

CORPORATE SOCIAL SOCIAL RESPONSIBILITY REPORT 2016 中國太平保險控股有限公司 China Taiping Insurance Holdings Company Limited

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SUSTAINABILITY OVERVIEW

Shareholder: Responsible Governance

In 2016, one general meeting was held with six significant issues discussed.

The Group's Audit Center conducted anti-money laundering audit on 502 branches within the system and proposed advices on rectification.

Customer: Honor Commitments

TPL's complaint rate per RMB100 millions of premium was only 0.18, far lower than that of the overall industry rate of 0.43 in 2016.

TPI received a total of 147 complaints with its complaint rate per RMB100 millions of premium being 0.81, a decrease by 66.42% over last year.

TPP's overall claim period was shortened from 10.2 days to 8.52 days

Industry: Integrated Development

We have secured additional 16 "Headquarter to Headquarter" strategic cooperation customers, and the contribution rate to Group business was nearly 1/4.

There were 100 people in the research team, and the team has submitted and published more than 20 papers or reports.

With transparent procurement worth of RMB 918 million from 1,108 suppliers, we've created a responsible supply chain.

Employee: Home of Happiness

Including all subsidiaries and branches, the Group won a total of 11 honors in 2016, of which 1 was granted by the All-China Federation of Trade Unions and 10 was by the Chinese Financial Workers' Union, the number hitting a record high.

Each newly established subsidiary trade union has established a workers congress institution. At present, we have extended workers congress to cover 100% of the subsidiaries (centers) of the Group.

More than 30,000 employees participated in the labor competitions organized by trade unions of various levels.

During the "Taiping Reading Season", more than 760 employees reading and sharing activities were held, with participants reaching 26,000.

Society: Responsibility Assumption

The annual insurance premium of commercial-operated serious illness insurance business was RMB 226 million in 2016.

Environment: Green Development

The Group's greenhouse gas emission volume was 14554.94 tCO₂ in 2016.

CSR2016

CHAIRMAN STATEMENT



Wang Bin *Chairman*

2016 is the starting year of the "13th Five-Year Plan", and also a significant year for China Taiping Insurance Holdings Company Limited to implement the "Boutique Strategy". In 2016, in order to speed up the pace of creating the "Most Unique and High Potential Boutique Insurance Company", China Taiping made solid efforts to advance the Boutique Strategy. During the past year, innovation-driven strategy delivered obvious outcomes, business transformation and improvement in business mix proceeded in an orderly manner, risk management and compliance level improved constantly, thus leading to the healthy, rapid and sustainable development of its businesses with the annual total premium of nearly HK\$150 billion and the total assets exceeding HK\$500 billion, getting the "13th Five-Year Plan" off to a great start. Meanwhile, as a state-owned financial enterprise, we performed the critical task of serving for people's well-being and actively responded to the requests and expectations of such stakeholders as shareholders, customers, employees, industry, community and the environment, contributing its strength to the sustainable development of society.

We consider protecting shareholders' benefits as the central purpose of our management and operation. In 2016, we realized a profit attributable to shareholders of HK\$4.774 billion and total embedded value per share attributable to shareholders of HK\$28.5, better than industry average. Meanwhile, we created a smooth communication mechanism with perfect supervision system and information disclosure; strengthened risk management through building a unified big data platform and preventing money laundering risk; promoted internal control through joint efforts made by all staff of the Group. All these have proved that our efforts have effectively protect and improved the benefits of shareholders, thus winning the confidence and unanimous recognition from shareholders.

We consider serving our customers whole heartedly as the solid foundation for strengthening our basis and expanding our business. We have been implementing the comprehensive operating model "One Customer, One Taiping" all the time, which also represents our service goal. In a view to establish a sound service system and keep improving our service quality, we have meticulously launched "E-service", endeavored to push forward channel development and optimized the claims mechanism and the customer interests protection mechanism. By doing this, we have won praises from the majority of customers. In 2016, the number of customers of TPL, TPI, TPP exceeded 85.23 million, while the total complaints was 364 with an accumulated compensation payment of HK\$ 147.39 billion, providing customers with innovative, convenient and effective claims services.

We consider industrial progress as an important goal in leading changes. With the vision of promoting the industrial development, we have established a research team of more than 100 people and have submitted, published more than 20 papers and reports, proactively partaken in authoritative industry organizations to promote the sharing and exchange within the industry. By drawing strength from constant innovation, we made innovations in our business and product categories to create new profit growth points. We established a company to engage in internet health insurance with certain enterprises including Alibaba. In addition, we prepared to set up Taiping Technology Insurance Company Limited. In pursuing mutual benefits, we kept promoting the "Headquarter to Headquarter" strategy and won another 16 strategic cooperative customers, with the combined contribution rate of the 68 strategic cooperative customers to Group business approaching one fourth. To maintain the core interests brought by our market position, we capitalized on our international operation, fully tap the potential of the domestic market and grabbed the key opportunities of insurance service presented by the "The Belt and Road" initiative. As such, we registered a record high premium from oversee business in 2016, which number exceeds the sum made in past years.

We consider developing human resources as the core factor to secure competitive advantages. Based on that idea, we have constantly promoted the construction of the happy "Home of Employees" and focused on work in six aspects including salary and benefits, working environment, physical and psychological health, career development, interpersonal relation and democratic management and built a platform where the 60,270 employees can grow and feel happy, therefore raising the employees' happiness and the sense of belonging.

We consider promoting community integration as the starting point of performing responsibilities. In insurance business, by developing insurance products concerning "agriculture, rural areas and farmers" and serious illness insurance, we have fully utilized its advantages to serve the social security system; in financial investment, by closely following the national supplyside structural reform, we have contributed to national industrial transformation and upgrading, made new technologies, new business and new industry as priority sectors, providing strong assistance for the policy of "cutting overcapacity, reducing excess supply, deleveraging, reducing corporate costs, and strengthen areas of weakness". In 2016, the Group's investment regarding social responsibility was about RMB161.7 billion, accounting for about one fourth of total investment assets under its management. Additionally, we have worked hard to foster the development of education and "targeted poverty alleviation", with a total

investment of nearly RMB6.6 million in these two areas in 2016.

We consider environmental protection as a critical measure to achieve sustainable development. On one hand, we remain committed to green operations by focusing on construction of green buildings, energy-saving and emission reduction, water saving etc., thus integrating the green philosophy into daily operations. On the other hand, we strive to develop green finance, optimizing the green industry resources allocation by means of green insurance, green finance leasing and others.

The second year of the "13th Five-Year Plan" period, 2017 also represents a critical year for implementing the "Boutique Strategy". In 2017, We'll continue to honor our commitments on social responsibilities; remaining committed to the underlying principle of making progress while keeping performance stable, we'll promote the Boutique Strategy; we'll continue to strictly control risks, oppose corruption and uphold integrity, in order to perfect internal control and safeguard the benefits of all shareholders. We promise that: we'll continue to improve our boutique services, improve service quality and customer experience; we'll continue to strive to achieving cutting-edge scientific research results and proactively partake in industry organizations; we'll carry out the "Headquarter to Headquarter" cooperative strategy and promote the constant innovation of products, business model and business itself; we 'll improve financial and Internet business mix, take domestic and overseas development opportunities and create responsible supply chain, thus promoting the coordinated development of the industry through acting as leader of the industry; we'll continue to serve for the supply-side structural reform, provide aid for poverty alleviation and support education development so as to show the sense of responsibility assumption as a state-owned enterprise; we'll stick to green operations and develop green finance to inject new vitality to the environmental protection. In the year to come, we'll continue to live up to the responsibility as a stateowned financial enterprise, be concerned about the society and all families and reward the support and trust from all walks of society with concrete actions and abundant achievements.

01 BOUTIQUE TAIPING

China Taiping Insurance Holdings Company Limited, incorporated in Hong Kong on February 18, 2000, is a subsidiary of China Taiping Insurance Group Ltd., with its principal activities is investment holding. The business scope of its subsidiaries covering the underwriting of direct life insurance business in the PRC and Hong Kong, direct property and casualty insurance business in the PRC, Hong Kong and overseas, pension and group life business, and all classes of global reinsurance business. The Company's subsidiaries also carry on operations in asset management, insurance intermediary, E-commerce for insurance, financial leasing, property investment, senior living investment, securities dealing and broking business etc.. On 29, June 2000, China Taiping was successfully listed in the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: HK00966), making it the first China insurance enterprise to be listed overseas.

1.1 Steady development

In 2016, we realized a positive start for the "13th Five Year Plan" period. The Group has achieved relatively rapid development in its scale and strength and steady improvement in our operating efficiency, with a variety of highlights in this regard.

Total assets exceeding HK\$ 500 billion an increase of 3.6% over 2015 Annual total premiums reaching HK\$ 149.3 billion an increase of 7.8% over the Last Year

- Our domestic business achieved steady performance with good momentum for development, which was evidenced by the facts that the core business of life insurance and profitable business comprehensively outperformed their original targets, the proportion of medium and long-term protection type business continually increased, the 13th month persistency ratios for individual and bancassurance channel continually maintained #1 in the industry, among which:
 - The persistency ratio of individual insurance achieved a record high, first year premium increased by 39.1% over the Last Year; high productivity (RMB300,000 regular premium above) agents increased by 36.5% over the Last Year;
 - With efforts to overcome the adverse impacts posed by the commercial motor insurance premium rate marketization reform and the reform of replacing business tax with value-added tax, property and casualty insurance outperformed the market and consistently achieved underwriting profits for five consecutive years, total premium of PRC property and casualty insurance increased by 13.4% over the Last Year, direct premium increased by 16.4% over the Last Year, 6.4 percentage points above industry average; continued to achieve underwriting profit , with the direct premium growth rate higher than the industry average of 6.4 percentage points ;
 - Balance of pension assets under management was over RMB130 billion, increased by 28.3% over the Last Year.
- Overseas property and casualty insurance and reinsurance companies further enhanced their underwriting profitability. The overall combined ratio decreased by 0.8 percentage point, and all companies achieved underwriting profitability, with the underwriting profit increased by 12.1% over the Last Year;
- Reinsurance business maintained a rapid growth, with its premium (excluding universal life) achieved HK\$9.175

billion and increased by 14.6% over the Last Year, among them, the premium of life reinsurance business increased by 24.1% over the Last Year;

The investment business showed steady development: The asset scale grew steadily. At the end of 2016, the total investment assets of the Group was HK\$425.2 billion, an increase of 14.1% over the beginning of the Year; entrusted investment assets of third parties amounted to HK\$296 billion, increased by 26.6% over the beginning of the Year.

