	75

Poverty reduction in the three counties designated by the State Council

County	Population lifted out of poverty	Villages lifted out of poverty	Poverty reduction funds Form BoCom	Number of people lifted out of poverty
Tianzhu County of Gansu	8,677	19	RMB 3.34 million	392
Hunyuan County of Shanxi	11,300	25	RMB 2.9 million	142
Litang County of Sichuan	8,182	58	RMB 3 million	563



Peng Chun, the Deputy Secretary of the Party committee and the President of BoCom

at the time, presiding over a meeting of the poverty alleviation leading group



Niu Ximing, the Party Secretary of the Party committee and Chairman of BoCom at the time, along with Deputy Governor of Gansu Hao Yuan, visiting the greenhouse of the Chakouyi Village agricultural demonstration park in Tianzhu County



Song Shuguang, Deputy Party Secretary of BoCom and Chairman of the BoCom Board of Supervisors, inspecting the collective pasture project in Litang County



Yu Yali, member of BoCom Party Committee and Vice President of BoCom, visiting a retirement home in Hunyuan County

- **Innovative poverty reduction models**

Establishing poverty alleviation funds: BoCom has established targeted poverty alleviation funds that focus on urban infrastructure construction, energy conservation and environmental protection, underground pipe networks, transportation, water conservancy and tourism. The funds are used in regions such as Guizhou, Henan, Shaanxi and Xinjiang and represent the bank’s ongoing contribution to improving people’s lives, serving the real economy and winning the battle against poverty.

Case: BoCom International Trust scaling up poverty alleviation and development funds

In 2017, BoCom International Trust worked with branches in Xinjiang, Guizhou, and Guangxi to establish development funds that would support poverty reduction measures. By the end of 2017, RMB 12.4 billion had been given to poverty alleviation projects through its poverty alleviation fund trust scheme.

Promoting poverty alleviation through e-commerce: Rural e-commerce is an innovative way to target poverty reduction efforts. BoCom uses it to help poor households develop skills that increase their income through e-commerce businesses. The bank engages in initiatives that allow large e-commerce enterprises to support poor households interested in partnering with farmers’ cooperatives on e-commerce operations.

Case: BoCom building “Internet Plus” sales platform for poor counties

BoCom established an “Internet Plus” poverty alleviation platform. The platform links employees with initiatives in impoverished regions and enables staff to buy quality local products from specific counties through an online platform. By the end of 2017, RMB 210,000 of agricultural and sideline products had been purchased through the county’s e-commerce poverty reduction center platform. “Targeted poverty reduction” was also added to the Healthy BoCom app allowing employees to exchange health bonus points for local crafts from the poor counties.

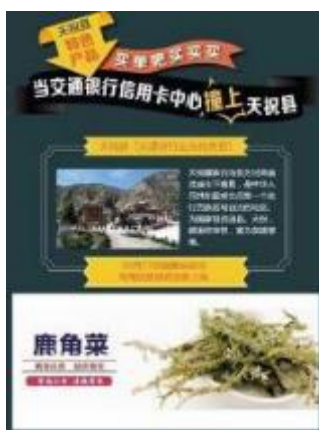


A screenshot of the “targeted poverty reduction” section on the Healthy BoCom app

BoCom introduced the Lecuntao rural e-commerce platform to Hunyuan County to promote the sale of local agricultural and sideline products. The bank contributed to the RMB 150,000 franchise fee for the project and Hunyuan County Beiyue Lecuntao E-commerce Co., Ltd. was established on June 1, 2017. At the end of 2017, 157 village-level experience stores were offering services to 98% of the towns in the county and cooperation agreements had been signed with village cooperatives in 15 towns. Total sales from the Lecuntao platform exceeded RMB 750,000. Both online and offline sales from the village-level experience stores totaled RMB 2.83 million. The platform indirectly benefited more than 300 people in need.

Case: BoCom’s app helping Tianzhu county take its first step into e-commerce

BoCom launched its Maidanba credit card app on National Poverty Reduction Day and helped Tianzhu county sell its specialties the outside world. Liu Yangliang, a cadre of BoCom and the temporary deputy head of Tianzhu County, offered valuable advice on how to improve the process for green channels and how to streamline approval procedures for merchants who wish to register on the app. Liu also shared his thoughts on how e-commerce and finance could reduce poverty. The new approach prioritizes merchants from impoverished areas in the approval procedures.



Specialties of Tianzhu County displayed on Maidanba app

Case: Helping Litang County establish physical and online “benevolence stores”

In 2017, Chen Xu, seconded from BoCom to Litang County to be the Deputy Party Secretary, shepherded the establishment of physical and online “benevolence stores” under the Litang County National Trade Company, which is owned by the people of Litang. The physical stores allow local residents to redeem commodities with bonus points obtained from work. The online stores are accessible on e-commerce platforms such as JD and Taobao, and a dedicated section for selling specialties items from Litang County is on the Pacific Card bonus point shopping center of the Maidanba app. A staff intranet system is underdevelopment and is expected to shift the current poverty alleviation model so that it

directly promotes growth and development.

Poverty reduction through the development of distinct industries: BoCom is developing local industries and products that cater to local market demands. The bank aims to stimulate and improve the skills of poor regional workers and increase annual income by cultivating bank-wide development-oriented concepts.

Case: Supporting collective pasture projects in Litang County

In 2017, BoCom donated RMB 500,000, RMB 480,000 and RMB 520,000 respectively to Gujun Village of Zhuosang Township, Lazha Village of Benge Township and Pucha No. 2 Village of Qudeng Township, Litang County. The donations were used to purchase yaks, cows, calves and equipment for collective pasture projects and are expected to increase per capita income in poor households by RMB 1,400 annually, lifting 593 people in 124 impoverished households out of poverty.

Poverty reduction through culture and education: BoCom is improving education systems in the most impoverished and needy regions by implementing initiatives that raise the standard of living and prevent the intergenerational transmission of poverty.

Case: Reducing poverty through education

In 2017, the Head Office of BoCom organized a “Walking for a College Dream” campaign for 25,669 employees. Participants walked close to one million kilometers over the course of the year, donating 43 million bonus points (about RMB 130,000) to support higher education for outstanding students in poor mountainous regions.

To inspire and support young people in impoverished regions and to develop their intellectual curiosity BoCom held youth summer camps in 2017. Fifty children participated in events in Changsha and Chengdu at the invitation of BoCom’s Hunan and Sichuan branches. The children toured historic sites, shared their thoughts on the future, climbed mountains, and visited banks during the one-week camp. The camp was an opportunity for students to experience the charm of Sichuan and the revolutionary spirit

on the Juzi Island.

In 2017, BoCom strengthened its cooperation with government departments in the three paired poor counties by supporting a range of investigations, projects, consultations and scoping visits. The efforts received critical acclaim from local governments and residents.



Silk banner of thankfulness from Gemu Township in Litang County



Silk banner of thankfulness from Tuofeng Township in Hunyuan County

【Chart】 2017 Highlighting poverty alleviation initiatives in provincial branches directly under the Head Office

Beijing branch supporting the development of agro-related enterprises. The Beijing branch of BoCom ramped up its lending to agro-related enterprises and granted loans worth more than RMB 4.6 billion to China National Agricultural Development

Group Co., Ltd., the China National Agricultural Means of Production Group Corporation and other enterprises in 2017. Total agro-related loans in 2017 were RMB 23.2 billion.

Shanghai branch financing infrastructure construction. In 2017, the Shanghai branch of BoCom spent RMB 50,000 to promote socialist core values and civility in Xingfu Village and about RMB 100,000 to build a 400-meter fitness path that improved the health of the villagers.

Anhui branch funding local pig raising project. The Anhui branch of BoCom has partnered on a pig raising project with a village in Hebei. The project received RMB 500,000 in local government funds and Anhui branch donated RMB 200,000 to the construction of infrastructure plans. To bolster the project, Guangdong Wens Foodstuff Group will provide boars, fodder and technology and buy the pigs in accordance with the operation plan.

Fujian branch supporting PV power generation project. The Fujian branch of BoCom gave RMB 250,000 to a PV power generation project in Yangbian Village, Shibi Town, Ninghua County, Sanming City.

Jiangxi branch providing targeted assistance through loans. By using its own products, the Jiangxi branch of BoCom reduced costs in targeted enterprises through the “Cai Yuan Tong” loan business and the granting of loans to enterprises in Xinyu, Jiujiang, Jingdezhen and elsewhere. The enterprises are from a range of sectors including chemical, building material and animal husbandry.

Henan branch reducing poverty through industrial development. The Henan branch of BoCom supports the development of the collective economy for the purpose of poverty reduction. The branch works with the provincial department of finance which applied for project funds of RMB 1.6 million in 2017 to develop family farms, purchase large agricultural machinery, build large warehouses, and grow high-oleic peanuts. The branch applied for funds of RMB 185,000 to expand cooperatives and develop high-efficiency agriculture.

Hubei branch supporting vegetable growing projects. The Hubei branch of BoCom donated RMB 450,000 to the fungus industrial park and the greenhouse vegetable base of

Huyan Village, Shinan Town, Tongcheng County, Xianning City. The branch's efforts increased the per capita disposal income of poor households to more than RMB 4,000 and brought additional revenue of RMB 20,000 to the village's collective sector.

Hunan branch helping reduce poverty in diverse forms. The Hunan branch of BoCom helped Jietan Village build tea plantations through the “cooperative + rural households” model, expanding the tea growing area by 465 *mu* over the past three years. A new tea processing plant and processing equipment were also purchased through the “cooperative + village collective” model which benefited 203 poverty-stricken households.

Shenzhen branch promoting the development of the collective sector. The Shenzhen branch of BoCom completed preliminary construction of a 20-*mu* tea base and the construction of a fish pond and chicken and duck cotes in the 50-*mu* growing and feeding base to support the development of the collective sector in Likeng Village. The branch invested RMB 900,000 in Zijin County Jingxing's grape cooperative which is expected to contribute RMB 135,000 to annual revenue for the village collective.

Sichuan branch supporting the development of distinctive industries. The Sichuan branch of BoCom invested RMB 300,000 in the Ebian Guangyi Kiwi Fruit Cooperative to support the growing of kiwi fruit in Dengfen Village, Maoping Town, Ebian County. The project uses “cooperative + poor households” model and is expected to raise land rent to RMB 840,000 (RMB 56,000-a-year) for the villagers, and add RMB 200,000 to the income of the poor households and other villagers working on the plantation.

Guizhou branch supporting transportation development. To support the development of transportation facilities in the province, the Guizhou branch of BoCom donated RMB 420 million to the Tongren-Yuping railway project and RMB 978 million to the Anshun-Liupanshui railway project. The branch also granted loans to the Luodian-Wangmo, Shuicheng-Weining, and Bilong expressway projects.

Yunnan branch taking diverse measures to reduce poverty. The Yunnan branch of BoCom donated RMB 450,000 to support industrial development in Labashan Village,

Zhonglu Township, Weixi County and subsidized potato farming and upland Chinese herbal medicines such as gastrodia elat— as well farmers engaging in ecological animal husbandry. The branch has also encouraged youth from poor households to study at technical schools to raise their living standards.

Xinjiang branch supporting infrastructure projects for poverty reduction and social stability. The Xinjiang branch of BoCom carried out branch poverty reduction projects that contribute to social stability in the region. The branch donated RMB 900,000 to a solar power road lamp project of Junzhureke Village, Jianggesi Township in Yumin County, and funds to a tap water facility project in Akeaireke Village and a flood control project in Saerkuobu Village, Saerkuobu Township, Zhaosu County.

As a large state-owned commercial bank, BoCom is focused on targeted poverty reduction projects. The bank steadfastly implements the plans of the 19th CPC National Congress and takes guidance from the advice it receives from General Secretary Xi Jinping on poverty reduction. BoCom is building regional capacity to ensure the development of local areas. The bank supports industrial development and is introducing innovative models of finance that fight poverty. This approach will help BoCom fulfill its political, economic and social responsibility as a large state-owned enterprise while also pushing targeted poverty reduction to a new level.

5 Serving economic development

Responding to sustainable development trends: The 19th CPC National Congress proposed a new vision for development that will deepen financial reforms and build a modern economic system. BoCom will continue to use its financial resources to develop all industries and promote the commercialization of scientific and technological achievements. The bank is also committed to boosting balanced regional development in both urban and rural areas and will use its financial expertise to help the Chinese government and Chinese enterprises engage in global economic governance platforms that build a broader community of shared interests.



Our actions: Respond to national strategies; support the real economy and intelligent manufacturing; implement the strategy of global and diverse operations; promote inter-bank cooperation; propel supply-side structural reform; steer investments towards certain industries/regions; serve healthcare, housing, education and other areas of livelihood with financial resources.

Our performance: Total assets: RMB 9,038.254 billion; Taxes: RMB 29.795billion; Total loans : RMB 4,456.914 billion.

5.1 Responding to national strategies

BoCom aligns its business operations with national strategies and supports the building of a modern economic system by strategically using its core financial advantages.

5.1.1 Making new ground by opening up on all fronts

BoCom is committed to serving national strategies such as the Going Global Initiative for Chinese enterprises and the Belt and Road Initiative. The BoCom Strategy “gives priority to efficiency and emphasizes the importance of scale.” It also concentrates on operations outside the Chinese mainland in Asia-Pacific and in Europe and America.

BoCom is expanding its multi-tier cross-border financial products and services system and making improvements to operations and services across borders, across industries and across markets.

- **Expanding the global network**

In 2017, BoCom optimized its overseas institutions network and accelerated the growth of its global financial service system. The bank took steps to build capacity in global resource operations and grow the level of services it offers.

By the end of the 2017 reporting period, BoCom had: Obtained approval for the Johannesburg branch from the CBRC, submitted application materials for the Prague branch to the Czech National Bank, and refined its application for the Toronto branch in accordance with local regulatory requirements. The bank also took steps to separate and prepare its operations in Hong Kong, and changed the name of its subsidiary in Brazil.

BoCom has set up 21 branches outside the Chinese mainland with 65 outlets in several countries and regions including Hong Kong, New York, Tokyo, Singapore, Seoul, Frankfurt, Macao, Ho Chi Minh City, San Francisco, Sydney, Taipei, Toronto, Brisbane, Luxemburg, London, Paris, Rome, and Rio de Janeiro.

Total assets for branches outside mainland China are RMB 964.67 billion, representing a year-on-year increase of 12.71%.

- **Serving the Belt and Road Initiative**

BoCom has responded to the diverse needs of governments and enterprises in the countries along the Belt and Road by providing infrastructure, foreign trade, and cross-border finance services. The bank uses a key project pool system to track project progress along the Belt and Road and to review how credit is granted. The bank has enriched its project pool and has increased how it offers business support. At end of reporting period, the bank has been to more than a "The Belt and Road" project in 31 key areas of the loaned 414 billion 721 million yuan, accounting for the amount invested respectively and port waterway, water environment and public facilities, commerce and service industry park than the top three industries.

BoCom is focused on strengthening cooperation with peers along the Belt and Road. In 2017, it cooperated with 515 correspondent banks in 55 countries along the Belt and Road, opened 233 interbank cross-border RMB accounts for 60 banks in 15 countries, and signed 71 cooperation agreements with 62 banks in 20 countries.

Case: Beijing branch of BoCom easing the energy shortage in Pakistan

The CPHGC 2×660MW coal-fired power plant project co-funded by power suppliers of China and Pakistan is a key project of the Belt and Road and Going Global initiatives. The project alleviates pressure on the power supply in Pakistan and promotes local economic development; it is also a priority energy project of the China-Pakistan Economic Corridor. When completed, the plant will meet the power demands for four million households in Pakistan. As a participating bank, the Beijing branch of BoCom assisted the State Power Investment Corporation (SPIC) by arranging international syndicated loans of USD 1.496 billion.



Guangxi branch of BoCom handling the first RMB-KHR transaction as part of its

efforts to deepen financial cooperation with Cambodia and other ASEAN countries and support the Belt and Road Initiative. The picture shows the RMB-KHR inter-bank transaction launch ceremony.

- **Supporting the Going Global Initiative of Chinese enterprises**

BoCom is committed to examining the economic and industrial structure of its target markets and supports the international Going Global ambition of Chinese enterprises. The bank assists central SOEs and local key state-owned enterprises with overseas contracting projects and M&As and investments, and provides comprehensive financial services to large Chinese enterprises including State Grid Corporation of China, China National Petroleum Corporation, Sinopec Group, and Xuzhou Construction Machinery Group (XCMG).

【Chart】 Overseas institutions serving the global operation of Chinese enterprises

Frankfurt branch	Finalized working capital loans for the overseas enterprise of China Eastern Airlines for the purchase of jet fuel. Issued EUR-dominated bonds for a Beijing Enterprises Group Company Ltd subsidiary and organized a road show; finalized a bond subscription and an investment in the primary market.
Banco BBM S.A.	Provided business support for State Grid Brazil Holding S.A. and assisted in the financing and short-term financing bond issuance of its subsidiary. Developed USD hedging solutions for XCMG; provided USD-BRL currency exchange solutions for XCMG in cooperation with the China Development Bank; provided a receivable buyout limit of BRL 50 million to support competitiveness and sales expansion efforts.
London Branch	Engaged in syndicated loan operations in Europe, Africa and the Middle East; participated in syndicated loans of NMC Healthcare in the UAE, pre-export syndicated loans of Oman Oil, and advance financing of syndicated loans for KazMunayGas of Kazakhstan. Lead bank in syndicated loans of NMC Healthcare, elevating the bank's image in Europe, Africa and the Middle East.

- **Integrating domestic and international operations**

【Chart】 Supporting domestic and international integrated operations

- **Innovative cross-border financial services.** Participated in syndicated loan projects in countries along the Belt and Road and served financial needs of Chinese enterprises

engaging in major infrastructure projects.

- **Integrating global resources.** Supported the real economy, provided cross-border financial support to the global operations of Chinese enterprises, and promoted bank-enterprise cooperation.
- **Capitalizing on synergistic advantages.** Improved global services for key customers through the BoCom-HSBC “1+1” synergy mechanism, sought overseas business opportunities and promoted the implementation of overseas “1+1” projects.

● **Contributing to the development of FTZs**

Relying on its experience in diverse global operations, BoCom used its competitive advantages to pioneer financial reforms. In accordance with regulatory policies, the bank provided comprehensive financial services and solutions to customers in the Free Trade Zones (FTZs) to facilitate the development of the real economy. In 2017, BoCom helped develop FTZs and established 58 institutions in the FTZs, with three more under preparation.

【Chart】 Promoting innovative business in FTZs

Shanghai	Shanghai branch of BoCom saw an increase in free trade accounts and an expansion of FTU (free trade accounting unit) assets and launched its structural deposit business, winning wide recognition for its first agent free trade accounting operation in the FTZ. <i>The Chinese Banker</i> awarded the branch the “China Financial Innovation Award – Top 10 Financial Products: Corporate Banking”.
Tianjin	Tianjin branch of BoCom handled a number of aircraft mortgage operations.
Henan	Henan branch of BoCom carried out its first legal person overdraft and working capital loan in 2017, and its first cross-border trade service remittance, first personal cross-border remittance, and first off-shore settlement businesses in the FTZ.
Chongqing	Chongqing branch of BoCom was among the first branch-level financial institutions approved by FTZ. The branch was recognized as an “influential financial event of Chongqing from 1997 to 2017” for its handling of the first cross-border financing operation in Chongqing



Shanghai branch of BoCom recognized as “Partner of the Year” by Shanghai FTZ Authority

In 2017, BoCom participated in an innovation research project that focused on cross-border financial service models by Shanghai FTZ. The project was initiated by Shanghai Financial Association and was awarded “first prize” for its outstanding research on the reform and development of the Shanghai finance industry.

5.1.2 Serving regional coordinated development

【Chart】

Supporting the development of the Yangtze River Economic Belt	BoCom examines national and local economic development strategies to ensure its operations advance inter-bank and bank-government cooperation. The bank has embraced new forms of financial business such as Internet financing to promote integrated financial development and support the development of the Yangtze River Economic Belt. The bank has also bolstered industrial transformation and upgrades along the Yangtze River.
Driving integrated development in the Beijing-Tianjin-Hebei region	BoCom submitted a preparation report for the Xiong’an branch of BoCom to the CBRC. All branches were directed to conduct research that supports the application of the Rongcheng Sub-branch in Baoding, and BoCom formulated <i>the Opinions on Seizing the Opportunities of Xiong’an New Area to Promote Integrated Development of branches in Beijing, Tianjin and Hebei</i> . The Hebei branch of BoCom grabbed strategic opportunities from the integrated development of the Beijing-Tianjin-Hebei region and is analyzing infrastructure construction in the Xiong’an New Area to strengthen the connectivity of transport networks in the region. The branch supports the transfer of functions unrelated to Beijing’s status as the capital China.

Promoting industrial transformation across northeast China	An outcome of the 19 th CPC National Congress was the suggestion to deepen comprehensive reforms and resolve institutional and structural problems that would accelerate the revitalization of old industrial bases in northeast China. In accordance with all related policies, BoCom started to promote the development of high-end manufacturing and is exploring ways to transform the traditional manufacturing sector by using the Internet and big data to accelerate regional transformation and development.
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BoCom Financial Leasing initiated the creation of the Alliance of Financial Leasing Services for the Yangtze River Economic Belt. The alliance is built on an “innovative, coordinated, green, open and shared development” vision and adheres to the principles of “equality, mutual benefit and common prosperity”. The Alliance promotes comprehensive, efficient and practical leasing cooperation initiatives and has provided RMB 300 billion to the comprehensive construction of the Yangtze River green and ecological corridor.

Case: Dalian branch of BoCom supporting emerging industries with innovative business models

The Dalian branch of BoCom engages in key investment and construction projects, large scale reserve projects, lending projects, and quality public-private partnerships. In 2017, it scaled up its support for the port, rail transportation, retail, water and gas supply industries and increased its loans by RMB 3.26 billion to promote supply-side structural reform and the implementation of key economic strategies such as the revitalization of old industrial bases in northeast China.

BoCom’s outstanding loans to central and western China

Indicator	Unit	2015	2016	2017
Outstanding loans, central and western China	RMB 100	10,031.51	11,053.40	12,018.36

	million			
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5.1.3 Supporting China’s initiative to become a manufacturer of quality

In 2017, BoCom drafted *the Opinions on Providing Financial Support for the Initiative of Turning China into a Manufacturer of Quality*. The initiative gives the bank the opportunity to strengthen financial support and services for related projects and to define thresholds for customers, projects, and relevant manufacturing policies. Outlining its customer categorization strategy, product strategy and management requirements is also part of the initiative, as is meeting the financial needs of industrial enterprises in the national or local catalogue of major technological transformation initiatives and those in need of industrial upgrades and structural adjustment. Attention is also given to customers engaged in the commercialization of scientific and technological achievements.

【Chart】 Measures to boost advanced manufacturing

Experimenting with the white list system	Using information from collaborative market research conducted by the bank’s Head Office and branches, BoCom regularly explores its white list system for credit customers in advanced manufacturing. As a result, it has increased its support for customers who are implementing a differentiated credit strategy. It has also made structural improvements for customers in the manufacturing industry to promote the healthy development of its business. The white list consists of 808 customers, of which 562, or 70%, are in the sector of advanced manufacturing.
Optimizing the special authorization process	The bank’s differentiated financing authorization system allows BoCom to categorize customers, products and markets. It also increases the quality of and how the bank responds to its services for meeting the financial needs of leading advanced manufacturing enterprises. For example, Anhui branch of BoCom can now allocate its credit resources to support quality manufacturing customers. The branch has responded to the province’s initiative to promote the development of emerging industries and is building an innovation-driven modern industrial system. The automobile industry is also on the bank’s development agenda, and the branch is cooperating with leading automobile enterprises including JAC and Chery.



The Shanghai branch of BoCom was selected by COMAC as an underwriter for a new round of extra-short-term financing in 2018 and will provide comprehensive financial services as the company transitions from aircraft design to building an industry chain worth over RMB 1 trillion

Case: Ningbo branch of BoCom making Ningbo an exemplary city in supporting the “Made in China 2025” initiative

Both the Ningbo and Sinosure branches of BoCom signed a strategic cooperation agreement to make Ningbo an exemplary city in support of the “Made in China 2025” initiative. The initiative supports the transformation of the manufacturing industry in Ningbo. Leaders of the Ningbo branch visited a number of enterprises and production bases to announce the opening of its green financial services. At the end of 2017, the branch’s outstanding loans totaled RMB 15.163 billion, an increase of RMB 1.484 billion, or 10.85%, compared with the beginning of the year.

5.2 Serving the real economy

BoCom uses comprehensive financial service methods to promote regional development. The bank keeps up with the global Internet trends and uses intelligent financial resources to serve the development needs of the real economy.

5.2.1 Coordinating financial resources

BoCom uses a diversified business strategy to consolidate group-wide synergies and to combine financial resources that cater to the diverse needs of its customers. In 2017,

BoCom Financial Asset Investment Co., Ltd. helped enterprises deleverage and reduce costs and energized market-based debt-for-equity swaps that benefited the real economy.

Case: BoComm Life Insurance launches “Health Partner Plan” to experiment with “service before sales”

BoCommLife Insurance launched its “Health Partner Plan” in 2017. The plan uses an intelligent health management app and the model of B2B2C to establish relations with thousands of companies and accumulate prospective personal customers through its enterprise platform; it also focuses on the targeted development of personal customers via the enterprise platform. Salespersons serve as health ambassadors in the plan and bring customers together to interact online through self-managed App groups. The business model uses an O2O closed loop system that enriches customer service and promotes a customer-centered service model that enhances the customer service experience.

【Chart】 Outstanding practices of banks in which BoCom invests

Changshu Rural Commercial Bank	<p>Issued the No. 1 document on serving the real economy, held seminars with and paid visits to real-economy enterprises, expanded financial service methods through a range of channels and improved its comprehensive service support;</p> <p>Enriched the product system according to customer needs and served the financial needs of real-economy enterprises;</p> <p>Provided comprehensive services to the public and adjusted its financial services for small and micro-enterprises.</p>
Bank of Tibet	<p>Implemented a new IT system to enhance corporate services;</p> <p>Further established institutions in paired provinces and cities.</p>
Bank of Hainan	<p>Supported farmers in the animal husbandry sector through its “specialized cooperatives + farmers + government-subsidized small loans” model, helped poor households with their production, and focused on poverty reduction initiatives in industrial development;</p> <p>Focused on modern agriculture services, participated in agricultural industrial funds, and adopted the “1+N” industry chain financial service model.</p>

5.2.2 Innovating smart finance

BoCom introduced a range of new concepts to develop its approach to smart finance and technology and improve its customer experience. In 2017, the bank won the “Best Financial Innovation Award” from *The Chinese Banker* for the third year running.

- **Overseas “531” corporate online banking system**

BoCom is advancing the development of its overseas “531” corporate online banking system to provide convenient settlement channels to the Belt and Road Initiative.

In 2017:

BoCom launched its “531” project in all domestic and overseas institutions except its New York branch.

The People’s Bank of China awarded BoCom first prize for the “2016 Science and Technology Awards in Banking” for the “531” project.

5.2.3 Serving industrial transformation and upgrades

BoCom has responded to supply-side structural reforms by cutting overcapacity, reducing excess inventory, deleveraging, and lowering costs. *The Guidelines on Industrial and Regional Policies and Credit Destinations in 2017* outlined the thresholds for customers and projects that are relevant to manufacturing policies, the customer categorization strategy, the product strategy and management requirements. The bank focused on meeting the financial needs of industrial enterprises on the national or local level of major technological transformations, industrial upgrades and structural adjustment, as well as customers engaged in the commercialization of scientific and technological achievements.