1.2 Corporate culture

We uphold the philosophy of "Operating In Earnest, Serving with Integrity", keep on reforming and innovating, constantly improve the operating model of "One Customer, One Taiping" in a view to provide one-stop comprehensive financial insurance service for customers, and fulfil our mission "To Create Well-being in Life and Peace of Mind" for our customers.

In 2015, the Group has made all-round progress in the "Boutique Strategy", opening the new chapter of creating the "Most Unique and High Potential Boutique Insurance Company". For China Taiping, the core of "Boutique" means correctly handling the relation between scale and value, dedicating to developing the boutique corporate connotation of "balance between scale and speed, excellence in business quality, efficiency in resources allocation, smart and capable talents", thus promoting the core value of "Integrity, Professionalism Value".

Guided by the China Taiping's core culture of "having a dream, living up to their responsibilities, being passionate, delivering good performance, being courageous, good at making innovation", all management and employees of the Group made joint efforts to innovate, leading to a good development trend in all businesses.

Core Strategy	Boutique Strategy
Core value	Integrity, Professionalism, Value
Core culture Having a dream, Living up to their responsibilities, Being passionate, Delivering g performance, Being courageous, Good at making innovation	
Operating model	One Client, One Taiping

1.3 Brand influence

In 2016, the Group enhanced its efforts in promoting its brand and digging into its brand connotation in a bid to fulfill its vision to "build a distinctive Chinese brand in the global financial service".

The China Taiping Archway has become a new landmark of London Chinatown in the UK. China Taiping has also engaged in the shooting and recording of a series of CCTV special programs, such as "Dreaming China" and "The

Faraway Home: The Belt and Road". Furthermore, the mode of brand transmission has been innovated by various new media channels, such as WeChat and news apps, resulting in a further improvement in brand awareness.

The Group constantly increased its investments in targeted poverty alleviation, education and public welfare, environmental protection, disaster relief etc., promoted developments and established a responsible enterprise image: in 2016, China Taiping was listed in the World's Top 500 Brands for the first time; it was also listed in the Fortune "Top 500 Chinese Companies" with its ranking increased by 48; and with its 70% brand value growth rate, it was ranked top 3 in the Top 20 Brand Value Growth List. Furthermore, China Taiping was awarded "Asia's Top 10 Most Influential Brand Award 2016", "The Global Chinese Business 1000 Award – Outstanding Performance Awards" by Yazhou Zhoukan etc.



02 RESPONSIBILITY SYSTEM

2.1 Social responsibility strategy and operation

We have actively fulfilled the social responsibilities of a state-owned enterprise and put into practice the core value philosophy of "honoring commitments, taking risks, valuing services, complying with regulations" of the industry to set a good image of the industry in society. We've actively promoted the establishment of corporate social responsibility system, constantly optimized the management structure, improved the working network, and established the social responsibility management system covering all departments, all subsidiaries and branches in which the management partakes.

In the strategic dimension, China Taiping will integrate the philosophies of social responsibility and sustainable development into the corporate mission and core value and carry them forward in accordance with strategic guidance, influencing all subordinated departments of the Group. As a responsible insurance corporate, we promote and fulfill sustainable value growth through enhancing the sense of social responsibility so as to finally achieve win-win between the public and stakeholders.

In the operation dimension, China Taiping will integrate social responsibilities into the corporate's business operation in the hope of achieving the greatest effect. The corporate social responsibility should be embedded into the corporate's operations and management and be reflected in corresponding daily activities rather than just being considered as a series of special projects. China Taiping provides risk management support for customers in many industries including the government in multiple dimensions through providing comprehensive and various insurance products; provides professional, responsible, convenient and friendly services through constantly increasing the availability of products to satisfy the demand of more customers and share more risks for society.

2.2 Social responsibility management

During the preparation of this ESG report, we've actively sought opinions from various stakeholder groups through multiple channels so as to learn about their opinions on China Taiping in terms of environment, society and governance, which will serve as important references for us to make strategies and formulate policies in the future. We've also communicated comprehensively with all stakeholder groups in multiple dimensions in accordance with the requirements of Environmental, Social and Governance Reporting Guide by the Stock Exchange and relevant principles determined in the report contents of GRI G4, and through classifying, prioritizing and selecting from two aspects including the degree of influence on the corporate strategic operations and the degree of influence on stakeholders, we've chosen issues that are concerned about by stakeholders most and disclosed them in this report.



Significance Matrix for China Taiping ESG Topics

Degree of influence on the Compay's strateic operations

2.3 Dialogue with stakeholders

We believe that establishing an effective communicating system with stakeholders plays a significant part in increasing the corporate transparency and building confidence in the market. With this multilateral platform, we proactively learned the outstanding practices of leading corporates, conveyed the responsibility philosophy, practice and achievements of China Taiping; constantly expanded communication channels, increased communication frequency, enriched the contents of communication and actively replied to the demands of stakeholders.

Stakeholder	Requests for and expectations in the Company	Communicating means
Shareholder	 Company governance and value creation Information disclosure and risk control 	 Regular announcement General Meeting Board meeting Board committee meeting Routine investment bank meeting/broker strategy meeting Routine survey of the Company Routine e-mail/telephone communication
Customer	 Innovation of service channels and products Convenient and considerate service experience Financial service with social benefits Protecting the rights and benefits of customers 	 Survey on customers' demand for products Investigation into customer satisfaction Innovation in claims service Customer Service Festival Customer service special line Official website, official WeChat, official Weibo Establish a customer complaint hotline
Employee	 Secure employees' salary and welfare Meet employees' career development Promote employee training channels 	 Workers' congress Congress of members of the Trade Unions Company office automation platform Training for employees Diversified employee activities, assisting employees in need
Industry	 Promote healthy development of the industry Mutual benefits of partners Establish long-term and stable partnership 	 Exchange and collaboration with industry peers Research and meetings with government and industry associations Publicity and popularization activities of insurance knowledge
Society and environment	 Proactively partake in community public welfare programs Exert the power of financial lever Promote sustainable development Conduct technology reform to realize green operations 	 Communicate with government, research institution to learn about the demands in such fields as assurance, health and others Survey, visit and aid people in disaster-stricken areas and assistance receivers Environmental protection public welfare activity Official website, official WeChat, official Weibo

OB SHAREHOLDER: RESPONSIBLE GOVERNANCE

-- Key information of 2016: -----

One general meeting was held with six significant issues discussed. The Group's Audit Center conducted anti-money laundering audit on 502 branches within the whole Group and proposed advices on rectification.

We serve sincerely to ensure the appreciation of shareholders' wealth. Meanwhile, we're dedicated to improving the governance structure of the Company, optimizing risk control mechanism and enhancing internal control. Additionally, we stay in good contact with the public, constantly publish important business information of the Group to keep leading the industry in compliance and risk control.

3.1 Value Creation

In 2016, we rewarded shareholders with remarkable performance. As of December 31, 2016, China Taiping's total assets exceeded HK\$500 billion, increased by 3.6% over the Last Year; its annual total premium was HK\$150 billion, increased by 7.8%; the profit from operations after taxation reached HK\$6.3 billion. In 2016, profit attributable to shareholders was HK\$4.774 billion, total embedded value per share attributable to shareholders was HK\$28.5, better than industry average. We'll continue to take creating the "Most Unique and High Potential Boutique Insurance Company" as our goal, build a comprehensive service platform for insurance service, asset management, securities broking, finance leasing, real estate investment and others. We'll open the development mode of "Internet + finance" to the entire industry, join hands with financial partners within the industry to make use of new technologies. We'll apply such new technologies and new thinking patterns as mobile internet, big data, cloud service and others to drive insurance industry more social, mobile, professional, contextualized, thus constantly bringing convenience to customers and creating value for shareholders.

- Key financial information:

Profit from operation after taxation reached HK\$ 6.3 billion Profit attributable to shareholders was HK\$ 4.774 billion Total embedded value per share attributable to shareholders was HK\$ 28.5 increased by 4.6% over the end of 2015

3.2 Enhance governance

We've been dedicated to improving the governance structure of the Company, protecting the rights of stakeholders, further enhancing the Company's image in the industry and the capital market in a move to win the recognition of and confidence in the Company's development from various parties including investors, creditors, partners and society to the greatest extent and realize the sustainable, healthy and steady development of the Company. In accordance with laws and regulations issued by regulators, we established a company governance structure composed of general meeting, Board of Directors, board committees and all functional departments; and under Articles of Association of the Company, we formulated governance rules of many levels which were used for defining the powers, duties, permission rights and codes of conduct for all parties. We'll constantly review and improve the abovementioned structure and rules so as to enhance information disclosure and ensure the transparent, independent and efficient operation of the Company.