- **Traditional industries**

BoCom offers credit to enterprises that have advantages in resources, scale, cost and technology to help them meet environmental, safety and technological requirements. The bank has scaled down lending to low-tier customers and at-risk customers.

Case: BoCom supporting the structural adjustment of a central SOE

In August 2017, BoCom signed a comprehensive strategic cooperation agreement with Chairman He Wenbo of China Minmetals Corporation (CMC) for industrial funds of RMB 30 billion. The two sides set up the first “CMC-BoCom structural adjustment fund” (contractual fund). The fund is RMB 2.5 billion and will be used for perpetual bond investment in Minmetals Development Co., Ltd. It will enable Minmetals to meet its

development needs, improve its performance, and support the structural adjustment of CMC.

- **Emerging industries**

BoCom serves seven strategic emerging industries across the energy conservation and environmental protection sectors, new-generation information technology, high-end equipment manufacturing and new energy. The bank is focused on supporting key industries and enterprises to ensure their alignment with national policies, increase and deepen cooperation with quality customers, and provide comprehensive financial services to customers.

Case: Hubei branch of BoCom supporting emerging industry enterprises

The Hubei branch of BoCom granted unsecured loans of RMB 200 million to a leading software enterprise in the Hubei FTZ in 2017 and applied for working capital loans of RMB 150 million for a leading drug R&D enterprise that outsources services to meet daily needs. The branch uses its global services to pilot cross-border financing, cross-border currency management (RMB and international currencies), and full-caliber financing.

BoCom loans supporting strategic emerging industries

Indicator	Unit	2015	2016	2017
Outstanding loans, strategic emerging industries	RMB 10,000	1,095.36	1,054.6	1,086.47

5.3 Improving people's lives

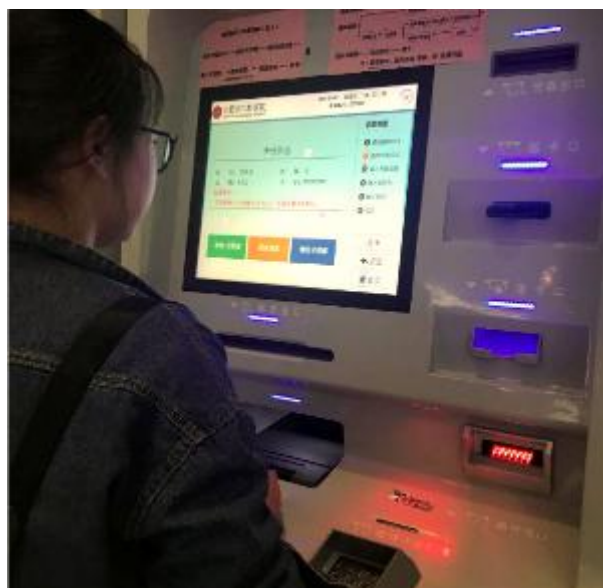
BoCom uses innovative approaches to improve its products and services in healthcare, food, housing and transportation and to enhance the lives of its customers and broader society.



“Party Dues Manager” (left) provides one-stop Party payment services. The “Bank-School Link” online tuition payment platform (right) lets schools collect tuition fees from students through online payment channels such as WeChat and UnionPay.

● **Better access to healthcare**

BoCom’s “banking for health” app facilitates financial services in hospitals and expands product coverage to make services more readily available. Diversified mobile payment methods meet the financial needs of patients.



A patient using the “banking for health” platform

In 2017, BoCom established strategic cooperation agreements with a number of well-known domestic medical institutions including Peking Union Medical College Hospital, Zhongshan Hospital, Xiangya Hospital, and West China Hospital. The banking for health platform is now in one-fifth of 3A hospitals across mainland China and has been lauded by patients and medical professionals.

● **Safer food**

Case: Bank of Henan supports food safety project with financial services

BoCom invests in the Bank of Hainan which signed a comprehensive strategic cooperation agreement with Haikou Shopping Basket Group to provide comprehensive financial services, the food industry and its employees in support of a food safety project. The investment ensures people’s access to safe and affordable food.

● **More affordable housing**

【Chart】 BoCom serving diverse housing loan needs

Common owner-occupied housing loans. BoCom offers loans to common owner-occupied housing. At the end of 2017, related outstanding loans reached RMB 882 billion, an increase of RMB 128.2 billion compared with the beginning of the year.

Low-income housing loans. The bank has formulated a housing loan policy in accordance with the development of low-income housing and supports the business of personal low-income housing mortgages. At the end of 2017, outstanding personal loans for low-income housing were RMB 1.759 billion.

Run-down area and property renovation projects. BoCom ensures proper housing and school facilities for relocated people and has taken steps to improve the surrounding environment in locations where it has projects. At the end 2017, the bank had granted RMB 38.253 billion in loans for run-down area and property renovation projects.

● **More convenient judicial services**

BoCom caters to the financial service needs of court customers through it upgraded case-related fund management system. The system helps the customers track their trial and

helps courts improve the way they manage and meet the requirements of the Supreme People's Court vis-a-vis making the administration of justice transparent and convenient. In 2017, BoCom developed the first provincial case-related fund management system in China. This was a major breakthrough in the management of judicial funds. By the end of 2017, approximately 130 provincial and municipal courts had handled operations with the bank. The case-related fund management system has made settlements of more than RMB 10 billion.

- At the end of the 2017, BoCom's online tuition payment platform, case-related fund management system, and cloud-based payment platform handled payments of RMB 12.5 billion.

6 Advancing inclusive finance

Responding to sustainable development trends: In 2016, the State Council released its *Plan for Promoting the Development of Inclusive Finance 2016-2020*, pointing out that boosting inclusive finance would drive sustainable and balanced development in the financial industry, promote innovation and entrepreneurship across the public sector, help transform the current growth model, and advance social equality and harmony. BoCom is duty-bound to serve special groups including small and micro-enterprises, farmers and urban low-income groups and to make inclusive finance more balanced. The bank is also committed to improving its inclusive finance system and its financial infrastructure, and is looking at way of improving access to financial services for disadvantaged groups to build sustainable development capacity.



Our actions: Establish an inclusive finance management committee and upgrade small enterprise departments into inclusive finance departments; promote affordable credit products; improve loan guidelines for agriculture, rural areas and farmers, and make favorable policies; develop and improve consumer protection measures; and provide more convenient and considerate financial services for corporate customers and personal customers

Our performance: Outstanding loans to small and micro-enterprises: RMB 770.719 billion; Outstanding loans to agriculture, rural areas and farmers: RMB653.618 billion; customer satisfaction score:848

6.1 Supporting small and micro-enterprises

Financial support is an important force for stimulating small and micro-enterprises and boosting economic growth. Responding to macro-economic policies by reforming business units is important to BoCom as is pushing forward institutional and business

innovation and improving its services to small and micro-enterprises. BoCom facilitates the flow of financial resources to small and micro-enterprises to boost economic development. In 2017, BoCom was recognized as the “Best Transaction Bank for Supply Chain Finance” by *Asiamoney*.

- **Improving management and services**

Following on from the State Council’s *Plan for Promoting the Development of Inclusive Finance 2016-2020* and the CBRC’s *Plan for Establishing Inclusive Finance Departments in Large and Mid-sized Banks*, BoCom has established an inclusive finance management committee and an inclusive finance departments at its Head Office. To date, 37 branches directly under the Head Office as well as branches in “Made in China 2025” pilot cities have improved their approach to serving the real economy. At the end of the 2017 reporting period, outstanding loans to small and micro-enterprises were RMB 770.719 billion, an increase of 12.69% year-on-year. The number of small and micro-enterprise customers reached 155,309, up 7.56% from the previous year.

BoCom’s services for small and micro-enterprises

Indicator	Unit	2015	2016	2017
Outstanding loans of small and micro-enterprises	RMB 100 million	6,244.58	6,839.58	7,707.19
Loan customers of small and micro-enterprises		141,357	144,388	155,309
Credit growth rate of small and micro-enterprises	%	8.75	9.53	12.69
Loan approval rate of small and micro-enterprises	%	86.96	92.59	94
Products for small and micro-enterprises launched in 2017,		3	4	2

【Chart】 BoCom uses innovative approaches serving small and micro-enterprises

Innovation	Measures
Service model	Strengthening its cooperation with third-party online platforms with advantages in scenario-based finance to develop services for small and micro-enterprises
Operating model	Establishing a relevant data mining and application system,

	setting up online project teams, and building an online platform for services targeting small and micro-enterprises to support meticulous management throughout the process.
“336” risk portfolio management model	Adopting a “parallel operation” and “customer manager + risk manager” pre-loan investigation model, managing risks at an earlier stage and improving loan processing efficiency.
Exploring the customer development model	Trying to win small and micro-enterprise customers through the efforts of general employees, part-time marketing teams, and specialized teams.



The second service solutions for small and micro-enterprise customers competition, aimed at stimulating innovations that benefit enterprises and products and services and deliver greater support for inclusive finance



Seminar on small and micro-enterprises at Yunnan branch of BoCom

- **Focusing on small and micro technology companies**

In 2017, BoCom increased its efforts to influence policies, institutions, and products and services. The bank supported innovation and entrepreneurship among the public and to serve technology companies. At the end of 2017 BoCom had 3,668 small and micro technology enterprise customers, with outstanding loans of RMB 14.083 billion.

【Chart】 Measures improving small and micro technology enterprise services

Measures	Specific actions
Improving policies on credit destinations	Supporting quality projects designed to promote new-type industrialization and technological transformation. Actively developing customers of innovation-driven small and mid-sized technology companies with broad prospects. Keeping a close eye on business opportunities resulting from rapid advances in new-generation information technology such as the Internet of Things, cloud computing, big data and mobile Internet.
Establishing specialized institutions	Leading large banks by proposing to “establish specialized institutions to service small and micro technology enterprises”. Establishing specialized institutions at the Head Office and branch levels and adopting the “1+3+2” staffing model. More than 10 branches in Beijing, Jiangsu, Suzhou, Hubei, Shanghai and elsewhere established dedicated service institutions.
Conducting cooperation	Implementing the FinTech “bank + government + insurance + guarantee + venture capital investment” service model. The model allows the bank to build platforms in cooperation with government, conduct assessments and share risks with insurance companies, provide financing for enterprises engaging in innovation and entrepreneurship, manage cooperation with guarantee institutions in a coordinated manner, and reduce the guarantee service charges.
Steering more resources	Allocating dedicated resources to technology companies, driving the development of upstream and downstream operations through industry chain financing, and expanding the coverage of financial services in support of technology companies.

Case: Shanghai branch of BoCom establishing service centers for small and micro-enterprises

In 2017, the Shanghai branch of BoCom set up service centers in the Zhangjiang Hi-Tech Park, Yangpu National Innovation and Entrepreneurship Base, Caohejing Development Zone and Songjiang G60 Sci-Tech Corridor allocating dedicated personnel and resources to serve small and micro technology enterprises in the city. Catering to the diverse needs of these enterprises the branch also developed innovative investment-loan service models that provide comprehensive services to enterprises in settlement, international trade, bond financing, equity financing, and IPO counseling.



“Outstanding Case in Small and Micro-finance Innovation” certificate granted by the Shanghai Financial Society to the Shanghai branch of BoCom in recognition of its investment-loan service model for technology startups

6.2 Backing agriculture, rural areas and rural People

Issues relating to agriculture, rural areas, and rural people are fundamental to China as they directly concern the country’s stability and its people’s wellbeing. The government’s call to reform the rural land system, establish an industrial system for modern agriculture, and promote the integrated development of the primary, secondary, and tertiary industries in rural areas has set the direction for financial institutions dedicated to serving agriculture, rural areas, and rural people. It also presents higher requirements. BoCom is using innovative approaches to develop agro-related financial products that improve its capacity to serve rural areas. The bank promotes rural financial market developments and the transformation of modern agriculture and is increasing its financial resources in rural areas.

In 2017, BoCom released its *Opinions on Serving Agriculture, Rural Areas, and Rural People According to Regulatory Requirements* and introduced measures to advance supply-side structural reforms in the agricultural sector. The measures included developing rural finance and industrial integration approaches and product and service innovation measures.

6.2.1 Modern agriculture

BoCom regularly looks for new ways to improve its investment guidelines for modern agriculture, and often tells branches how to increase support for outstanding agriculture-related enterprises by specifying access standards and classification strategies.

Under the premise of risk control and sustainability, the bank carries out the business

of mortgages of “two rights”, which include the right to manage the contracted rural land and the right to manage farms and rural properties (collectively referred to as “two rights”), and guides branches in Heilongjiang, Zhejiang, Anhui and Guizhou to implement pilot programs. At the end of the 2017 reporting period, ten pilot branches had granted mortgage loans, with outstanding loans of RMB 55.03 million.

【Chart】 BoCom explores the mortgage of “two rights” model to support the development of modern agriculture

<p>“Two rights + guarantees from leading enterprises (guarantee companies)”</p>	<p>Heilongjiang branch of BoCom provides mortgages on the management rights of contracted rural land for quality crop growing cooperatives, which are guaranteed by local core grain production companies.</p> <p>Henan branch of BoCom grants loans to agricultural cooperatives with qualified guarantee companies providing guarantees and the management rights of contracted rural land counter guarantee as counter guarantees.</p> <p>Hunan branch of BoCom takes the rural housing property rights mortgaged to qualified guarantee companies as a counter guarantee method.</p>
<p>“Mortgage on two rights + other forms of guarantee”</p>	<p>Zhejiang branch of BoCom makes explorations on the “two rights” by taking the management rights of contracted rural land as partial guarantee and combining it with third-party guarantee and mortgage on housing into a guarantee portfolio</p>
<p>Taking “two rights” as a single collateral</p>	<p>Hubei Branch, Jiangxi Branch and Chongqing branch of BoCom make steady explorations according to the situations of land rights confirmation, registration and certification and the transaction, circulation and handling of collaterals, and figure out the destination of loans and source of repayments.</p>

Case: Bank of Hainan providing support for agricultural development

Modern agriculture is important to the Bank of Hainan. As a result the bank conducts market research and looks for innovative ways to develop its products and services. The bank is contributing to agricultural industrial funds in accordance with the province’s agricultural development policy and has innovated its “1+N” industry chain financial service model. In 2017, the bank rolled out credit products for agriculture, rural areas and rural people. These lowered the costs for agriculture-related companies and promoted

economic upgrades that improved people’s lives by providing quality, efficient and convenient financing services.

6.2.2 Advanced enterprises

BoCom has increased its support for large quality enterprises in agricultural regions and is cooperating with leading agricultural enterprises. The bank supports large enterprises that perform well in the agricultural sector and in the sideline product processing industry, offering guidance on agricultural production to facilitate a shift towards an intensive, scaled and modern production model.

BoCom advanced its interbank cooperation in 2017. By the end of the reporting period, the interbank platform had 533 legal entities and 10,600 outlets had signed up to the “Gui Mian Tong” service to handle their transactions with other banks. The service helped more than 144,400 customers. To help improve rural financial institutions, BoCom incorporated quality services and products into the interbank platform, providing training and technical support to provincial rural credit unions and rural commercial banks to bolster the healthy and comprehensive development of the rural financial system.



Jilin branch of BoCom visiting a poultry farm

Case: Heilongjiang branch of BoCom backing the province’s first financial support policy for the vegetable industry

To accelerate supply-side structural reforms to the agricultural sector and to build standardized vegetable production bases that supply vegetables to the southern regions,

the Heilongjiang branch of BoCom is providing financial support for standardized green vegetable production bases in response to General Secretary Xi Jinping’s call to “build green granaries, green vegetable farms and green kitchens”. In 2017, the branch signed a discount loans agreement to standardize green vegetable production bases with the government of Lanxi County and the Heilongjiang Province Agriculture Credit-Guarantee Co., Ltd. This is the province’s first financial support policy for the vegetable industry, and represents a new approach for the branch which is boosting the development of the local green vegetable industry.



6.2.3 Rural banks

Specialized community-based banks support rural areas and small businesses and are an essential part of the rural financial system. They serve as important players in helping develop inclusive finance and reducing poverty through finance.

【Chart】 Anji BoCom Rural Bank supporting local economic development

Anji BoCom Rural Bank	<p>“Homestay Loan” supports upgrades to homestays in the region. In 2017, outstanding loans amounted to RMB 39.6339 million and benefited 207 homestays.</p> <p>“Farm Loan” to support households specializing in farming and animal husbandry. In 2017, the rural bank granted loans of RMB 7.6 million to 33 households.</p> <p>“PV Loan” supports the healthy development of the PV industry. In 2017, the rural bank granted loans of RMB 57.0673 million to 971 rural households in 11 towns of four sub-districts.</p>
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Case: Shihezi BoCom Rural Bank helping citizens

Shihezi BoCom Rural Bank provides loan services to laid-off workers, women, college students and other groups. At the end of the 2017 reporting period, the rural bank granted 127 discount loans worth RMB 10.91 million to support the reemployment of laid-off workers. For example, relying on the small loan she obtained from the rural bank, Ms. Li, a laid-off worker, started her own business which greatly improved the lives of her five-member family.



Dayi BoCom Xingmin Rural Bank’s innovative products “Xingmin Grape Growing Loan” and “Xingmin Resettlement Housing Loan”

6.3 Improving financial services

Dedicated to becoming the world’s best financial service provider, BoCom regularly refines its service management system to improve make its financial resources more innovative, available and accessible.

In the J.D. Power 2017 China Retail Banking Satisfaction Study, BoCom ranked No. 1 for the fourth consecutive year with a score of 848.



20 BoCom outlets on the Top 100 Model Outlets list as selected by China Banking Association, topping the industry for the third straight year

- BoCom received a top rating in the CBRC’s evaluation on consumer rights protection (banking sector), again making it the only “Grade-1” bank in the country.

6.3.1 Product and service innovations

- **Building a whole-channel system**

In 2017 BoCom issued its *Notice on Promoting the New Outlet Service Model*, committing the bank to optimize outlet operations, services and marketing models. The bank also completed an outlet service model pilot program. The program is based on the “Zhi Yi Tong” smart teller machines. In 2017, the ratio of “self-service banks + all-inclusive outlets” to traditional outlets was 2.45:1 while the ratio of fully automated self-service banks to traditional outlets was 1.22:1. ITMs were applied in 1,349 outlets.

BoCom’s service channels

Indicator	2015	2016	2017
Outlets	3,141	3,285	3,270
All-inclusive outlets	422	605	662
Self-service banks	14,834	14,329	12,828
Fully automated self-service banks	3,840	3,603	3,182

Self-service kiosks	7,585	6,904	6,138
Self-service areas at outlets	2,642	2,577	3,207
Self-service automated machines	30,703	30,500	25,065
iTMs	693	899	953
Outlets in central and western regions	1,458	1,549	15,72

BoCom is able to connect with retail banking channels such as mobile banking, personal online banking, “Yi Zhi Tong”, ATMs, and telephone banking through its whole-channel marketing deployment platform. It has also established a mechanism that is enhancing targeted marketing from big data platforms. The bank has launched a “mobile credit card” service system and released the industry’s first white paper on mobile credit cards. The Shanghai Banking Association recognized BoCom’s efforts naming it the “Innovation of the Year in Shanghai’s Banking Industry 2017”. The award was selected by experts of the Shanghai Headquarters of the People’s Bank of China and CBRC Shanghai Office, and was chosen as one of the top-ten significant events in financial informatization in 2017 by the *Financial Computerizing* magazine. At the end of the 2017, a total of 2.8 million mobile credit cards (version 1.0) had been issued with an approval rate of 73.4%.



BoCom’s “OTO Cup” square dance competition attracted 10,213 dance teams. The bank used the platform to conduct scenario-based marketing and online/offline interactions that brought in product sales of RMB 9.784 billion.

94.54% of operations handled through e-banking

10.0181 million multi-channel customers (104.29% of the target)

First bank to launch UnionPay QR code payment product

6.3.2 Improving customer experience

Following the tenet of the National Conference on Financial Work and upholding the business philosophy of “One BoCom, One Customer”, BoCom regularly implements measures to improve its service capacity and customer experience. The bank is striving to build a corporate brand that is renowned for the quality of its services and is committed to creating a whole-process and all-inclusive management system that covers service standards, service channels, business operations, IT system, and risk management.

- **Considerate services for special customers**

To raise the level of accessible services that BoCom offers, the bank formulated and implemented the *Notice on Serving the Groups with Special Needs* and the *Notice on Improving Services for People with Disabilities*, which embedded the concept of accessible services into customers’ process. The products and services protect customers’ rights to security, to fair dealing, to knowledge and to be respected.

【Chart】 Measures to serve customers with special needs

- **Consumer protection evaluation system.** Conduct inspections of accessible facilities in outlets according to the requirements in the *BoCom Consumer Protection Evaluation Indicators and Grading Rules 2017* and incorporate the inspection results into a consumer protection evaluation.

- **Courtesy windows.** Lobby managers are required to arrange queuing numbers for customers with disabilities to reduce waiting time.

- **Special equipment for customers with visual impairments.** Catering to the needs of customers with visual impairments, every outlet has at least one traditional password input device, and clearly marked signs posted outside the bank allow guide dogs into the outlets.



Staff at Henan branch of BoCom learning sign language to facilitate their communication with hearing impaired customers



Staffs at Guizhou branch of BoCom serving a customer with disabilities

- **Listening to the voice of customers**

【Chart】 Measures to improve the management of customer complaints

Improving customer complaint management system	Revise the <i>Customer Opinion Management Measures</i> and sort the <i>Rules on Handling Outlet Customer Opinions</i> , the <i>Rules on Handling Customer Opinions through Telephone</i> , and the <i>Contingency Plan for Customer Complaint Emergencies</i> .
Optimizing the work process to improve the efficiency of complaint management	Establish local hotlines for complaints on the basis of the “95559” hotline and the consumer complaint hotline to shorten the handling time. Optimize the work order and report system to increase the reminders function and ensure customers’ opinions are handled immediately. Send a “consumer protection warning notices” related to credit cards to remind business departments and improve complaint handling tactics.
Improving customer	Provide psychology training to better handle complaints and improve handling skills, covering topics such as the reasons for customer

complaint handling skills	complaints, procedure and skills, psychological and behavioral analysis of complaining customers and how to respond to complaints by customers under special emotion and stress.
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Customer Complaint Handling Procedure of BoCom posted in all outlets and on the bank’s Website; the procedure won recognition from the industry and is used as reference material by other banks

Handling of customer complaints

Indicator	Unit	2017
Number of employees at customer service center		953
Ratio of complaints handled	%	100
Ratio of complaints handled on time	%	95.58%
Time needed for handling complaints	Hour	24
Customer satisfaction for handling results	%	99.85
Number of customer privacy and losses of customer data complaints		0
Customer satisfaction	%	98.33

【Chart】 Remarkable achievements in customer service

- The customer satisfaction rate for the “95559” project was 98%, an industry leading figure.
- BoCom was received 13 awards including the “Outstanding Team in Operation and Management” from China Development Alliance of Customer Service Centers in Financial Industry, and the “Outstanding Customer Service Award” from China UnionPay.

- The specific service center only works for the customers from Hongkong received the Mystery Caller Assessment Award of the Hong Kong Call Centre Association gold prize for the fourth consecutive year.

6.3.3 Improving consumer protection

【Chart】 Measures to improve consumer protection

Improving consumer protection regulations	<p>Revised <i>the Management Measures for Consumer Rights Protection</i>. Launched <i>the Contingency Plan for Wealth Management Product Sales Records and Videos</i> and <i>the Management Measures for Consumer Information Protection</i> to protect the legitimate rights and interests of consumers.</p> <p>Continued to implement the <i>Regulation of intellectual property rights of BoCom</i>, improve the intellectual property management system</p>
Upgrading the information platform	<p>Independently developed the industry's first consumer protection management platform for both PC and mobile devices. The consumer rights protection section includes 11 parts: regulatory evaluation, consumer protection evaluation, consumer protection training, publicity and education, consumer protection review, consumer protection satisfaction, complaint analysis, rules and regulations, case sharing, provisions for reference, and distinctive innovations. The protection section is principally used for consumer protection evaluations of the Head Office and branches, internal consumer protection evaluations, and daily consumer protection management.</p>
Reforming the cooperative work mechanism for consumer protection	<p>The social responsibility and consumer rights protection committee of the Board of Directors and the senior management consumer rights protection work committee were established, both comprise a dual-committee consumer protection work system.</p> <p>The consumer rights protection office was established.</p> <p>All 37 provincial branches have established a consumer rights protection office and a tier-1 consumer rights protection department; domestic subsidiaries had dedicated consumer rights protection institutions before the end of 2014.</p> <p>The Private Banking Center established the consumer rights protection department and all centers directly under the bank now have dedicated consumer rights protection institutions.</p>
Improving the evaluation system	<p>Formulated <i>the BoCom Consumer Protection Evaluation Indicators and Grading Rules 2017</i></p>
Increasing employee awareness	<p>Developed the <i>Staff Manual on Consumer Rights Protection</i> covering the eight basic rights of consumers and the work tasks of frontline employee; the manual was distributed to every employee at primary-level outlets</p>



Free-of-charge services and service charges are publicly displayed in the lobby, product sales area, VIP section and self-service area of all BoCom outlets

- **Customer prompting**

BoCom is improving its warning system and its approach to customer prompts, including how its prompts online users of the risks associated with banking online. BoCom contacts users monthly via telephone to report suspicious transactions, using the call as an opportunity to educate customers on wealth management.

- **Financial education**

In 2017, BoCom developed *the Management Measures for Popularizing Financial Knowledge* and strengthened its promotion and approach to financial knowledge. The bank focused on raising safety awareness among the public and established an effective consumer education mechanism for different groups.

At the end of the 2017, 2,873 outlets and 21,685 employees had participated in financial education initiatives. BoCom organized 22,465 education activities for 18,371,174 consumers and distributed 125,996,000 promotional materials. The bank sent

54,166 messages on Weibo and WeChat platforms. The media covered 18,464 topics by the media.



Financial education activities organized by provincial branches

【Chart】 Financial education awards

- Named Model Organization of 2017 in the CBRC “Financial Knowledge for Every Family” campaign.
- 2017 Best Achievement Award in the China Banking Association “Financial Knowledge for All” activity.

Stakeholder testimonial:

“Anhui branch of BoCom takes every means necessary to stop fraudulent activity and when needed helps victims recover losses. The branch has made significant contributions to the province’s fight against telecom fraud and has completed all assigned tasks from the Anhui Province Anti-telecom Fraud Center. We would like to express our sincere gratitude to them.

Anhui Provincial Department of Public Security



7 Green development

Responding to sustainable development trends: Humanity is reliant on a healthy environment for its long-term survival, and sustainable organizations and enterprises play an important role in securing a sustainable and healthy planet. BoCom is committed to using green finance to protect the environment.



Our actions: To encourage green industrial development; to reduce waste to the greatest extent possible; to save water and electricity; to control energy consumption; to organize and participate in environmental activities.

Our performance: Share of outstanding green loans: 99.94%; share of green customers: 99.76%; share of e-banking business: 94.54%

7.1 Green finance

Green finance plays a significant role in China's economic development and ecological progress. In 2017, BoCom's green development principles directed financial resources towards environmentally friendly industries. The bank also improved the efficiency of its resource allocation and promoted the coordinated development of the economy and the environment.