3.2.1 Strict governance to improve the monitoring system

The Board of Directors of China Taiping is currently made up of 12 directors including four executive directors, four non-executive directors and four independent non-executive directors, which is in

compliance with the regulatory requirements and the Articles of Association of the Company. In order to upgrade the governance efficiency of the Company and stimulate the creativity of organizations, China Taiping adopted a diversity policy for the Board (including without limitation to, age, cultural and educational background, professional experience, skills, knowledge, length of service, gender and race) in August 2013. The Board's diversified composition was summarized as follows:



No. of Directors

3.2.2 Be concerned about shareholders to ensure healthy communication

We've always been focusing on communicating with shareholders. On the afternoon of May 19, 2016, the 16th Annual General Meeting of China Taiping was successfully held in Hong Kong, which was presided by Chairman Wang Bin, attended by Vice Chairman LI Jinfu, directors including Huang Weijian, Wu Changming, Ni Rongming, Wu Ting Yuk Anthony; senior management including Zhang Ruohan and others, representatives of independent auditors and representatives of the registrar. Six proposals including "General Mandate Granted to Directors to



Issue/Repurchasing Shares" were considered and approved by the General Meeting. The General Meeting enjoyed the decision-making right as was regulated by laws and regulations, Articles of Association of the Company and determine on such major issues as the Company's business policy, profit distribution and others. Based on the regulation that "shareholder(s) representing at least 5% of the total voting rights of all shareholders may request to convene an extraordinary general meeting" in Hong Kong Companies Ordinance, China Taiping has formulated a detailed process of requesting to open an extraordinary general meeting, elaborated the process of proposing advices to the General Meeting and disclosed the same on its official website to ensure that each shareholder is aware of his own rights and interests and can proactively participate in the governance and decision-making of the Company.

3.2.3 Public and transparent to disclose major indications

In accordance with relevant laws, administrative rules and relevant regulations such as "Rules Governing the Listing of Securities" of the Stock Exchange and "Insurance Law of the People's Republic of China" and others, to further regulate the information disclosure of the Group and complete the public information disclosure well.

In order to disclose our solvency to insurance consumers immediately and thoroughly as well as help consumers to make a decision in first application and persistent application, we set the "Public Information Disclosure" special column to disclose relevant information in classification so that the public in society could search and read conveniently.

The information we disclosed mainly included Company General Information, Annual Information Disclosure Report, Interim Information Disclosure Report, Abstract of Solvency Quarterly Report, Internet Insurance Business Information, and other information that was required to disclose by laws, regulations and CIRC. Meanwhile, in order to ensure the integrity, accuracy, completeness and compliance of the disclosed information, we established a perfect disclosing system. Under the system, relevant information departments will carefully check relevant information, submit it to relevant departments for compliance examination and finally disclose it on the official website, designated publication and website to be subject to the monitoring from relevant aspects and receive advices of the masses so as to ensure that the information is public and transparent. As for emerging products such as unit-linked insurance, universal insurance, participating insurance and others, we also proactively disclosed their relevant risks and characteristic, tried to describe information on the product in words that were popular and easy to understand so that relevant interested parties including the applicant, beneficiary and others could have an accurate and clear idea of the products and monitor the products.

3.3 Strengthen internal control

As provider of the insurance service which was related to people's livelihood and benefits, internal control was not just the request of the government and regulators but also a highlight that many stakeholders focused on. We attached great importance to the building of internal control within the Company, consider it a significant component of the risk control system project to push it forward.

In 2016, we established an internal control assessment team. Through integrated designing and overall planning of the internal control within the Company, the team promoted all internal control entities to make real-time monitoring and regular screenings on risks, in accordance with which it adjusted and improved the internal control procedure of the company to ensure that the Company possessed certain risk control ability and operated steadily and efficiently on the basis of compliance.

3.3.1 All employees involved to form an effective governance mechanism Inter-departmental synergetic supervision

As the only state-owned financial enterprise headquartered overseas, we've been proactively exploring new ideas for effective risk prevention in recent years. We built a comprehensive risk management system that integrated disciplinary inspection and supervision, risk management and compliance, and audit in the long-term practice, established the monitoring mechanism where all staff jointly participated and coordinated with one another, forming the "general supervision" pattern with China Taiping characteristics.

Under the framework of supervision and coordination, all departments had their own focuses due to the difference in work items, work goals and work patterns they specifically supervised. The disciplinary inspection and supervision was responsible to the management, examined their implementation of the strategic deployment of the Central Government and the Group, business integrity, operation effectiveness and others. The two sectors including risk control compliance and audit play a professional role in the "Three Lines of Defense" in the Group's risk management. Meanwhile, we enhanced the monitoring, early warning of risk problems of subsidiaries and urged them to rectify and reform over the problems so as to eliminate all types of risks in initial phase. With a "zero tolerance" attitude towards such problems, we also investigated and handled all kinds of behaviors in breach of laws, disciplines and regulations and gave notifications about and exposed typical cases to enhance the actual effect of against corruption and business bribery.

Since the monitoring mechanism was operated in April 2014, the Group's disciplinary inspection and supervision , risk management and compliance, and audit have firmly grabbed the work focus and always upheld the work principle of "information resource sharing, forming monitoring joint force" and made concerted efforts to cooperate in major issues and special projects. The operating method of coordinated monitoring mechanism was mainly divided into two types. Firstly, one joint meeting on monitoring work was held once a quarter by each sector to research into and discuss about topics related to risk management and monitoring. Secondly, each sector should designate an information contact person who should share the monitoring work information of the month with other contact persons or give a reply to the information requests of other sectors. On the basis of the above two operating methods, three working mechanisms that worked closely with one another were established in the coordinated monitoring mechanism. The first one was monitoring work information sharing system which enabled people to promptly share the work information related to all sectors and the working achievements, thus constantly optimizing the monitoring resources allocation and continuously improving the monitoring work efficiency. The second one was the monitoring work communicating and coordinating mechanism which aimed at planning the monitoring issues of the Group as a whole and integrating the tasks of all sectors so as to avoid repetition of work content and improving the overall achievements of the Group's monitoring work. The last but not least one was the special project coordinating mechanism. In such a mechanism, when a sector carried out such monitoring special tasks as patrolling, special investigation, survey and others, other monitoring departments should provide information on operations and management, regulations and disciplines violation, risk control compliance, financial audit and others and provide manpower or material support when necessary. All monitoring departments made conceited efforts to protect China Taiping in creating the "Most Unique and High Potential Boutique Insurance Company".

In face of the uncertainties in the business environment, China Taiping focused on reform and development on the one hand and risk control on the other hand. With the further processing of the coordinated monitoring mechanism, the Company's governance level was constantly increased, the compliance operation was improved day by day and the scientific level of major policies was increased gradually, showing the obvious effectiveness of the coordinated monitoring.

In 2016, China Taiping (including all subsidiaries and branches) received a total of 87 questions and clues of all types, decreased by 10.3% compared with the 97 ones in 2015; China Taiping sorted and improved 15 regulations.

Comprehensive control with "Three Lines of Defense"

Under the coordinated monitoring mechanism, we established "Three Lines of Defense" to ensure the comprehensive control of risks before, in the middle of and after the event.

Business departments which served as the first line of defense in risk control carried out the risk internal control system of the Company and constantly made self-improvement and perfection. Risk management and compliance departments which served as the second line of defense focused on preventing risks. Through monitoring, identifying, assessing and reporting the compliance risk, it helped to cultivate the Company's compliance culture and established a long-term mechanism for risk control to ensure that the company was able to control and prevent risks institutionally. The third line of defense was the internal audit which focused on subsequent investigations. Through independent investigation into the corporate business activities including financial income and expenditure, these departments ensured that they complied with the financial regulations of the state and enterprise.

First line of defense	Second line of defense	Third line of defense
Business and functional departments	Risk control and management departments	Internal audit departments
Institutions	The Risk Management Committee under the Board	The Audit Committee under the Board
Departments	Risk and Compliance Committee at the management level	The Audit Committee at the management level
Employees	Risk management and compliance department	Audit Center
Risk management of business and strategy (including compliance management)	Comprehensive risk management (including compliance management)	Independently monitors the business system and risk management system Analyzes and assesses risk management ability Discover risks, proposes improvement advices and urges reform

Control risks by actuarial methods, Aifeixiang airline accident insurance

In 2016, through fully exploring the customers' demands in the scenario of the industry and locking the target of high-end customers, we developed the innovative product "Aifeixiang" airline accident insurance. Simply by paying RMB3.99 of premium through the cellphone mobile, passengers could obtain flight accident insurance protection of RMB1 million. Under the condition of sharing and selling on Moments of WeChat to realize customer information accumulation, the product has accumulated 560,000 underwritings after its launch for 2 weeks and helped TPL to obtain 150,000 customers, creating a strong response in the market.

The low premium price of the product resulted from the extensive market demand survey and risk assessment we had made. Under the coordinated monitoring risk management system and led by the policy of " risk control comes first in business layout", we established a special team to analyze and survey on the Internet finance market and the cost of flight accident insurance, and we assess the seven major risks including insurance risk, credit risk, reputational risk and others. During the survey, we learned that the main cost of airline accident insurance originated from the channel. Therefore, we proactively promoted the innovation of sales platform, promoted product sales by means of selling on WeChat platform, sharing on Moments of WeChat and others, realizing the direct availability of products for customers and the electronization of the entire application process. This helped the Company to save lots of operating cost share part of the profits to consumers. The Company also carried out the customer operating philosophy of "one customer, one Taiping" of the Group in depth, performing the social responsibility of an enterprise in business operations in earnest.

3.3.2 Self-assessment to optimize internal control management

In 2016, in accordance with the requirements of relevant laws and regulations, we self-assessed the internal control of the Company in the year in aspects including control environment, risk identification and assessment, control activities, information and communication, monitoring. As the assessment result showed, the internal control of the Company was sound, reasonable and was carried out effectively and the internal control system within the Company was operating well. Meanwhile, the result also helped the Company to further enhance the internal control organization and structure, improved the risk management system, optimized the utilization of the business control process and information system, ensuring the realization of the goals of internal control of the Company from such aspects as organization, staff, institution, process, implementation and others and providing safeguard for the realization of the business and management goals of the Company.

3.4 Risk control

During 2016, in compliance with the regulatory requirements including C-ROSS, the Company adopted a "prudently aggressive" risk appetite to cope with various risks during its operation with emphasis on the principle of risk-return tradeoff, thereby pursuing the Company's strategic objective of being "the most unique and potential boutique insurance company". Besides continuing to improve its synergetic regulatory risk management system by various measures including optimizing its risk management organization structure, system procedures, work procedures and human resources allocation, the Group also built a multi-tier, multidimensional big data platform in accordance with its own operation characteristics to further assist the business development and decision making by the seniors.