BoCom will continue to increase its support for emerging strategic industries, energy-saving and environmentally friendly industries, and the low-carbon construction industry. The bank is focused on improving the capacity of its green financial services and will continue to implement all green credit regulatory requirements. BoCom is strengthening its approach to green management to ensure all credit complies with the green, energy-saving, low-carbon and environmentally friendly concepts.

Peng Chun, Chairman of BoCom

7.1.1 Managing environmental risks

BoCom uses a green credit development strategy. The bank monitors green credit

indicators in accordance with relevant policies, regulations and procedures. In 2017, the bank issued its Notice on Strengthening the Work on Green Credit and made significant improvements to its green credit policy system, while also increasing the number of green loans that it granted. It extended its scope of green credit risks to include all environmental and social risks associated with energy consumption, population, soil, health, security, displacement, ecological protection and climate change, and strengthened how it monitors business operations. The bank also expanded its approach to managing green activities to cover corporate governance, organizational structure, office operations, and information disclosure.

【Chart】 Comprehensive green credit requirements

Stage	Requirements
Pre-loan	Strictly implement its green credit access system and use its veto power over customers and projects with environmental risks and overcapacity.
In process	Consider the environmental and social performance of customers and relevant regulations in their industry when assessing customer credit risks.
Post-loan	Pay attention to the environmental and social risks that impact customers; intensify efforts in the reduction and withdrawal of loans; implement “name list management” over “red” category customers, and adopt a “one customer, one policy” system; monitor customers on the risk list, and assign personnel to manage the list.

BoCom provides credit and support to control risks in energy conservation and emissions reduction, pollution management, use and recycling of resources, and other environmentally-friendly projects. The bank has strengthened its management approach and how it controls energy-intensive, highly-polluting and overcapacity industries. It has reduced the total number of loans granted to industries with overcapacity. At the end of the 2017 reporting period, BoCom’s outstanding loans to industries with serious overcapacity decreased 0.7 percentage point compared with the beginning of the year.

7.1.2 Supporting green industries

Green industries are a pillar of the green economy and play a pivotal role in driving sustainable development. In 2017, BoCom adhered to all national green credit policies,

supported the development of green industries, and increased credit to energy saving and environmental friendly industries and emerging strategic industries.

Case: BoCom issues a second batch of green bonds worth RMB 20 billion

In 2017, BoCom issued its second batch of green bonds worth RMB 20 billion on the national interbank bond market. The bonds have a maturity of three years and contract rate of 4.29%. At the end of the 2017 reporting period, the bank had issued green bonds worth RMB 50 billion. All funds were used on green credit projects. Twenty-seven financial institutions including large state-owned commercial banks, national joint-stock commercial banks, urban commercial banks, rural commercial banks, rural credit cooperatives, insurance companies, securities companies and fund companies subscribed to the second batch of green bonds. Issuing the bonds was an important marker for BoCom which is fulfilling its vision for green development. The bank will continue to increase credit support for green industries and green projects and implement initiatives that improve green development.

In 2017, BoCom researches urban water supplies, water conservation, environmental and public facility management, energy savings and environmental protection. The bank granted special funds of more than RMB 30 billion to projects in these fields in accordance with market needs and expanded its financial support to customers in green industries.

Case: BoCom and China Gas establish RMB 10 billion clean energy industry fund

In 2017, BoCom and China Gas Holdings Ltd. co-established the China Gas - BoCom (Shenzhen) Clean Energy Equity Investment Fund with an initial investment of RMB 10 billion. This is the first time the two companies have together set up an industry fund. The fund will invest in clean energy projects in the banking sector and will focus on 4G energy projects by China Gas (pipeline natural gas, liquefied natural gas, compressed natural gas, and liquefied petroleum gas), as well as the “gas for coal” project in North China, with a view to improving the energy structure and reducing air pollution.



Clean energy fund agreement signing ceremony

BoCom monitors national policies in the green financial reform pilot areas of Zhejiang, Jiangxi, Guizhou, Guangdong and Xinjiang, and seeks cooperation opportunities that let it capitalize on its global operations and financial management expertise.

Case: BoCom developing green finance pilot areas

On 14 June, 2017, the executive meeting of the State Council presided over by Premier Li Keqiang took the decision to designate a batch of green finance pilot areas in Zhejiang, Jiangxi, Guangdong, Guizhou and Xinjiang.

Following an examination of the meeting guidelines, BoCom developed its Work Plan for Implementing the Guidelines of the Executive Meeting of the State Council and Serving the Green Finance Reform, and promoted the advancement of green credit in the pilot areas. BoCom signed a strategic cooperation agreement with the Zhejiang provincial government, pledging to improve its green credit model, green direct financing and green funds. It also committed to increase support for green industries that serve the real economy. The bank is implementing the decisions of the State Council and is committed to establishing even stronger ties with the Zhejiang government to support financial reform and innovation and the development of green finance in the province.

7.1.3 Extending influencing over the industry

As a comprehensive financial service provider, BoCom promotes healthy industry-wide development plans and in 2017 extended its influence in the field of green credit with industry peers, both domestic and international.

【Chart】 BoCom supporting industry development

Jointly released its Proposal on Lujiazui Financial City Green Responsibility Investment Principles with partners.

Participated in the BoCom-HSBC seminar on global regulatory trends and exchanged information with HSBC on the development of green finance.

Participated in the inaugural China-UK joint symposium on green finance organized by the People’s Bank of China and Bank of England, discussing topics such as environmental information disclosure with domestic and international banks.

“2017 Lujiazui CSR Awards – Environmental Practices”

“Best Green Financial Institution” at the 2017 Lujiazui New Financial Global Summit

“China Financial Innovation Awards • Best Green Financial Institution” by CBN

7.2 Green Services

BoCom embeds green and low-carbon concepts into its financial service processes and is committed to introducing innovative green products into its operational system. The bank has taken steps to improve its service quality and is cutting waste resources to reduce negative environmental impacts. In 2017, BoCom’s e-banking business share grew to 94.54%. This reduced CO₂ emissions by nearly 15,483.17 tons, a 29.90% increase from the previous year.

Environmental benefits from e-banking services

Customer service	Companies/transactions	Annual growth	Environmental effect (equivalent)		
			Planted trees	Reduced CO ₂ emissions (tons)	Reduced use of paper (tons)
Corporate online banking	725,100 companies	14.46%	152,000	2,130.58	8,601.18
Personal online banking (including mobile banking)	4.922 billion transactions	41.64%	871,200	12,229	49,219
Self-service automated machines	451 million transactions	-21.15%	80,300	1,123.59	4,512

Note: Reduced paper use is based on an average use of paper by each company

(corporate online banking) or transaction (personal online banking/self-service automated machines).

In 2017, the ratio of “self-service banks + all-inclusive outlets” to traditional outlets was 2.45:1, while the ratio of fully automated self-service banks to traditional outlets was 1.22:1. iTMs were introduced in 1,349 outlets.

	2013	2014	2015	2016	2017
Self-service automated machines	24,037	27,085	30,703	30,500	25,065
Fully automated self-service areas	6,842	7,263	7,585	6,904	6,138
Fully automated self-service banks	2,905	3,525	3,840	3,603	3,182
Self-service areas at outlets	2,589	2,641	2,642	2,577	3,207

Note: Upgrades to equipment resulted in a reduction of self-service automated machines compared with 2016 figure, but the proportion of transactions handled by the machines increased to 86.27%.

7.3 Green Operations

Green operations are an important strategic tool for enterprises that wish to strengthen their competitive advantage. In 2017, BoCom took steps to reduce the environmental impact of its operations as a way of contributing to the building of a low-carbon society. The bank extended CSR to its supply chain and improved how it engages with responsible procurement. It also promoted green office work, reduced energy consumption, and improved energy use efficiency through energy-saving technological transformation and electronic operations.

7.3.1 Green procurement

In 2017, BoCom improved green procurement regulations, strengthened how it manages social responsibility in its supply chain, and supported green procurement initiatives.

【Chart】 Improving green procurement regulations

Released the Measures of the Head Office for Managing Collective Procurement Seals
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to improve its seal-use process and prevent operational risks.

Developed Measures of the Head Office for Managing Non-business Contracts to standardize how it manages contracts and strengthens risk controls.

Drafted the Rules of the Head Office on Supplier Management (Trial) and the Regulations of the Head Office on Entrusted Procurement to standardize its management of suppliers and agents.

During the 2017 reporting period, BoCom used electronic forms when bidding for projects to avoid luxury packaging and improve green procurement management and efficiency. The bank established the Head Office supplier pool, conducted qualification reviews of 1,400 suppliers, and expanded its public bidding pool. It also monitored recommendations by departments and self-recommendations of suppliers, and established files for all enterprises in the supplier pool.

Number of suppliers of the Head Office by type

Type	Number
Professional equipment	88
General equipment	52
Commonly used items	57
Business and image promotion	60
IT hardware	98
IT service	64
Service	321
Information Providers	20
Engineering	55
Other	17

7.3.2 Green office work

In 2017, BoCom responded to the call to “build a conservation-minded society”. The bank encouraged green office operations and carried out sweeping electronic operations while also ensuring the use of recyclable and environmentally friendly products whenever possible. The initiatives mitigate all forms of resource and energy waste and ensure a green and low-carbon office environment. To reduce the use of paper the bank canceled its delivery of paper copies for the Pacific debit card statements resulting in 2.5 million fewer

pieces of paper being used.

【Chart】 Paperless office measures

• **Operations management system and e-mail system data archiving:** In 2017, the Head Office became a participant in the State Archives Administration’s pilot program on electronic file management. Participation transformed the second-generation payment system, the deposit account opening and closing system, and the departmental e-mail system. The pilot program will reduce printing cost by RMB 3.16 million.

• **Mobile office app:** BoCom developed a mobile office app that integrates OA, address lists, e-mail, intranet and other functions to meet the needs of office employees and improve efficiency.

• **Administrative seal comprehensive management platform:** BoCom changed the process for the online approval of seal-carving, issuance, activation, use, custody, suspension, cancellation and filing, and an established administrative seal electronic ledger.

• **Instant messaging tool:** BoCom expanded employee communication channels to meet the online communication needs of employees, and improved the efficiency of daily work.

In 2017, BoCom worked on energy conservation and emissions reduction and raised awareness on energy conservation. The bank promoted energy saving projects and conducted energy saving inspections. Its efforts achieved positive results. At the end of the 2017 reporting period, BoCom had reduced electricity, water and gas consumption per person and decreased 4.97 tons in total paper consumption. It increased its use of video conferences by 5.50%; The head office traveled 1,484,100 kilometers of buses throughout the year, accumulatively emitting 0.1109 tons of nitrogen oxides (NOX) and 0.0082 tons of particulate matter (PM).

Resource consumption by Head Office and video conferences across the entire bank

Type	Total
Number of video conferences	7,342
Water consumption at	332,000 tons (23.84 tons/person)

the Head Office	
Electricity consumption at the Head Office	102.281 million kWh (7,343.74 degrees/person)
Gas consumption	1.2625 million m ³ (90.64 cubic meters/person)
Paper consumption at the Head Office	38.06 tons (7.26 kg/person)

Note: The headquarters' water consumption, electricity consumption, and gas consumption cover a total of 13,929 employees in Shanghai's five building (including dispatching) and employees from BoComm Service; and the amount of paper used covers the headquarters of the Head Office, financial service centers, international settlement centers, and borrowing outsourcing, a total of 5,243 people.

【Chart】 Greenhouse gas emissions from the Head Office in 2017

Greenhouse gas emissions from the Head Office	833,324.72 tons of CO ₂ e (5.98 tons/person)
Direct emissions	2,727.60 tons of CO ₂ e
Indirect emissions	80,597.12 tons of CO ₂ e

Note: In 2017, the headquarters' greenhouse gas emissions cover a total of 13,929 employees in Shanghai's five building (including dispatching systems) and employees from BoComm Service.

【Chart】 The Head Office implements energy saving measures and improves resource use efficiency

Energy-saving air-conditioning: Two heat exchangers were added to the air-conditioning system on B4 of BoCom Financial Towers. Transferring refrigerating output from the main building to annex buildings reduced natural gas consumption by 49,845 m³ (RMB 187,000).

Accurate energy consumption statistics: Monthly statistical energy consumption reports are submitted by all buildings. The information is then analyzed and evaluated on a monthly and quarterly basis.

Less water consumption: Zhangjiang Park diverted river water into landscaping pipelines to water 47,900 m² of green space saving 14,370 tons of water and RMB 71,850.

The air-conditioner responsible for circulating water treatment technology was installed in all buildings (parks) to avoid secondary pollution generated by chemical liquid.

Case: Hong Kong branch reducing energy consumption

The Hong Kong branch of BoCom signed the Charter on External Lighting launched by Hong Kong Environment Bureau and switched off large lighting devices including the underground LED curtain wall of Wheelock House, and the top-floor LED curtain wall and the underground outdoor advertising board of the operations center from 11:00 p.m. to 7:00 a.m. to reduce energy consumption.



The platinum Award received by BoCom’s Hong Kong branch in the Charter on External Lighting initiative of Hong Kong Environment Bureau

BoCom encourages its employees to save office supplies, strengthen their management of waste, and reduce the negative environmental impact of hazardous waste. The Head Office auctions off discarded electronic products and waste toner cartridges, waste batteries and other harmful or non-hazardous waste are all handled by professional recycling companies in accordance with the Measures of BoCom on the Management of Tangible Assets (JIAO YIN BAN [2014] No. 19).

Waste discharge by the Head Office in 2017

Type		Quantity
Electronic waste	Desktop cases	475(0.17 pieces/person)
	Monitors	475(0.17 pieces/person)
	Laptops	40(0.015 pieces/person)

	Printers	96(0.035 pieces/person)
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Note: In 2017, the waste emission of electronic information products at headquarters covered 2729 employees of the head office.