Meanwhile, the Group constantly optimized the Internet financial risk management and anti-money laundering management system and strictly prevented and screened key risks, thus ensuring legal and compliant operation.

3.4.1 Efficient decision-making and establishing a information platform

As a financial insurance service provider engaging in diversified financial businesses, and led by the "Boutique Strategy", China Taiping requested decision makers to promptly grab the information on the present operation situations of all kinds of operations. Because of this, we built multi-tier, multidimensional application systems as "group management information system", "group risk compliance system" and others.

The insurance industry faced increasingly intensified competition, so correct and prompt decision making is of vital importance for us to carry out the "Boutique Strategy". The "unified big data platform" will collect and integrate the structured and unstructured information in such aspects as business, finance, investment and others of the Group to aid the mart and view of management information and the innovative use based on data analysis and modeling. Our daily business application has produced lots of data assets, and the unified data stack can collect immediate data to provide strong assistance for the decision making of top managers, thus truly presenting the maximum value of the data assets of China Taiping. In November 2016, we stated the building of "unified big data platform", and it will be the unified information source of China Taiping that supports the computing of such application systems including "group implementation information system" (MIS system) and "group risk compliance system" and others, thus ensuring the completeness, efficiency and accuracy of information.

3.4.2 Taking Precautions to Prevent the Risk of Money Laundering

We constantly optimized the anti-money laundering risk management system, carefully carried out and continued to promote anti-money laundering work, and formulated "Administration Measures on Anti-money Laundering".

CSR2016

In the second half of 2016, the Group carried out special inspection of "two enhancements, two suppresses" to review work within the Group (including all subsidiaries (centers) and branches), improved the internal control management system, firmly promoted the effective implementation of the anti-money laundering control internal control system of all subsidiaries of the Group. TPL, TPI, TPAM, TPP and other subsidiaries all formulated or revised anti-money laundering systems with a wider coverage and more detailed relevant definitions. Meanwhile, we further improved the organization structure and human resources allocation of the risk management and compliance sectors and issued a "Letter of Supervising and Urging Task Completion" to all subsidiaries to gradually solve the problem that compliance staff of the branches undertook other responsibilities at the same time. Anti-money laundering has been included into the internal audit for its all subsidiaries by the Group as a regular audit project. In 2016, the Group Audit Center conducted anti-money laundering audit on 502 branches of the Group (including all subsidiaries (centers) and branches) and proposed reform advices.

In 2016, in order to meet the regulatory requirements under "C-ROSS", the Group proactively promoted the upgrading of the risk management and compliance system and made it go online for operating at the end of December. Meanwhile, TPL, TPI, TPP and TPAM all developed and improved their anti-money laundering systems to enable the original customers' risk ratings grading function to be further optimized and satisfy the requirements in daily anti-money laundering, providing system assistance for the anti-money laundering reporting.

The Company also makes full use of various cultural information carriers including internal publications, bulletins, websites and others to carry out publicity and education in depth in many ways and from many perspectives, further enhancing the risk control awareness of all subordinated organizations. In June 2016, the Group assisted Insurance Association of China (IAC) in successfully holding the 2016 insurance compliance annual meeting. The Group also took this opportunity to enhance communication and sharing related to anti-money laundering and other compliance work with regulators, associations of the industry and other organizations within the industry, further enhancing its sense of importance of compliance in the insurance industry.

In 2017, we will

Create A

Bright

Future

• continue to make it our goal to create "the Most Unique and High Potential Boutique Insurance Company", join hands with our partners in the financial industry to make use of new technology to constantly create convenience for customers and values for shareholders.

- further optimize the investor relations on communication and information disclosure and enhance the transparency of information.
- constantly review and improve the structure and rules for supervision and governance in practice, enhance information disclosure, and ensure the transparent, independent and efficient operation of the Company.
- strengthen the risk management system to prevent risks of operations in earnest.

• enhance internal control to ensure legal compliance.

O4 CUSTOMER: HONOR COMMITMENTS

4.1 Boutique Service

We put customers first and upheld the operating model of "One Customer, One Taiping", proposing the strictest requirements in the management and operating of all subsidiaries. Relevant management departments of the Group followed the process in which subsidiaries tried to achieve their critical service targets through daily communications, monthly meetings and so on, achieving good results.

4.1.1 Sincere Service, Improving Service System

As an insurance group experiencing the hardships of 88 years, we've always been engaging in insurance business and operating all insurance business segments sincerely, and we create a comprehensive customer service system combining on-line and off-line patterns for customers through introducing advanced technologies.

TPL, Centralized Operation Improves Service Level

As the first insurance company to adopt the centralized operation mode in the industry, TPL breaks the limits of business channel and geography through resource integration, platform integration, management and organization sharing and others. With the help of back office centralization, it promotes the standardization, automation, intelligence of business operation, increases service efficiency, enhances risk management and reduces operation cost. On the basis of advanced technical means and system building, TPL provides customers with "active, convenient, immediate, simple and reliable" services through introducing new technologies and enhancing management methods at the back office to improve customer experience.

TPI, Serving Customers through Electronic Channel

TPI has gradually formed a service system with traditional telephone service and counter service as a leading role with emerging electronic service channel as a supplementary role. By the end of 2016, it established 584 service stores and built a multiple channel service platform in the customer contact center. Customers could directly get in touch with customer service staff through telephone, official website, WeChat service account or Libaotong, solving different requests through on-line communication. The "Intelligent Robot" we developed provided on-line services and could intelligently identify various problems raised by customers and provide appropriate solutions, with our reply precision rate realizing quality improvement compared with traditional key words reply. Our service volume reached was more than 470,000 and the answer accuracy rate was 97.98% in 2016. In 2016 our services. In claim service, we actively promoted the Internet claim project and have realized such functions as "Self-help Case Reporting", "Check My Onsite Service Staff", "Self-help Survey" and "Self-help Submission of Claim Information" and others through WeChat.

TPP, A National Platform that Provides Custom-made Services

TPP upholds the business Philosophy of "Diligent Management; Sincere Service" and is dedicated into providing comprehensive, cross-regional diversified services including employee benefits, annuities and others for all kinds of enterprises and institutions in China and even around the globe, employees and their

families. Depending on the VIP service team and the network of more than 100 institutions that cover the entire country, we successfully built a national service platform to provide custom-made national service for large enterprises at home and abroad, realizing nation-wide unified employee benefit risk management. Good achievements were made in the building of service standards, service procedure, service team, service channel and service platform, and an entire set of improved customer service system and standards were formed through systemized, standardized and processed management to ensure that customers could obtain standardized, unified and quality service in any service institution.

4.1.2 Enhancing Service to Improve User Experience

Bringing sincere, convenient services and comprehensive experience for customers has always been the pursuit of China Taiping. We strictly abided by the customer service code, constantly enhanced the level of our service, enabling customers to deeply experience the brand culture of China Taiping.

TPL formulated operating evaluating standard for relevant institutions to evaluate critical indications in the customer service process including new agreements, claims, warranties, investigations, surveys, telephone follow-ups etc., made targeted evaluations on strictly controlling the policy delivery rate within 15 days, claim service effectiveness, complaint cases closing effectiveness and other critical indications to enhance the overall service level. TPL also held an operating analysis meeting each month to monitor lagging behind institutions and lagging behind indications, requested lagging behind institutions to propose reform measures over the lagging behind indications and continued to follow the reform results.

TPI formulated "Administration Measures on Handling Customer Complaints" which fits the business characteristics and has been strictly implementing it. TPI also abided by the complaint handling process in handling the complaints, striving to provide convenient complaint service and satisfactory replies to customers. It also established a long-term mechanism to practically improve insurance services. On one hand, TPI gradually improved the service standards of all stages including sales, underwriting, telephone follow-ups, warranties, claim benefits and others to optimize all claim services; on the other hand, TPI improved the abnormal and complaint cases handling mechanism, improved the complaints follow-up management implementation details, enhanced the implementation of evaluation and punishment of effective complaints, improved the complaint analysis and feedback mechanism, implemented problem rectification in practical work, fundamentally improving service level.

TPP provided customers with all year round 24 hours advisory service through China Taiping's national unified customer service number 95589, provided the complaint channel with an integration of telephone call, Internet, letter, telephone follow-ups and ensured that the channel was smooth. TPP also conducted follow-up visits on agreements, claims, benefits, service satisfaction degree via means including calls, emails, polls and internet research, protected the vital interests of customers and listened to the customers' feelings.



In 2016, the customer service calling number reached 9,804,000, with the service capacity greatly increased over the Last Year. The complaint volume over insurance consumption was 170, decreased by 64.06% over the Last Year, with the decreasing rate far higher than the average decreasing rate of 38.80% in the industry. The complaint volume per RMB100 million of insurance premium was only 0.18, which was far lower than 0.43, the entire industry's complaint volume per RMB100 million of insurance premium in 2016.

TPL

ТРР

TPI

In 2016, TPI received a total of 147 complaints and the complaint volume per RMB100 million of insurance premium was 0.81, decreased by 66.42% over the Last Year. In 2016, the customer service staff reached 267, among which there were 19 experts, with total customer service volume reaching 308,000 and the praise rate being 99.58%. The amount of received complaints was 47, all were immediately handled in accordance with relevant complaint administration measures by the CIRC and TPP.

- Customer Service Festival ------

In order to improve customer experience and keep customers closer to China Taiping, TPL and TPP held the 2016 "Customer Service Festival" series activities in many places around the country. This Customer Service Festival activity held by TPL continued for more than three months, with the theme of "Taiping Is with You", it included four major activities including "Taiping Family", "Taiping Meeting With Masters", "Taiping Hand-in-hand Public Welfare", "Taiping Green Tree Space".

"Taiping Family" was an activity centering on family building, children's education, children's growth and others in the TPL Customer Service Festival, and its activities generally included talent competition, educational lecture, summer camp, parent-child workshop, garden party and others, providing various interesting choices for the corporate customers to spend the summer vacation with their family members and children.

"Taiping Green Tree Space" boutique service experience enabled customers to perceive, touch and experience insurance services mainly by scenario-based methods, it was mainly conducted by means of "Exhibition Hall" that showed an interactive characteristic. Specifically, experiencing halls of different themes including "E-service, health, pension, family culture" were set in specific locations, with experiencing activities corresponding to the theme set in each experiencing hall so that customers could enter the exhibition halls to get to know, participate in, operate and feel all service projects on site. This kept customers closer to the Company and deepened the corporate brand's influence, and the operating mode was a creative action in the industry.

At "Taiping Meeting With Masters", famous experts and scholar in various fields in China were

invited to share the wisdom of masters with high-end customer groups and stimulate their crosscutting thinking. In 2016, we held national large-scale master tour lectures at 15 stations with 23 lectures in total.

Additionally, the four major customer service activity brands of TPL have completed its trademark registration applications, and two of which already obtained registered identification, which was initiative action in the industry. With the four major customer service activity brands of TPL already completing their trademark registration applications, lawful protection over the operation results of the Company's quality service items was realized, the brand became more recognizable to make customers who partook in the brand activities have a stronger "sense of circle", further enhancing the good image of these brands in the eyes of consumers.

TPP carried out the Customer Service Festival activity with the theme "Harmonious pension, accompanied by Taiping", held a series of activities including product promotion, customer visit and gathering, green health lecture, customer satisfactory degree survey and others. TPP also established the "Most Beautiful Senior" rating activity for the first time, providing a platform for seniors who had retired gloriously to show themselves.

The successful 2016 "Customer Service Festival" series activities held by China Taiping set up a good platform for all institutions to promote business development and further kept customers closer to the Company.



4.2 Innovative services

We are convinced that innovation is the source of enterprises' progress and is necessary for meeting the need of the development era. In 2016, we increased our investment in frontier technologies in order to provide efficient and convenient services for customers.

4.2.1 Fulfill needs and develop e-services

We applied new technologies and tools to many aspects of customer services. We developed "e-services" to integrate internal and external resources, so that customers will receive more convenient and automated services.

TPL Customer Service Center has introduced a series of innovative programs that adopt cutting-edge technologies. These programs saved total service costs and customers' time, providing more convenient services for customers.

Intelligent voice technology - voice analysis system

- It links quality detection system with voice analysis system, automatically preexamining the voice analysis of return visit recordings on new life insurance contracts.
- Intelligent voice technology voice navigation

By flattening voice self-service menu, it reduces keystrokes with rapid direct service accesses, so it decreases waiting time and improves customer experience.

• Screen recording system

Based on the pioneering technologies of the industry, the screen recording system is built to record the operating trajectory of customer service agents so as to optimize operation flow, improve service quality, and decrease error ratio in the operations of customer service representatives.

e-services

TPI took advantage of mobile internet technology to expand channels for customer interaction and to research on new models for big-data marketing and customer services. It strengthened analysis and application of client information by fully relying on new technologies, in order to integrate and share information on customer relations and operation system in real time. On customer services, it boosted application of new technologies by introducing "Customer Manager System" and "Taiping One Access", which were contributable to optimizing settlement of claims and establishing fast tracks for settling small claims and professional aid channels for large claims. It also promoted automated services by introducing "libaotong" system, vehicle e-insurance, and e-special seal for vehicle insurance. Moreover, in major cities, it launched a pilot service named "Vehicle Insurance Housekeeper".

TPP mobile customer services mainly include policy inquiry, claims inquiry, security check, transfer inquiry, customer-service task record, consultation record, consultation issues transmit and so on. The platform provides effective solution to group customers' problems at the first service site and allows information inquiry in terms of insurance policies, claims, transfers and so on that customers generally concern. It can also fully document customer demands and service processes. Meanwhile, "Taiping E-Customer Service" is the industry leader to introduce a mobile office platform for group insurance, which fills the gap in the industry.

Group Insurance Mobile Office App - "Taiping E-Customer Service"

With internet technologies and effective technical support for group customers, "Taiping E-customer Service" provides "zero distance, zero waiting" service for on-the-spot group insurance customer consultation. It not only improves service efficiency, reduces service costs, and increases customer satisfaction, but also strengthens customers' approval of and reliance on our services.

4.2.2 Innovate channels and build convenient platforms

We have been encouraging all service branches to innovate in terms of service approaches and partners and to build platforms including healthcare, vehicle rescue, online payment and loan.

Facilitate charging/payment

The charge/pay platform, developed, operated and maintained by share service center, was successfully connected to "Jinlianwanjia" channel, which greatly facilitated charge/pay services. Group charge/pay platform is a bridge linking specialized corporations and banks. It shares services charge/pay management among TPL, TPP, TPeC and other professional companies. In the wake of "Internet Plus" age and changes in Central Bank's regulatory policies, traditional banks, third-party payment platforms and other channels are facing increasingly serious bottlenecks about meeting charging/payment demands in existing insurance services. The introduction of new channel into charge/pay platform was successfully connected to "Jinlianwanjia". Apart from Guangzhou UnionPay, China UMS, 99Bill and TenPay, "Jinlianwanjia" platform supported 122 big or small sized banks of different kinds, with transfer limit of RMB5 million, better than the original third-party channels that fell short of balancing "bank coverage" and "transfer limit".

Health housekeeper

Life health management service network

Through the integration of quality health services at home and abroad, TPL has provided nearly 20 service programs including 24-hour phone doctor service, expert outpatient appointment service, second consultation advice from authoritative doctors at home and abroad, assistance in hospital arrangements, domestic emergency medical rescue, doctors on-site service, assistance in surgical arrangements, health examination, so as to provide a package of health service solutions covering preventive health care, active intervention, medical assistance, rehabilitation and elderly care. TPL has built a health management service network covering more than 200 domestic well-known "AAA" hospitals and professional medical institutions and nearly 10,000 overseas cooperative medical institutions.

"Enjoy Peace" APP

"Enjoy Peace APP" is TPL's first customer-oriented mobile application that combines health management and insurance purchase. It targets customers, aiming to provide an exclusive health management platform. The application collects customers' histories of health and illness and habits of diets and exercises. Based on the information, it makes a comprehensive assessment of customers' health. In addition, "Enjoy Peace APP" offers proper suggestions, reminds them of health hazards, and makes work-out and dietary plans to help restore healthy lifestyles. Besides, the application offers services like self-register service, which allows customers to choose experts from the "AAA" hospitals, and "Enjoy Peace" insurance market, which offers convenience to customers with displaying assorted health insurance and provides one-stop service from exclusive service personnel. Other than health management, there are other functions like interaction and community.

Real-time service

Wechat Real-time Loan

In order to refresh client experience and boost loan timeliness, TPL launched a new service, "Wechat Real-time Loan", in November 2016. The eligible customers are able to borrow, repay and inquire credit records by means of "real-time" menu in the account via "China Taiping 95589".

We chat real-time loan guides customers to operate on the official account on their own. It helps increase customer service substitution rate and reduce work pressure and operation costs of counter services. After the service was launched, we chose TPL (Shandong) as a pilot institution to test and verify the product's functions and experience. In TPL (Shandong), the product aroused wide attention. After active experience customers and service personnel rated the product favorably and gave feedback positively with suggestions on its further updates. According to the feedback and monitoring records, the project team readjusted the functions and the design of the product so as to meet requirements of customers and the product itself to iterate fast. Moreover, it starts a new service model of loan/repayment secured by insurance policy.

Didi Rescue

"Didi Rescue" project is TPI's another innovative approach featuring Internet Finance. By transferring rescue service online, the project establishes a new commercial model for rescue service, continuously improving customer experience.

"Didi Rescue" offers five free-of-charge rescue services. Policyholders with Taiping commercial insurance for non-commercial vehicles (excluding electric vehicles)with 9 seats or less are able to apply for 5 free rescue services within 30 kilometers (except for highways, expressways and other transport-restricted areas), involving trailing, battery charging, fueling, tire changing, and on-the-spot repairing through official WeChat. The service scope is within mainland China (excluding Hong Kong, Macau and Taiwan). As of the end of 2016, the service was provided 2,351 times.

The online rescue service is based on the Wechat subscription "Didi Rescue", which transforms rescue service from traditional telephone appointment to mobile reservation. It passes applications to the nearest service personnel to ensure efficiency and satisfaction. Either Clients' self-service on the official account or online service provider's application at the terminal, "Didi rescue" is able to locate customers via accurate mapping and positioning functions. The service will send nearby rescuers to the scene in the shortest time, which will save customers' wait time.

Wechat claims settlement

In 2016, TPP Wechat claims settlement service was extended to external customers. Until now, over 40,000 insurers have used Wechat to settle their claims. The service extended institutional services and improved customer experience.

Wechat claim settlement is a one-stop service, which includes claims for ambulatory care insurance, image data upload and settlement notice. Within doors, customers are able to receive real-time, interactive, secure, and private "point-to-point, one-to-one" claim service. In this way, customer satisfaction will be greatly improved. Meanwhile, Compensation period (from notice of loss to settlement of claim) decreases by 94.2%; claims settlement period (from policy recovery to settlement of claim) declines by 71.4%; skipping the procedures of policy recovery, scanning, delivery and printing, operating costs will be greatly reduced. This project won the 2016 Financial Science and Technology and Service Excellence Award of 7th Informationization Forum of China Financial Industry.

4.3 Protection service

To safeguard the rights and interests of our customers is the fundamental goal of our services. To settle claims efficiently and conveniently and to protect customers' all-round rights and interests timely have been China Taiping's pursuit and a reflection of "Boutique Strategy".

4.3.1 Pursue high efficiency and optimize mechanism for claims settlement

Apart from standardized and streamlined settlement processes, China Taiping's insurance services strive to offer convenient and efficient settlement of claims by means of new tools and flow optimization, which contribute to steady growth in settlement efficiency.