7.4 Environmental Activities

In 2017, BoCom conducted a variety of environmental activities including tree planting and green cycling. In addition to raising the employees' environmental awareness, the bank publicly promoted environmental protection concepts and the concept of green living.

Case: Chongqing branch planting trees

During the 2017 reporting period, BoCom's Chongqing branch called on the public to make Chongqing a green city by organizing a tree planting activity that attracted nearly 400 people and more than 100 families.



Launch ceremony for the tree planting activity



Participants at the “Mother River Protection Operation” tree planting activity in Duolun County of Xilin Gol League. About 100 employees of the Head Office and young volunteers attended.



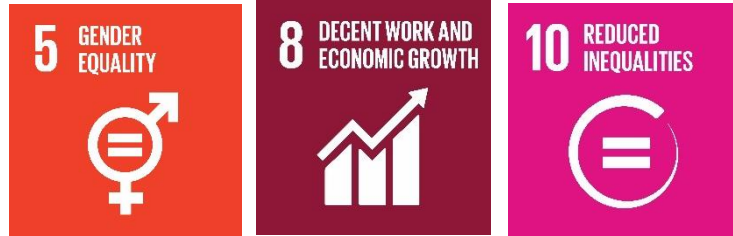
Young volunteers from BoCom’s Xiamen Branch participating in a “green finance” walking activity at the Xiamen Garden Expo Park in Jimei District



Cycling activity organized by the Mudanjiang Sub-branch

8 People-centered bank

Responding to sustainable development trends: Our employees provide financial services and create service value. BoCom is dedicated to growing with its employees to create a harmonious and balanced work-life atmosphere.



SDGs:

Our actions: Protect the basic rights and interests of employees; strengthen employees' education and training; help employees in need.

Our performance: Proportion of females in senior management: 37.22%; employee turnover rate: 4.71%

8.1 Respect and diversification

BoCom considers the protection of employees' basic rights and interests to be of the utmost importance to its survival and is dedicated to cultivating a happy and harmonious workplace that is built on respect, diversification and harmony. By the end of the 2017 reporting period, the bank had 91,240 domestic and international employees, of which females and overseas employees accounted for 52.90% and 2.56%, respectively. 3,976 are members of ethnic minorities and 116 employees have disabilities.

【Chart】 Basic information about employees

Item		2017	2016
Age	30 and below	37.51%	40.57%
	31 to 50	54.89%	51.95%
	50 and above	7.60%	7.48%
Educational background	Associate degree and below	19.39%	20.24%
	Bachelor's degree	68.96%	68.61%
	Master's degree and above	11.65%	11.15%
Turnover rate (domestic employees)	Management personnel	0.73%	0.94%
	Administrative personnel	5.78%	6.15%
	Business personnel	5.60%	5.01%
Management employees'	Proportion of senior management	8.09%	7.63%
	Proportion of female in senior management	37.22%	36.53%

structure	Proportion of senior management from ethnic minorities	3.52%	3.46%
	Proportion of senior management hired from local community	30.77%	31.34%
	Proportion of senior management hired from local community by overseas institutions	76.45%	79.16%
	Proportion of senior management hired from local community at significant locations of operation	21.70%	25.68%

BoCom complies with all national labor laws and regulations and never uses child or forced labor. The bank never discriminates against employees regardless of gender, religion or ethnic group, and provides equal job opportunities and benefits to all employees. Ensuring equal pay for equal work is a core part of the bank's business operations. At the end of the 2017 reporting period, the bank had signed labor contracts with all position contract employees.

【Chart】 Actions and measures to protect employees' rights and interests

Actions		Measures
Comply with laws and regulations	Protect the rights and interests of employees, and create a diverse and nondiscriminatory work environment	Provide statutory insurances and benefits; Follow the country's labor laws and regulations. ...
Develop regulations	Ensure that employee management is rule-based, and create a regulated work order	Release rules and regulations: <i>Management Measures on Recruitment and Employment;</i> <i>Interim Measures of the Head Office on Overtime Pay;</i> <i>Regulations on Employee Leaves.</i> ...
Sign collective contracts	Protect the particular rights and interests of female employees, and create an amicable and harmonious atmosphere	Release rules and regulations: <i>Special Regulations on Labor Protection for Female Employees;</i> <i>Special Collective Agreement on Protecting the Rights and Interests of Female Employees.</i> ...

BoCom holds a regular Workers Congress in which it seeks opinions from employees via a variety of channels. In 2017, the bank launched the electronic proposal system for the

Workers Congress and expanded employee communication channels to improve its democratic management system.



“Best Graduates Talent Seeker 2017” and “Outstanding Employer of China 2017” awards



The “the 15th Best Employer of College Graduates in China” award

Case: Hong Kong branch emphasizing employee benefits

Employee benefits are an important part of the Hong Kong branch of BoCom’s approach to human resources. The branch has introduced a number of measures aimed at benefiting its employees and refines and implements family care policies that bolster the employee happiness index. These include benefits for employees and their families and organizing activities that promote work-life balance. Because of its efforts, the branch was

one of eight banks given the Good MPF Employer Award 2016-2017 by the Mandatory Provident Fund Schemes Authority of Hong Kong. Its efforts caring for employees and retired employees received the e-Contribution Award and Support for MPF Management Award, two new awards added to the Good MPF Employer Award 2016-2017 program.



The Hong Kong branch of BoCom named a “Good MPF Employer 2016-2017” by the Mandatory Provident Fund Schemes Authority of Hong Kong

8.2 Employee Development

BoCom provides competitive salaries and benefits, uses a fair and efficient evaluation and training system and offers an attractive career development platform for employees.

8.2.1 Employee training system

BoCom is committed to improving the overall quality and competitiveness of its employees and implements initiatives that help them with career planning. In 2017, the BoCom Financial College was established. This contributed to the adoption of new models and new Internet technologies that helped develop mobile products and systematized the bank’s training structure.

【Chart】 Employee training

About 1.1 million training participants	Over 400,000 in off-job training.
	Over 700,000 in online training.
Training by Head Office	683 training sessions.
	More than 280,000 participated in training focused on innovation and transformation, business development and

	professional skills. Training satisfaction rate of 97.4%
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【Chart】 Training by employee category

Item	Unit	Amount
By employee category	Share of common employees receiving training(A、 B position level)	99.6%
	Average hours of training per common employee (A、 B position level)	Hour 112
	Share of middle management receiving training (C position level)	99.0%
	Average hours of training per member of middle management (C position level)	Hour 116
	Share of senior executives receiving training (D、 E position level)	100%
	Average hours of training per senior executive (D、 E position level)	Hour 142

Note: the data was collected from the statistics of e-learning(videos、 lectures、 documents、 blogs、 cases) and face to face training

【Chart】 BoCom’s employee training system

Mechanisms	Measures	Objectives
Elaborate job training	Coordinate multi-tiered, classified training	Improve employees’ leadership, innovativeness, professional skills, professional quality and cohesion.
Diversified exchanges	Organize overseas training	Help employees broaden their horizon and expand their strategic thinking and global vision.
	Conduct cooperation and exchanges with world-renowned industry peers	
Scientific skills development	Upgrade the training center into a financial college	Advance the scientific management of employee training.
	Integrate the “Internet Plus” technology	Optimize employee training channels.
Fundamental support	Strengthen the training team	Consolidate training and improve training quality.
	Improve the curriculum	
	Build a resource sharing platform	
	Select and recognize outstanding trainers	

Case: Simulation bank helping new employees start quickly

In 2017, BoCom developed a simulation banking system that is based on the “531” business operation training platform. New recruits or employees are transferred to new posts in the simulation to develop their counter service skills in a real-life setting. In 2017, 1,890 new employees from 34 branches received stimulated bank training. The simulation bank represents a breakthrough in employee training at BoCom.



Employees participating in simulated bank training



Plaque showing BoCom’s designation as a “Financial Talent Practice Base of Shanghai”
by Shanghai Financial Service Office

8.2.2 Work environment

BoCom upholds the spirit of “entrepreneurship, responsibility, and innovation” and facilitates the creation of a harmonious work environment by cultivating a home-like

atmosphere at its offices.

【Chart】 Measures to foster a harmonious work environment

Measures		Significance/Value
Provide a clear career development path	Allow employees to climb the corporate ladder by providing equal promotion and benefits opportunities	Ensure employees have a career development path that suits their competence and personality.
Ensure earned income of all employees	Establish a market-based remuneration management mechanism	Reflect BoCom's values in all posts and performance assessments for both short-term and long-term interests.
Fairly resolve labor disputes	Develop the Regulations on Handling Complaints Made in the Form of Letters or Visits	Expand appeal channels and ensure the employees' right to appeal.
Promote talent training and exchanges	Join domestic and international talent development organizations	Promote the development of banking talents.

8.3 Employee well-being

In 2017, BoCom released its *BoCom Happiness Index Report 2016* which highlighted how the bank had consistently managed the happiness of its employees. Head office also developed its *Measures of the Head Office for Tobacco Control* in accordance with the *Shanghai Municipal Ordinance on Tobacco Control*, showcasing the health benefits of not smoking.

8.3.1 Work-life balance

Relying on workers' unions, the China Youth League committees, women's federations and other organizations, BoCom organized sporting and cultural activities in 2017 to enrich employees' social lives and increase their sense of belonging. The "Home" carnival was launched and consisted of cultural, artistic and sporting activities both online and offline. The activities featured innovative and fun sports events, lowering the requirements for sporting prowess and encouraging broader participation.



At the time, the Deputy Secretary of the Party committee and the President of BoCom consoled employees



The 9th sports meeting and “Home” carnival at the Wuxi branch

Case: BoCom’s reading campaign

In 2017, BoCom launched a reading campaign, named as “Jiao Xiang Yue”, calling on employees to read more books and share their thoughts about the books they read in journals. As one of the reading campaign activities, a book excerpt competition was held. More than 500 employees read eighty-six excerpts selected through the “BoCom Workers’ Union” WeChat voting platform. The program was recognized as an exemplary employee reading demonstration activity by the All-China Federation of Trade Union.



Employees participating in the reading campaign



Flower arranging in celebration of the International Women's Day held at the Panjin branch of BoCom of Liaoning province

8.3.2 Employee health

BoCom cares deeply for its employees' physical and psychological health and issued the Notice on Doing Small Things, Practical Things and Specific Things for Employees, soliciting their opinions and input on the Notice. In 2017, more than 180 seminars were convened with opinions being solicited at numerous report meetings. Almost 600 issues of concern were collected including practical matters about green medical service channels, health skills training (first aid and use of AED), rooms for working mothers, and legal assistance. The bank conducted participatory sports activities and designed and promoted the first proprietary work-break exercises to help employees maintain physical and psychological health.

【Chart】 Integrated online-offline health service for employees

Offline employee health service	Optimize tools to handle “small things”	Upgrade health cabins by expanding the service scope and improving service models and service experience.
	Establish channels to handle “practical things”	Establish assistance channels for the treatment of serious diseases to address the employees’ difficulty.
	Take action to complete “specific things”	Carry out “healthy month” brand activities to meet the diverse needs of employees.
Online employee health management	Innovative content	Upgrade the “Healthy BoCom” app and develop modules for reading, shopping, retired employees, etc.
	Upgraded platform	Optimize health walking, the happiness index, conference management, and bonus points modules.
	Employee participation	Organize the “walking for college dream” campaign and encourage employees to walk more to improve their health.

8.3.3 Assisting employees in need

In 2017, BoCom revised its *Measures for the Management of Mutual Help Association* and improved its management mechanism. The bank increased transparency around how it uses assistance funding and established support groups to assist employees in need and address practical problems.

【Chart】 Assisting and supporting employees in 2017

Grants of RMB 7.6885 million were given to 2,159 employees with serious diseases during the New Year holiday and Spring Festival.
Support groups visited 12 branches in Beijing, Suzhou (and other regions) to assist and support model workers in need, employees with serious diseases, employees with special difficulties, and cadres seconded to other organizations working to alleviate poverty.
A total of 72,742 employees joined the Mutual Help Association and raised RMB 6.63824 million in funds. 604 employees received mutual help funds totaling RMB 5.48 million



The Party committee of the Guangxi District Branch of BoCom consoled the party members and employees in straitened circumstances



BoCom Service providing assistance to an employee in need

9 Contributing to a shared future

Responding to sustainable development trends: Socialism with Chinese characteristics has entered a new era. As a result the principal contradiction facing Chinese society has evolved and the country now faces a contradiction between unbalanced and inadequate development as well a growing desire by the people for a better life. To address basic problems related to wellbeing, BoCom monitors social developments and works with partners to improve social well-being.



Our actions: Organize public interest activities with HSBC, as well as non-profit organizations; encourage employees to volunteer to activities that contribute to the Global Goals.

Our performance: Charitable donations made: RMB 25.9122 million; public interest projects: 260;

9.1 Charity Management

BoCom has taken steps to standardize its charity management process and framework. The bank developed and released the *Measures for the Management of Poverty Reduction Donations* which specified the management, principles, approval process and follow-up management process for donations. The standardized approach aims at ensuring the smooth organization of public interest activities and the delivery of volunteer services.

【Chart】 Investing in public interest projects

Project		Unit	Amount
Number of public interest projects			260
Charitable donations made	Total	RMB 10,000	2591.22
	Poverty reduction	RMB 10,000	2051.29
	Disaster relief	RMB 10,000	93.14
	Assistance to people with disabilities	RMB 10,000	201.24
	Other	RMB 10,000	245.55

9.2 Supporting disadvantaged groups

The principles of care, support, self-help and empowerment guide BoCom when working with disadvantaged groups. To provide better assistance and transform the disadvantaged status of certain groups, the bank develops initiatives that create a society that benefits all people.

9.2.1 Caring for seniors

“As we respond proactively to an ageing population, we will adopt policies and foster a social environment in which senior citizens are respected, cared for, and live happily into their latter years. We will provide integrated elderly care and medical services and accelerate the development of old-age programs and industries.” These words, spoken by General Secretary Xi Jinping at the 19th CPC National Congress, inspired BoCom to implement the “BoCom-HSBC Shanghai Senior Care Action Plan” from September 2016 to December 2017. The two banks contributed RMB 3.885 million and called on governments at all levels, enterprises, social organizations, community organizations and residents to participate in community-based services for the aged. The program explored new approaches to community nursing and fostered a positive social environment based on respect and care for the elderly.

In 2017, the “BoCom-HSBC Shanghai Senior Care Action Plan” supported 112 projects across 76 communities. The 10 categories of the project include caring for senior citizens with special needs, providing psychological wellness for the elderly, resolving community affairs, and ensuring elderly health. 2,061 activities were organized in 2017 in five sub-districts. The activities attracted 63,426 participants and received RMB 930,000 in government subsidies as well as RMB 1.49 million in service funds. 50,000 Shanghai residents benefited from the project.

【Chart】 New models of service for the elderly

Building public space for the elderly	Introduced the “Senior Citizen Clubs” model which aims at cultivating volunteers in public spaces for the elderly to help with self-sufficiency. The model helps communities improve service functions in public space based on the needs of the elderly.
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<p>Providing services based on the public space</p>	<p>Established community funds, developed elderly volunteer teams and stable community forces, stimulated the vitality of communities, created a model of government-community-enterprise collaboration, and fostered an atmosphere that is guided by the concerted efforts of stakeholders engaged in senior care.</p>
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Celebrating the Double Ninth Festival

9.2.2 Special education

BoCom supports education initiatives that support teenagers with disabilities and reward outstanding special education teachers. Since 2007, the bank has implemented the “For Tomorrow” program with the China Disabled Persons’ Federation and the China Foundation for Disabled Persons. To date, RMB 100 million has been contributed to the program, which has benefited more than 43,000 special education teachers and students with disabilities. In 2017, BoCom extended the lifespan of the program to further support and influence its impact.



Participants at the “BoCom Special Education Teacher Award” awards ceremony

“BoCom is the first enterprise to support special education, and is second-to-none in terms of how it invests in and supports special education. The bank is an example of how to implement the requirements of the 19th CPC National Congress for improving special education.”

Wang Naikun, Chairman of China Foundation for Disabled Persons

【Chart】

Total donations of RMB 2 million.
RMB 500,000 used for the “BoCom Special Education Teacher Award”, rewarding 96 outstanding teachers.
RMB 200,000 used to sponsor the “BoCom Motivation Award for College Students with Disabilities.”
RMB 1.3 million granted to financially disadvantaged compulsory education students with disabilities.

9.3 Contributing to a harmonious community

BoCom is a large bank with global operations and is committed to contributing to local development needs in communities in which it operates. The bank regularly organizes tailored community activities and implements initiatives that foster the harmonious development of and among local institutions.

Case: BoCom launches “Shared Chinese Dream – Hong Kong and Macao College

Student Support Program”

To raise awareness about mainland China among young people living in Hong Kong and Macao, BoCom launched the “Shared Chinese Dream – Hong Kong and Macao College Student Support Program” at its Hong Kong and Macao branches. The branches selected 60 students from local financially challenged households and invested RMB 2.4 million to support their four-year higher education in mainland China. Both branches held launch ceremonies in 2017 and awarded scholarships to youth entering their first academic year.



Launch ceremonies at BoCom’s Hong Kong and Macao branches

As a member of the charity foundation department, I am truly delighted to contribute to the bank’s efforts in fulfilling social responsibility as a state-owned bank. This year we have organized a variety of significant activities such as donations, environmental protection initiatives, and services for the elderly and children. I am so glad to help prepare for the launch ceremony of the “Shared Chinese Dream – Hong Kong and Macao College Student Support Program”, and the special activities including the launch ceremony of the Youth Workshop and celebrations for the 20th anniversary of Hong Kong’s return to the

motherland.

Lin Honghui, employee of Hong Kong Branch



Participants at the third “BoCom Cup Badminton Open for Chinese People in Japan” held by the Tokyo branch of BoCom. The Open is the largest sporting event among Chinese people in Japan and promotes communication and information exchanges that contribute to the harmonious development of the overseas Chinese community.



A “Small Financer” themed “Better FQ & EQ” station launch at Suzhou Wuzhong branch. The event educates children and parents on the importance of wealth management

9.4 Volunteer Services

BoCom promotes “donation, fraternity, mutual help and progress together” and is making improvements to its volunteer service mechanism. The bank encourages its employees to participate in public interest activities such as student support and community service.

【Chart】

Item	Unit	Total
Number of participants in volunteer activities	Persons	10,427
Hours of volunteer activities	Hours	More than 2,000

9.4.1 Volunteer service brands

In 2017, BoCom constructed four volunteer service brands, including a “classroom for left-behind children”, a “poverty reduction summer camp”, a “financial services into campus”, and a “Special Olympics art exhibition”. The bank also transformed its volunteer services to provide greater benefits to all beneficiaries.



“Classroom for left-behind children” unveiling ceremony



Children visiting the Hongjiu Scenic Area. The Hunan and Sichuan branches of BoCom arranged for children from financially disadvantaged households to participate in diverse activities during the summer holiday to broaden their horizons.

9.4.2 Collaborating for public good

In 2017, BoCom’s first overseas Youth Workshop was established in Hong Kong and a cross-regional cooperation MOU was signed between volunteer teams at the Hong Kong branch of BoCom and the Shenzhen branch of BoCom to expand the coverage of volunteer services and better serve the bank’s global development. BoCom works with the Bank of Tibet organizing public interest activities. During the 2017 reporting period, mini versions of its “shared library” and the “maker café” activities were launched at the Bank of Tibet.



Launch of a public entrepreneurship project between BoCom and Bank of Tibet

Independent Statement of Assurance



普华永道

2018/SH-0177
(第一页, 共二页)

注册会计师独立鉴证报告

致: 交通银行股份有限公司董事会

我们接受委托, 对交通银行股份有限公司(“交行”或“交通银行”)2017年度社会责任报告中选定的2017年度关键数据(以下简称“关键数据”)执行了有限保证的鉴证业务。

关键数据

本报告就以下选定的2017年度交行社会责任报告关键数据(即2017年度交行社会责任报告第10和11页关键绩效)实施了有限保证鉴证工作程序。

我们的鉴证工作仅限于企业社会责任报告中选定的2017年度关键数据, 企业社会责任报告中所披露的其他信息, 2016年及以前年度信息均不在我们的工作范围内。

标准

交通银行股份有限公司编制2017年度社会责任报告关键数据所采用的标准列示于社会责任报告中第92和93页的关键绩效数据编报说明(以下简称“编报基础”)中。

管理层的责任

按照编报基础编制2017年度社会责任报告关键数据是交通银行股份有限公司管理层的责任。这种责任包括设计、执行和维护与编制社会责任报告关键数据有关的内部控制, 以使该等数据不存在由于舞弊或错误而导致的重大错报。

我们的独立性与质量控制

我们遵守了国际会计师职业道德准则理事会颁布的注册会计师道德守则中的独立性及其他职业道德要求。该职业道德守则以诚信、客观、专业胜任能力及应有的关注、保密和良好职业行为为基本原则。

本事务所遵循国际质量控制准则第1号, 据此维护全面系统的质量控制体系, 包括与遵守职业道德要求、专业标准和适用的法律和法规要求相关的书面政策与程序。

注册会计师的责任

我们的责任是在执行鉴证工作的基础上对2017年度社会责任报告关键数据发表结论。

我们根据《国际鉴证业务准则第3000号(修订版)-历史财务信息审计或审阅以外的鉴证业务》的规定执行了鉴证工作。该准则要求我们计划和实施工作, 以形成鉴证结论。

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有限保证鉴证业务所实施程序的性质和时间较合理保证鉴证业务因此，有限保证鉴证业务的保证程度远低于合理保证鉴证业务。年度企业社会责任报告中选定的 2017 年度关键数据是在所有制，发表合理保证意见。我们的鉴证工作包括评估 2017 年度企业是否存在由于舞弊或错误导致的重大错报风险，以及应对评估。取决于我们的判断及对项目风险的评估。在我们的工作范围内，开展工作。我们没有对除贵公司总行外的其他分支机构实施鉴证包括：

- 1) 与贵公司参与提供企业社会责任报告中所选定的关键数据；
- 2) 实施分析程序；
- 3) 对选定的企业社会责任报告中关键数据实施抽样检查；
- 4) 重新计算；
- 5) 我们认为必要的其他程序。

固有限制

我们提请使用者注意，针对非财务数据，尚无公认的评估和计量的方法，这将影响公司间数据的可比性。

结论

基于已实施的程序及获取的证据，我们没有注意到任何事项使任报告中选定的 2017 年度关键数据未能在所有重大方面按照编

使用限制

本报告仅向交通银行股份有限公司董事会出具，而无其他目的，容向任何其他人士承担任何责任。



中国上海市

2018 年 3 月 29 日

ESG Index

Indicator	Exposure	Section	Note
Aspect A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Disclosed	Green development
A1.1	The types of emissions and respective emissions data		
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Disclosed	Green development
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Disclosed	Green development
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Disclosed	Green development
A1.5	Description of measures to mitigate emissions and results achieved	Disclosed	Green development
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Disclosed	Green development
Aspect A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Disclosed	Green development
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)		Green development
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Disclosed	Green development
A2.3	Description of energy use efficiency initiatives and results achieved		Green development
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Disclosed	Green development In 2017, the Company did not encounter the problem

				of obtaining water sources in its daily business operations.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable		
Aspect A3 The Environment and Natural Resources				
General Disclosure	Policies on minimizing the operation's significant impact on the environment and natural resources	Disclosed	Green development	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them		Green development	
Aspect B1 Employment				
General Disclosure	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Disclosed	People-centred bank	
B1.1	Total workforce by employment type, age group and geographical region	Disclosed	People-centred bank	
B1.2	Employee turnover rate by age group and geographical region	Disclosed	People-centred bank	
Aspect B2 Health and Safety				
General Disclosure	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards	Disclosed	People-centred bank	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Disclosed	People-centred bank	
Aspect B3 Development and Training				
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training	Disclosed	People-centred bank	

	activities			
B3.1	The percentage of employees trained by employee category (e.g. senior management, middle management)	Disclosed	People-cente red bank	
B3.2	The average training hours completed per employee by employee category		People-cente red bank	
Aspect B4 Labor Standards				
General Disclosure	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on preventing child and forced labor	Disclosed	People-cente red bank	
B4.1	Description of measures to review employment practices to avoid child and forced labor	Disclosed	People-cente red bank	
B4.2	Description of steps taken to eliminate such practices when discovered		People-cente red bank	
Aspect B5 Supply Chain Management				
General Disclosure	Policies on managing environmental and social risks of the supply chain	Disclosed	Green development	
B5.1	Number of suppliers by geographical region	Partially disclosed	Green development	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	Green development	
Aspect B6 Product Responsibility				
General Disclosure	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Disclosed	Advancing inclusive finance	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicabl e		
B6.2	Number of products and service related complaints received and how they are dealt with	Partially disclosed	Advancing inclusive finance	
B6.3	Description of practices relating to observing and protecting intellectual property rights	Disclosed	Advancing inclusive finance	
B6.4	Description of quality assurance process and recall	Not		

	procedures.	applicabl e		
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Disclosed	Advancing inclusive finance	
Aspect B7 Anti-corruption				
General Disclosure	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering	Disclosed	About BoCom	
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.	Disclosed	About BoCom	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Disclosed	About BoCom	
Aspect B8 Community Investment				
General Disclosure	Policies on community engagement to understand the communities' needs where it operates and to ensure its activities take into consideration the communities' interests	Disclosed	Contributing to a shared future	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Disclosed	Contributing to a shared future	
B8.2	Resources contributed (e.g. money or time) to the focus area		Contributing to a shared future	

GRI Index

This report has been prepared in accordance with the GRI Standards: Core option.