TPL's innovative settlement of claims

With innovative settlement of claims and superior customer experience, TPL won ""Best Claim Settlement Service" in 2016 award from ND Media Ltd. in 2016.

Table 4-1 List of claims settlement

Class of service	Total payment, compensation and expenses (HK\$100 million)
Life insurance	1,211.4
Property and casualty insurance (China)	183.4
Property and casualty insurance (Overseas)	29.6
Pension and group insurance	49.5

CSR2016

TPL is the first in the industry to automate full flows of settlement of medical insurance claims and claim examination. The direct pass rate of automated claims settlement reaches 28%. Examination-exempted claims can be closed within one minute.

In 2016, TPL has settled 188,800 claims with a 96.61% compensation rate.

Claim settlement period was reduced from 4.03 days in 2015 to 2.82 days. The fastest settlement decreased from 100 seconds in 2015 to 7 seconds.

Claims examination-exempted

TPL invented a new claim service mode, that is "settlement first, examination last", which integrates service optimization and information technology application. In this way, claims will be automatically examined in the first place and the eligible ones will be paid immediately. Moreover, due to cooperation with banks and technology development, the service mode broke the limits of traditional settlements at service branches and the time limits. It achieved "zero waiting" claim application and "zero delay" in settlement so that it solved the problems of traditional claims settlements, involving complex procedures and long settlement period.

After in-depth analysis of the new service experience offered to customers, the mode went further by managing insurance agents according to differentiation authorization, which directly engages agents into the settlement procedures to offer face-to-face services to the customers. This will build a bridge for face-to-face communication and interaction between agents and customers.

In October 2016, Ms. Peng, a client of TPL (Shandong), had a hands-on experience of TPL's speed claim-settlement service. Ms. Peng's child was in hospital receiving medical treatment. When customer service agents were reviewing the application filed by Ms. Peng, they found that this case met the requirements of examination-exempted "settlement first, examination last" and they operated on the "Settlement & Compensation" platform immediately on iPad. The procedures only took 7 seconds. Ms. Peng received the claim payment message in a moment, to her surprise.

Table 4-2 TPI's unique services

Name of policy	Explanations
National direct service	Directly carry out on-the-spot inspection, loss assessment and compensation payment in the place where loss occurs instead of the place where customers purchase insurance.
Settlement in 8 hours for payment less than RMB10,000	From the receipt of claim information from customers, settle in 8 working hours, provided that the information is complete and free of dispute.
Fast and easy settlement of Taiping motor insurance	Simplify documents needed: integrate the claims notice, inspection document, loss assessment document, customer account information into one document; Simplify the process: integrate the process of inspection, loss assessment, quoting, loss accounting into one-stop process; Provide service of "settlement first, repair last" for customers, completing payment of compensation within 2 days from the report of loss
Advance payment of medical expenses in mandatory auto insurance	When the injured was rescued in the hospital, according to the medical treatment and relevant evidence provided by the traffic police, TPI may pay the medical expenses in advance to the extent of RMB10,000 for those who will have to bear liability in mandatory auto insurance or to the extent of RMB1,000 for those who don't bear any liability; the specific amount will be determined by TPI according to the information provided.
Mediation service in the entire process	Provide fast and convenient mediation services by building a consultation, mediation service platform for customers and the injured in order to ensure that the rights of customers and the injured are fully protected.
Escort service in disability identification	For the injured who needs disability identification, TPI will entrust in advance an identification agency and accompany the injured to the cooperation agency or other authoritative agencies to conduct disability identification.
Legal aid service	For clients who need legal aid or agency service for their cases, TPI may recommend to them lawyers from law firms with which our branches has established cooperation relationship.
Emergency settlement response mechanism	TPI has developed emergency settlement response mechanism in addressing catastrophe, unexpected events, events creating wide social impact, which, in case of any such event, can ensure that TPI will take the initiative to respond quickly to provide service and assume its social responsibility.
Green channel for claims settlement	For catastrophe, unexpected events, events creating wide social impact, according to the report situation, TPI will launch a green channel, reduce or simplify the claim documents to reduce the claim processes and ensure that the cases can be handled quickly and properly.
Handling mechanism for cases in dispute	For cases in dispute, TPI has formulated a handling mechanism for cases in dispute, to effectively resolve the dispute and avoid the escalation of the situation by timely intervention, taking over by the company's management and introducing third-party mediation.
Claim settlement report system	For specific customers, TPI will take the initiative to collect the business information, carry out a potential risks analysis, put forward reasonable advice, and regularly give feedback and report to the customer.

TPI's client-friendly claims settlement

In 2016, the total number of TPI's claims was 2,108,955, with a combined estimated compensation of HK\$9.942 billion. So far the actual accumulated payment has reached HK\$5.95 billion.

On every part of vehicle insurance claims settlement, TPI offers standardized, professional, and client-friendly services to secure insurers' legitimate rights and interests.

Independent operating structures: TPI has set up a department for settling general insurance with divisions dealing with claims, settlement management and so on. Independent structures ensure independent and professional claims settlement, improves settlement services, and ensure timeliness claims settlement.

Sound systematic procedures: TPI has developed a series of rules for claims settlement, which includes management of claim agents, claim survey, and time control. The rules will be upgraded and completed year by year to make sure there are rules put in place for settlement of claims to go by.

Differentiated claim authorization: TPI takes staffing and professionalism of every institution into consideration and evaluates the scope of authorization. The institutions are allowed to deal with cases free-handedly within the scope of authorization. In this way, settlement response will be quicker and the needs of customers will be dealt with in time. Thus, the efficiency and the service quality of claims settlement will be improved.

Complete claims settlement service network: TPI has employed claims settlement staff in the country's major provinces and cities. In 2017, TPI will increase the number of claims settlement staff in national third- / fourth-tier institutions to ensure that the network is wide enough to maintain service quality.

Flexible claims settlement policies: Claim settlement policies are different according to different insurances and conditions of customers. On the basis of a certain degree of unity, less rigid regulations and being more flexible to assure good customer experience.

Whole-hearted service and efficient claims settlement

In the morning on May 17, 2016, the Sichuan Coalfield Geology Bureau sent a big red flag embroidered with characters meaning that TPI was sincere, trustworthy company that provides whole-hearted service and efficient claims settlement to Luzhou Center branch of Taiping General Insurance Company Limited to express their affirmation and gratitude for the its quality service and timely claims settlement for accidents happened in other places than Luzhou.

The accident occurred on January 17, 2016 in Yunnan Weixin County, resulting in a death. After the accident, the medical reviewer Chen Zhuang and Liu Ping of TPI has accompanied the customer to mediate

the dispute for several times and provided assistance in reaching a compensation agreement. Upon agreement reached in the mediation, in order to quickly pay the claims settlement to both sides and reduce the economic burden on both sides of the accident, as soon as TPI collected all claim documents, it transferred RMB371,206.4 to the customer account in the afternoon of the same day. The customer was satisfied with this highly efficient claims settlement service.



TPP Optimizes the claims settlement process

TPP has made all-round progress in promoting automation in contract, maintenance, claims settlement. Rate of self-signed claims in terms of batch grew to 57%, increased by 14% over 2015; rate of self-signed regular claims increased to 15.3%, increased by 15.3% over 2015; rate of self-signed maintenance increased to 34.6%, increased by 10.2 % over 2015. At the same time, great improvement in group insurance operation service has been achieved. At present, 70% of the agencies affiliated to TPP has adopted the policy allocation platform. The automation pass rate of claims for group insurance policy in terms of batch grew from 0 to 25%.

- The overall claims settlement period was reduced to 8.52 days in December from 10.2 days at the beginning of in 2016 by optimizing the process of relevant institution, outsourcing party and the center.
- Claims document scanning in the locality where loss occurs; electronic payment services; claims settlement period in terms of batch was decreased by 2.37 working days over 2015.
- Expand the small fast claims settlement green channel to cover more types of insurance with different amounts, and complete the corresponding system transformation. The claims settlement period for small amount cases was decreased from 4.77 natural days at the beginning of the year to 2.07 natural days in October.

4.3.2 Being customer-oriented to protect their interests

China Taiping has been attaching great importance to protect the legitimate rights and interests of insurance consumers. Internally, we have established a comprehensive system to define respective duties of staff of all levels. Externally, we have intensified publicity efforts among the public, so that customers learned about ways to protect their own rights and interests.

Improve the protection system for consumer rights and interests

We have put in place relevant policies, cooperated with government departments, carried out activities to protect clients' rights and strengthen information security so as to protect customers' rights and interests to the maximum extent and reassure them.

TPL has established the Customer Rights and Interests Protection Committee, formulated relevant work rules, and introduced a series of policies to protect the interests of customers, such as *Working Rules of Customer Rights and Interests Protection Committee* and so on. Meanwhile, in a view to effectively resolve customer complaints and protect the legitimate rights and interests of customers, we also issued *Measures on Complaint Management (Trial Version)*, *Measures for the Management of the Use of Special Fund for Complaint Handling (2016 Revision)*, *Reporting System and Emergency Plan for Group Event* and *Measures for the Management of the Application and Use of Emergency Reserve for Mass Complaints*.
TPI provided feasible solutions for the customer complaints against rights and interests in compliance with *Measures for the Management of Handling Customer Complaints*. TPP has launched a series of systems related to the rights and interests of insurance consumers in 2016 in a move to continuously improve business management and customer service, including the *Requirements on Customer Information Collection and Input for Group Insurance Customers (2016 Version), Measures for the Management of Information Disclosure (2016 Version), Measures for the Management of Reinsurance (2016 Revision), Reporting System and Emergency Plan for Crisis Event (2016 Revision), Measures for Violations Punishment.*

Activities carried out on "3.15" Consumer Rights Day

TPI issued a notice to each branch on carrying out the protection of consumer rights, by which institutions at all levels had launched extensive, diversified promotional activities, with the "Reliable Insurance, all by your choice" as the theme, such as the active participation in the "3·15" interaction initiated by local industry associations, enhancement of public insurance awareness through the issuance of popular books, setting up panels, producing posters and on-site public consultation; organization of corporate customers and all marketing services staff to participate in prize contest on insurance knowledge held by the online education platform of China Insurance Regulatory Commission; establishment of billboard, hanging banners, dissemination of leaflets, play of promotion and educational videos in the workplace or business areas.

TPP organized a variety of insurance publicity and customer service activities upon combining the characteristics of various regions, such as taking the initiative to send insurance information to customers via booths and customer visits to popularize insurance knowledge and intensify publicity; taking the initiative to provide insurance services that meet customer demand for reasonable insurance through the organization of lectures on health knowledge, customer exchange seminars and other activities.

Comprehensive information security precautions

Strengthening information security to protect customer privacy represents a key link of safeguarding customer rights. Each subsidiary of China Taiping has taken various measures related to system construction, personnel training and other aspects to improve the management on information security, thus preventing any damage to customer rights resulting from information security incidents.

The Information Security Management of TPL Shared Centralized System has passed national standard certification, and has thereafter within each year, in accordance with the requirements of the standard, maintained the effective operation and continuous improvement of information security management system. According to the international and national standards and best practices concerning information security, it has established information security system norms covering 11 standard security control areas, and gradually improved relevant implementation rules and processes of relevant information security.

TPI has established information security management system that is in line with national and international standards. It has further improved the internal security framework and system through information

security management organization, personnel safety management, information asset safety management, physical and environmental safety management, established safety control strategy and basic guideline, carried out safety inspection and rectification on a regular basis, and continuously improved the relevant safety mechanism. In order to ensure the consumer information security, it has formulated the Requirements on the management of Information Security of Domestic Insurance Customers, which stipulates which person should assume primary responsibility of information security in the company, defines the daily management requirements and the technical protection means, and makes the customer information security as the focus of the performance appraisal. By doing this, it has put in place a comprehensive and systemic measures to avoid customer information security, so that it is able to respond and deal with relevant problem immediately if any occurs.

In 2017, we will

Create A

Bright

Future

• actively respond to the evaluation of regulatory services, promote the construction of the service culture of the Group, optimize various service channels, improve the service projects, drive the customer experience management, with an aim to seeking continuous improvement in the overall service quality of the Group.

 stick to optimize the business service model, improve the service system, fully integrate internal resources, and actively cultivate a sound ecological system of China Taiping, thus providing customers with diversified products and efficient one-stop integrated financial services.

05 INDUSTRY: INTEGRATED DEVELOPMENT

As the pioneer and leader within the industry, we will take dedicated and firm actions to promote the development of the industry.

In pursuing the development of the industry: with a focus on the forefront of industry research, we will enhance the ability of innovation and promote positive interaction by actively participating in industry organizations; taking continuous innovation as the driving force, we will encourage attempts without fear of failure and meet the diverse social needs through product and business innovation and transformation; In pursuing win-win and mutual benefit: we will fully implement the "Headquarter to Headquarter" strategy to pool resource in a move to enhance the contribution rate of strategic customers, creating new insurance business model; taking market trends as the guide, we will grow together with our agents and achieve common development, and in response to the "going out" strategy, we will boost our efforts to explore overseas market; remaining committed to responsible procurement, we will make procurement transparently, select qualified suppliers and create a responsible supply chain through an open, standardized procurement process.



Figure 1 Number of "Headquarter to Headquarter" contracted customers of the Group



5.1 Industry upgrading

China Taiping always outdoes other competitors, delivering outstanding performance to lead the development of the industry. On the one hand, we have continued to focus on the latest theoretical research results, closely followed the development of advanced theory and enhanced the potential of the application of such research results. On the other hand, we have placed emphasis on the interaction and exchange with industry organizations in order to give better play to the synergistic effect of the industry and broaden the scope of industry development.

5.1.1 Take the lead in upgrading to facilitate industry research

In 2016, we have established are search team in the Group and its subsidiaries, currently with more than 100 researchers. To be more specific, the Group Investment Management Department set up investment research management office, TPAM employed nearly 30 researchers, while TPFH more than 30 and TPL 15. Internal Research Reference, Monthly Asset Management Report and Market Opinion were issued on regular or irregular basis. By this, we could carry out timely internal researches on industry policy, understand current market trends, deliver in-depth analysis on the market and policy hotspots, learn about diverse needs of the market, develop new ways of product research, and create a multi-level research system while maintaining its depth and timeliness at once.

By actively participating in the various types of research hosted by the regulatory departments, industry organizations, research institutions and other organizers, we were able to explore the development trend of the industry so as to propose advice and suggestions related to policy making that can promote the development of the industry. In 2016, China Taiping contributed and published more than 20 papers or reports. At the same time, we actively facilitated the excellent research results to participate in external awards evaluation, in which we won several awards, creating forward-looking, innovative force for the development of the industry.

Organizations on which our results were published and by which our results were evaluated	Part of the research results and honors	
CIRC	2 research report were submitted to the main leaders of the CIRC as <i>Information sent for Reference</i> and approved by Chen Wenhui, vice chairman of the CIRC.	
Ministry of Human Resources and Social Security, Academy of Social Sciences, China Social Insurance Association	Played a part in the preparation of <i>China Pension Development Report 2016</i> centering on <i>Overarching Plan for the Second Pillar of Pension Reform</i> , responsible for two researches on the "promotion of enterprise annuity funds among medium, small and micro enterprise" and "occupational annuity management structure".	
Insurance Society of China	Methodology on Equity Asset Allocation of Berkshire Hathaway - Focus on the Core Value of the Business and Equity "COSPLAY" won the third prize in the 8th Outstanding Research Reports hosted by the Insurance Society of China.	
Shanghai Financial Association	New Insurance Asset Management Strategy under the New Normal written by Ma Yong won a third prize in the Outstanding Research Results of Shanghai Financial Industry Reform and Development; and his Discussion on PPP Industry Fund Design and Asset Management Companies' Roles in PPP Model won a second prize in the same evaluation.	
China Insurance News	Three Major Spiral Period and the Inflection Point of Internet Insurance Business was published on September 27, 2016	
Insurance Asset Management Association of China	In the "Taiping Asset Cup·IAMAC2016 Article Collection", we contributed a total of nine papers, of which <i>Risks and Coping Strategies of Insurance Asset Allocation under Low Interest Rate Environment, Research on Investment Value of High Yield Bond, Overseas Investment of China's Insurance Asset Based on Relationship Between House Price and Exchange Rate and other articles were released, including one winning the first prize, two wining the third prize and four the Excellence Award.</i>	
Insurance Association of China	In the Second China Insurance Industry Talent Development Summit and 2016 Annual Meeting of the Human Resources Development Committee and Education Training Committee of Insurance Association of China, "Development and Training Mode of Pulse Increments" won the second prize of the "Best Practice of Talent Development".	

In addition, we also worked closely with a various government agencies, industry associations to organize industry seminars, launched major research projects, in a bid to further understand diverse social needs, to explore business innovation and to drive the industry development by major research results.

In a move to further foster an enabling culture where encourages innovation and opposes against the homogeneous competition within the industry, we have vigorously carried out intellectual property rights management, thus safeguarding the legitimate rights and interests of the Group. We also encouraged independent innovation to promote business development. We have strictly complied with the relevant laws and regulations of intellectual property rights and formulated and implemented the Guidelines on *the Administration of Intellectual Property Rights*. The subsidiaries such as TPP have also developed corresponding intellectual property rights management methods to show respect for and protect intellectual property rights. These will create jointly efforts in maintaining the industry environment that encourages innovation.

CSR2016

Part of research projects and activities	Relevant information	
Occupational Annuity Management Seminar	Provided assistance to the Social Security Center of Ministry of Human Resources and Social Security in holding this seminar at which people in charge of occupational annuity from the Ministry of Human Resources and Social Security, provincial human resources and social security departments of 19 provinces and municipalities and professional representatives, had an intense exchange and discussion around the policy system, management practices, investment strategies and other major problems concerning occupational annuity.	
Research on Long-term Nursing Insurance System	According to guidelines from the <i>Guidance on the Pilot Project of Long-</i> term Nursing Insurance System (No.80[2016] of Office of Human Resources and Social Security), TPSM has been actively involving in the relevant researches carried out in Qingdao, Nantong, Shanghai, Chengdu, Suzhou and other places, during which, it undertook relevant calculations and part of the business, ultimately completing a number of versions of Long-term Nursing Cost Assessment Report.	
Special Report on the Progress Made in Internet insurance Innovation	Prepared according to the requirements of Insurance Association of China	
Research on Strategies of Insurance Asset Allocation under Low Interest Rate Environment	The 2016 research topics of Insurance Asset Management Association of China (IAMAC) covering 5 research fronts, namely industry development, corporate strategy, asset allocation, risk management and business innovation, carried out theoretical and practical researches mainly based on the low interest rate market environment, supply-side institutional reform, development of insurance asset management industry under the regulatory framework of "C-ROSS", corporate governance, investment strategy, asset and liability management and other issues, as well as the risk prevention and business innovation of insurance assets facing new conditions. Among them, 3 reports of "Research on Strategies of Insurance Asset Allocation under Low Interest Rate Environment", "Insurance Fund Equity Investment Research" and "Research on International Insurance Asset Management Industry Development Trend of and Its Experience" have drawn public attention, both inside and outside of the industry.	

5.1.2 We support industry organizations through positive interaction

We believe, industry organizations are effective ways and important channels to promote industry exchange and resource sharing, making for intensifying the positive interaction within the industry, achieving long-term cooperation and an industry boom.

In 2016, we joined two new industry organizations. With an open attitude and willingness to share resources with our peers, we became better connected to the industry and successfully energized it, thus highlighting the Group's influence and leadership in the industry. As of the end of 2016, we have joined nearly 20 industry organizations, with which we discuss together new opportunities of and meet together the challenges for industry development.