Disclosure Items	Section	Note	
1. Organizational profile	Disclosure 102-1 Name of the organization	About BoCom	
	Disclosure 102-2 Activities, brands, products, and services	About BoCom	
	Disclosure 102-3 Location of headquarters	About BoCom	
	Disclosure 102-4 Location of operations	About BoCom	
	Disclosure 102-5 Ownership and legal form	About BoCom	
	Disclosure 102-6 Markets served	About BoCom	
	Disclosure 102-7 Scale of the organization	About BoCom People-centered bank	
	Disclosure 102-8 Information on employees and other workers	People-centered bank	
	Disclosure 102-9 Supply chain	Green development	
	Disclosure 102-10 Significant changes to the organization and its supply chain	GRI Index	No significant change
	Disclosure 102-11 Precautionary Principle or approach	About BoCom	
	Disclosure 102-12 External initiatives	About BoCom	
	Disclosure 102-13 Membership of associations	About BoCom	
2. Strategy	Disclosure 102-14 Statement from senior decision-maker	Chairman's message	
3. Ethics and integrity	Disclosure 102-16 Values, principles, standards, and norms of behavior	About BoCom	
	Disclosure 102-17 Mechanisms for advice and concerns about ethics	About BoCom	
4. Governance	Disclosure 102-18 Governance structure	About BoCom	
5. Stakeholder engagement	Disclosure 102-40 List of stakeholder groups	Managing responsibility	
	Disclosure 102-41 Collective bargaining agreements	People-centered bank	
	Disclosure 102-42 Identifying and selecting stakeholders	Managing responsibility	
	Disclosure 102-43 Approach to stakeholder engagement	Managing responsibility	
	Disclosure 102-44 Key topics and concerns raised	Managing responsibility	

6. Reporting practice	Disclosure 102-45 Entities included in the consolidated financial statements		About BoCom	
	Disclosure 102-46 Defining report content and topic Boundaries		Managing responsibility	
	Disclosure 102-47 List of material topics		Managing responsibility	
	Disclosure 102-48 Restatements of information		GRI Index	No restate information
	Disclosure 102-49 Changes in reporting		GRI Index	No significant change
	Disclosure 102-50 Reporting period		About this report	
	Disclosure 102-51 Date of most recent report		About this report	
	Disclosure 102-52 Reporting cycle		About this report	
	Disclosure 102-53 Contact point for questions regarding the report		About this report	
	Disclosure 102-54 Claims of reporting in accordance with the GRI Standards		GRI Index	
	Disclosure 102-55 GRI content index		GRI Index	
	Disclosure 102-56 External assurance		Independent Statement of Assurance	
GRI 201: Economic Performance	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; About BoCom; Managing responsibility; Serving economic development; Advancing inclusive finance	
	Topic-specific disclosures	Disclosure 201-1 Direct economic value generated and distributed	About BoCom; Key performance	
		Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	Green development; Annual report	
		Disclosure 201-3 Defined benefit plan obligations and other retirement plans	People-centered bank	
GRI 202: Market Presence	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; Managing responsibility; People-centered	

			bank	
	Topic-specific disclosures	Disclosure 202-2 Proportion of senior management hired from the local community	People-centered bank	
GRI 203: Indirect Economic Impacts	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; Managing responsibility; People-centered bank Serving economic development	
	Topic-specific disclosures	Disclosure 203-1 Infrastructure investments and services supported	Serving economic development	
		Disclosure 203-2 Significant indirect economic impacts	CSR highlights II; Serving economic development	
GRI 205: Anti-corruption	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; About BoCom; Managing responsibility	
	Topic-specific disclosures	Disclosure 205-2 Communication and training about anti-corruption policies and procedures	About BoCom	
		Disclosure 205-3 Confirmed incidents of corruption and actions taken	About BoCom	
GRI 206: Anti-competitive Behavior	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; About BoCom; Managing responsibility	
	Topic-specific disclosures	Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	About BoCom	
GRI 302: Energy	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; Managing responsibility; Green	

			development	
	Topic-specific disclosures	Disclosure 302-1 Energy consumption within the organization	Green development	
		Disclosure 302-3 Energy intensity	Green development	
		Disclosure 302-4 Reduction of energy consumption	Green development	
		Disclosure 302-5 Reductions in energy requirements of products and services	Green development	
GRI 303: Water	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; Managing responsibility; Green development	
	Topic-specific disclosures	Disclosure 303-3 Water recycled and reused	Green development	
GRI 305: Emissions	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; Managing responsibility; Green development	
	Topic-specific disclosures	Disclosure 305-1 Direct (Scope 1) GHG emissions	Green development	
		Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	Green development	
		Disclosure 305-3 Other indirect (Scope 3) GHG emissions	Green development	
		Disclosure 305-5 Reduction of GHG emissions	Green development	
		Disclosure 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Green development	
GRI 306: Effluents and Waste	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; Managing responsibility; Green development	
	Topic-specific disclosures	Disclosure 306-2 Waste by type and disposal method	Green development	
GRI 401: Employment	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the	About this report; Managing responsibility;	

		management approach	People-centered bank	
	Topic-specific disclosures	Disclosure 401-1 New employee hires and employee turnover	People-centered bank	
		Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	People-centered bank	
GRI 403: Occupational Health and Safety	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; Managing responsibility; People-centered bank	
	Topic-specific disclosures	Disclosure 403-4 Health and safety topics covered in formal agreements with trade unions	People-centered bank	
GRI 404: Training and Education	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	People-centered bank	
	Topic-specific disclosures	Disclosure 404-1 Average hours of training per year per employee	People-centered bank	
		Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	People-centered bank	
GRI 405: Diversity and Equal Opportunity	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	People-centered bank	
	Topic-specific disclosures	Disclosure 405-1 Diversity of governance bodies and employees	People-centered bank	
		Disclosure 405-2 Ratio of basic salary and remuneration of women to men	People-centered bank	
GRI 406: Non-discrimination	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	People-centered bank	
	Topic-specific disclosures	Disclosure 406-1 Incidents of discrimination and corrective actions	GRI Index; People-centered	Not occurred

		taken	bank	
GRI 407: Freedom of Association and Collective Bargaining	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; Managing responsibility; People-centered bank	
	Topic-specific disclosures	Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	GRI Index; People-centered bank	Not occurred
GRI 408: Child Labor	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; Managing responsibility; People-centered bank	
	Topic-specific disclosures	Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	GRI Index; People-centered bank	Not occurred
GRI 409: Forced or Compulsory Labor	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About this report; Managing responsibility; People-centered bank	
	Topic-specific disclosures	Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	GRI Index; People-centered bank	Not occurred
GRI 413: Local Communities	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Contributing to a shared future	
	Topic-specific disclosures	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	Contributing to a shared future	
		Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities	GRI Index	Not occurred
GRI 414: Supplier Social Assessment	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Green development	

	Topic-specific disclosures	Disclosure 414-1 New suppliers that were screened using social criteria	Green development	
	Topic-specific disclosures	Disclosure 414-2 Negative social impacts in the supply chain and actions taken	GRI Index	Not occurred
GRI 416: Customer Health and Safety	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Advancing inclusive finance	
	Topic-specific disclosures	Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	GRI Index	Not occurred
GRI 417: Marketing and Labeling	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Advancing inclusive finance	
	Topic-specific disclosures	Disclosure 417-1 Requirements for product and service information and labeling	Advancing inclusive finance	
		Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling	GRI Index	Not occurred
		Disclosure 417-3 Incidents of non-compliance concerning marketing communications	GRI Index	Not occurred
GRI 418: Customer Privacy	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Advancing inclusive finance	
	Topic-specific disclosures	Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	GRI Index	Not occurred
GRI 419: Socioeconomic Compliance	GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	About BoCom	
	Topic-specific disclosures	Disclosure 419-1 Non-compliance with laws and regulations in the social and economic area	GRI Index	Not occurred
GRI Index for	FS1 Policies with specific environmental and social		Green	

Finance Industry	components applied to business lines	development	
	FS2 Procedures for assessing and screening environmental and social risks in business lines	Green development	
	FS3 Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Green development	
	FS4 Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Green development	
	FS5 Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Green development	
	FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	CSR highlights II; Advancing inclusive finance	
	FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Green development	
	FS13 Access points in low-populated or economically disadvantaged areas by tyoe	CSR highlights II; Advancing inclusive finance	
	FS14 Initiatives to improve access to financial services for disadvantaged people	CSR highlights II; Advancing inclusive finance	
	FS15 Policies for the fair design and sale of financial products and services	Advancing inclusive finance	
	FS16 Initiatives to enhance financial literacy by type of beneficiary	Advancing inclusive finance	

Notes to Key Performance

1. The Social contribution value per share (SCVPS) is calculated in line with the Shanghai Stock Exchange's Notice on Promoting Social Responsibility of Listed Companies and Publishing the Environmental Information Disclosure Guidelines for Companies Listed on the Shanghai Stock Exchange, of May 14, 2008, with various banking characteristics taken into consideration. The formula is as follows:

SCVPS = Earnings per share + (Tax + Staff costs + Interest + investment in charitable activities) / Total share capital at the end of the period.

2. "Six controlled non-bank subsidiaries" refers to BOCOM International Holdings Co., Ltd., China BOCOM Insurance Co., Ltd., Bank of Communications Financial Leasing Co., Ltd., Bank of Communications Schroder Fund Management Co., Ltd., Bank of Communications International Trust Co., Ltd., and BoCommLife Insurance Co., Ltd. The figures of profits from controlled subsidiaries indicate the profits attributable to parent company.

3. "Branches outside the Chinese mainland" include BoCom branches in Hong Kong/ Bank of Communications (Hong Kong), New York, Tokyo, Singapore, Seoul, Frankfurt, Macao, Ho Chi Minh City, San Francisco, Sydney, Taipei, London Branch of BoCom/Bank of Communications (UK) Co., Ltd., Bank of Communications (Luxembourg) Co., Ltd./Luxembourg Branch of BoCom, Brisbane Branch, Bank of Communications (Luxembourg) S.A. Paris Branch, Bank of Communications (Luxembourg) S.A. Rome Branch, Banco BBM (BoCom BBM), and the Toronto Representative Office.

4. "Central and western China" includes Shanxi province, Anhui province, Jiangxi province, Henan province, Hunan province, Hubei province, Guangxi Zhuang Autonomous Region, Chongqing Municipality, Sichuan province, Guizhou province, Yunnan province, Shaanxi province, Gansu province, Qinghai province, Ningxia Hui Autonomous Region, Xinjiang Uyghur Autonomous Region and Inner Mongolia Autonomous Region.

5. "Outstanding loans, micro-, small and mid-sized enterprises" is the sum of

outstanding loans to small and micro-enterprises and those to mid-sized enterprises as reported to the People's Bank of China.

6. "Outstanding loans, agro-related" refers to the sum of outstanding agro-related loans reported to the People's Bank of China, including agro-related loans to enterprises and organizations in cities, farm loans, loans to enterprises and organizations in rural areas, and non-farm loans concerning agriculture, forestry, animal husbandry, and fisheries.

7. The data about low-income housing loans were gathered in line with the requirements laid down in the Notice of CBRC General Administration Department on Submitting Statistics on Low-income Housing Loans

8. The data about science, education, culture, and health loans were obtained based on the 2011 classification of sectors in the national economy, including "scientific research and technology services", "education", "health and social work", and "culture, sports and entertainment".

9. "Share of green loan customers" means the proportion of Cat-I to Cat-IV green loan customers in the bank's total loan customers. "Share of outstanding green loans" refers to the proportion of Cat-I to Cat-IV green loans not yet paid off in the bank's total outstanding loans.

10. "Share of loans to heavily polluting, energy-intensive, and overcapacity industries" refers to the ratio of outstanding loans to the nine industries including steel, coal, cement, plate glass, coal chemical, polysilicon, wind power equipment, nonferrous metals, and shipping to the total loans granted by domestic branches.

11. "Outstanding loans to energy saving and emissions reduction" refers to Cat-I green loans not yet paid off and being used to promote a low carbon economy, environmental protection, and integrated resource use.

12. "E-banking business share" refers to the ratio of volume of transactions conducted online to the combined volume of transactions conducted online and offline. The figures of such volumes are gathered through the e-banking business statistical analysis system.

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13. “Head Office” refers to the five office buildings in Lujiazui (BoCom Financial Towers), Zhangjiang (excluding Phase III), Hongqiao (Jinming Building), Gaoke and Caohejing of Shanghai. “Head Office carbon emissions” includes direct emissions and indirect emissions by the Head Office.
14. The data center PUE is a measure of efficiency in power use, with a formula of: $PUE = \frac{\text{Total facility power}}{\text{IT equipment power}}$. $PUE \geq 1$. The closer it is to 1, the more energy efficient a user is.
15. The figures for the “customer satisfaction score” are from the 2017 survey on customer satisfaction among Chinese retail banks conducted by professional agency J.D. Power Asia Pacific.
16. The figures for the “number of product innovation plans implemented” refer to the numbers of product innovation plans that have been implemented and reported to the Committee of Innovation Promotion under the *Chinese Association of Productivity Science as prescribed by the Outline of BoCom Product Innovation Plan for 2016-2020* and the *BoCom Product Innovation Plan 2017*.
17. The figures for the “share of successful transactions through UnionPay interbank system” refer to the success rate of transactions by BoCom cards in other banks through the UnionPay interbank system
18. China’s Top 100 Model Outlets of civilized normative service in the banking sector are selected every two years.
19. “Employees in and outside the Chinese mainland” refers to the total number of contract employees across the bank. “Females, middle and senior management” means the number of female employees at the department head level or above in mainland branches. “Members of ethnic minorities” refers to the total number of employees who are not Han people in mainland branches.
20. “Charitable donations made” refers to the donations made in the name of BoCom for public programs on disaster relief, assistance for the disabled, poverty reduction, etc. in accordance with the *Measures of BoCom for Managing Donations to Other Organizations*.

21. Figures for the “employee happiness index” are quantified data used to promote the building of a “Happy BoCom” according to the *Interim Measures for the Management of Happiness Index*, the *Plan on the Comprehensive Evaluation System for the Building of “Happy BoCom”*, and the *Plan for the Building of “Happy BoCom” 2015-2017*. The index serves as a management tool and decision-making basis to objectively and accurately reflect, measure and evaluate the employees’ sense of happiness.

Feedback Form

Dear Sir/Madam,

Thank you for reading Bank of Communications 2016 CSR Report.

To enable our report to more systematic and scientifically offer you meaningful information, to facilitate monitoring of the CSR work and to improve the Company's management and practice of social responsibility, we sincerely await your opinions and suggestions.

1. You are one of our _____

- Passengers
- Shareholders
- Representative of government
- Representative of Community
- Partners
- Media
- Social group
- Other

(please note)_____

2. What's your assessment of Communications 2016 CSR Report.?

- Very good
- Good
- Fair
- Poor
- Very poor

3. What's your assessment of Bank of Communications' social responsibility performance of stakeholders' communication?

- Very good
- Good
- Fair
- Poor
- Very poor

4. What's your assessment of Bank of Communications' social responsibility performance of economy?

- Very good
- Good
- Fair
- Poor
- Very poor

5. What's your assessment of Bank of Communications' social responsibility performance of customer service?

- Very good
- Good
- Fair
- Poor
- Very poor

6. What's your assessment of Bank of Communications' social responsibility performance of environment?

Very good

Good

Fair

Poor

Very poor

7. What's your assessment of Bank of Communications' social responsibility performance of employee?

Very good

Good

Fair

Poor

Very poor

8. What's your assessment of Bank of Communications' social responsibility performance of society?

Very good

Good

Fair

Poor

Very poor

9. Do you think if the content and design style of this report are acceptable?

Yes

No

10. Your comments and suggestions for Bank of Communications' social responsibility work and this report:

Thank you for your attention!