Part of industry organizations China Taipi by 2016 (ranked in no particular o	· · · · · · · · · · · · · · · · · · ·
Insurance Association of China	Chinese Financial Worker's Union
International Group Program	Research Association of Ideological and Political Work of China Financial Institutions
Lloyd's China Association of Actuaries	Insurance Asset Management Association of China
Association of Chinese Insurance Professionals	National Internet Finance Association of China
in the UK	Insurance Society of China
Shanghai Institute of Marine Insurance	China Chamber of International Commerce
The Hong Kong Chinese Enterprises Association	The Chinese General Chamber of Commerce Hong Kong

Association of Chinese Insurance Professionals in the UK established with Taiping UK's General Manager Geng Jinhai being elected honorary president

On June 1, 2016, the inaugural meeting of Association of Chinese Insurance Professionals in the UK was held at the hall of The Chartered Insurance Institute, which symbolized the history and honor of the British insurance industry and is located in the City of London.

More than 60 guests, including Mr. Vincent Vandendael, Chief Commercial Officer of Lloyd's, Mr. Geng Jinhai, General Manager of China Taiping Insurance (UK) Company. Limited. and CII guests, attended the event. Taiping UK's Assistant General Manager Yan Jingmin was elected the first president; General Manager Geng Jinhai was elected honorary president.

Geng Ginghai said in his speech at the inaugural meeting that the establishment of the association was aimed at creating a member-focused platform for job exchange, information sharing and common promotion and development for its members. We believe that the foundation of the Association will further promote the exchanges and cooperation between Chinese insurance enterprises and their British counterparts; further accelerate the construction of the British Chinese insurance team; and then further boost mutually beneficial and win-win development.

Association of Chinese Insurance Professionals in the UK consists of professionals working in UK insurance sector. The reason why Taiping UK facilitated the establishment of the Association is that such Chinese

insurance interactive platform with elites as its mainstays, on the one hand, is conducive to Taiping UK's familiarity with the British Chinese insurance personnel, therefore providing backup talent support for the development of the company; on the other hand, also plays a certain significant role in the cooperation and exchange between Taiping UK and local peers, thus using local technology and experience to speed up the company's own development.



A photo taken at inaugural meeting of the Association Representatives of the signing ceremony

5.2 Innovation-driven development

The 13th Five-Year period clearly makes "sticking to innovation-driven development" as one of the basic principles. That means we should focus on the implementation of the innovation-driven strategy to maintain a moderately advanced rhythm, create an enabling environment that encourages innovation and tolerate failure and create a bright future through innovation and development.

In 2016, we have made solid efforts to promote the implementation of Boutique Strategy, and delivered obvious outcomes from innovation-driven strategy. At the 11th Asia Brand Ceremony and Asia Brands Top 500 Conference co-hosted by asiabrand.com and People's Daily Overseas Edition, Xinhuanet.com and other organizations, China Taiping won the prize of China Brands Annual Innovation Enterprises by virtue of its strong innovation ability and rich innovation results, while at the same time drawing the whole industry's attention.

5.2.1 Accelerate product innovation in keeping pace with the times

The idea that "having a dream, living up to their responsibilities, being passionate, delivering good performance, being courageous, good at making innovation" represents not only China Taiping's corporate culture, but also China Taiping's commitment pledged to customers and the industry. We have drove further progress in the "Boutique" Strategy, kept up with the times, encouraged product innovation, actively responded to the diverse needs of customers and society, and earnestly fulfilled the social responsibility of state-owned financial enterprises, therefore supporting the vigorous development of social economy. Among our subsidiaries, TPL, TPI and other subsidiaries have continued to practice the Group's policy and actively play their own advantages and professional ability, making fruitful results in product design and innovative development, thus reaching a new peak in insurance innovative development.

TPL

Building on its coverage of the whole life cycle of customers, TPL provides customers with the appropriate health risk protection by virtue of health insurance products, provides customers with the ultimate pension solution with pension products as the core and maximizes the returns of customer funds in a scientific, reasonable and safe manner.

In 2016, taking customer demand as the starting point, TPL has delivered excellent innovation performance in the product, the service and asset management, such as the introduction of serious illness insurance products allowing "multiple payments", the issuance of China's first ABS project of policy loan and comprehensive cooperation with large-scale health examination institutions, with a variety of products and services wining wide-ranging recognition from the market. At the same time, in addressing the actual needs of all-round pension schemes, it provided value-added services to the qualified elderly who stay in the nursing community. In 2016, TPL granted access to the nursing community to 8,000 qualified people, making the cumulative number reaching 22,000.

With outstanding performance in innovation, TPL won "Most Innovative Insurance Company" prize of the 2016 Chinese Financial Institution Gold Medal List - Golden Dragon Prize. The selection was organized by the Financial Times, with the Institution of Financial Research of Chinese Academy of Social Sciences providing academic support and data analysis. It also invited experts and academics in the industry to set up a jury committee, which granted a total of more than 60 awards, covering many outstanding enterprises in sectors like banking, insurance, asset management.

TPL and its a range of products won the 11th China Insurance Innovation Award

In 2016, TPL's four products won prizes of the 11th China Insurance Innovation Awards, and TPL itself

was awarded the "Most Valuable Insurance Brand of the Year". Among the four products wining prizes, "Taiping lifetime annuity insurance (with participative features)" and "Taiping endowment insurance" won the "Best Financial Insurance Product Award", "Taiping serious illness protection scheme" won the "Best Health Insurance Product Award", while "Taiping pension annuity insurance" won the "Best Pension Insurance Product Award".

China Insurance Innovation Award was initiated by the Insurance Culture magazine, and jointly organized by the China Marketing Association, the China Research Institute of Enterprise Culture, the Insurance Society of China and other industry authorities like insurance departments of national foremost institutions. The selection has been successfully held for eleven times, and has become one of the annual domestic activities of highest level, largest size and widest impact.



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Photo of the medal / trophy

TPI

In 2016, TPI has actively developed liability insurance business that enjoys unified coverage by the government (industry) and guarantee insurance business against loans to small and micro enterprise. Based on the precise analysis of the needs of Internet customers, it has also introduced a variety of customized, distinctive insurance products. By virtue of the outstanding performance in innovation and development, it won the "Special Award for Innovative China" granted by China Business Times.

Anti-telecommunications fraud insurance for parents was crowned as the "2016 Annual Innovative Insurance Products" of 14th China's Financial Annual Champion Awards

TPI and Ant Financial jointly launched the "anti-telecommunications fraud insurance for parents",

which mainly protects against the loss of bank account funds caused by telecommunications fraud, and the loss of funds on third-party network platform (such as Alipay, WeChat payment, etc.). After the customers purchase the insurance, if they receive fraudulent text messages or call therefore suffering fund loss, they can initiate claims against TPI. After the completion of the review of the material, TPI will transfer the compensation agreed upon relevant terms to the user's Alipay account. This product was crowned as the "2016 Annual Innovative Insurance Products" of this China's Financial Annual Champion Awards



Taiping Comprehensive Insurance Project for Rental Housing

In light of the status quo of Shenzhen, a city with high mobile population intensity and high proportion of mobile population, upon research, TPI has launched the Taiping comprehensive insurance project for rental housing.

For the first time, Taiping comprehensive insurance project for rental housing has firstly broken the limits of traditional home property insurance and incorporated the rental housing into its scope of protection, making TPI the first of the kind to operate such products and services. First of all, the product creatively makes houses without title certificates insurable, and clearly defines the powers and responsibilities of related parties concerning such "rental housing". Secondly, the product provides funeral expense compensation for tenant's accidental death, incorporating accident insurance into the scope of its protection, which takes the lead in the country to do so. More importantly, in the promotion process, the project constantly deepens the cooperation between government and enterprises to understand the management needs of the government. This step will help government optimize social management mechanism, thus being able to make a positive contribution to the development of Shenzhen experimental zone for insurance innovative development. As of the end of 2016, the product has provided risk protection worth of more than RMB5 billion for more than 4,000 buildings of rental housing.

ТРР

In 2016, TPP conducted in-depth research on rural industrial workers, trade unions workers with financial difficulties, groups highly vulnerable to occupational illness and other special groups in a move to figure out their special and urgent needs and accordingly to innovate products and services in all aspects.

Innovative products / services	Innovative and practical significance
Employment injury insurance project for rural industrial worker	The country's first employment injury insurance designed and insured for rural industrial workers; its methods to raise funds and operation model are the first of their kind in China.
Insurance project for trade unions workers with financial difficulties	Effectively solve the difficulties of financially disadvantaged workers being unable to access medical services and having to pay high expenses when receiving medical services; strengthen cooperation with the government departments, paving the way for the future development of government cooperation projects.
Occupational illness prevention and treatment project	Actively promote the research on commercial insurance's participation in the prevention and treatment of occupational illness by strengthening the strategic cooperation with the National Center of Occupational Safety and Health of the State Administration of Work Safety and Desheng Insurance Brokers Co., Ltd. Has taken the initiative to screen out enterprises in sectors vulnerable to occupational illness such as coal, mining, cement and automobile industries to carry out pilot projects in the area boasting advantages in contacting with relevant organizations.
Health insurance that can enjoy tax preference	Beneficial to mobilize social resources such as government, enterprise and individual to facilitate the construction of the medical security system, which in return makes for the sustainable development of the medical insurance system.

5.2.2 Grasp the initiative to expand into new business areas

Recent years have seen a boom in the Internet, big data, cloud computing and other modern technology and an increasingly obvious trend of comprehensive operation in financial industry. Such trend has promoted continuous changes in the insurance business model and innovations in the industry, presenting us a diversified competitive landscape. In the development plan for the 13th Five-Year period, the Group has made "strengthening the characteristics of integrated financial services" and "strengthening the characteristics of Internet finance" two of the six business characteristics, focusing on the acceleration in increasing competitiveness and influence in brand-new areas. In 2016, we have actively explored new opportunities for integrated financial services and Internet financial services and Internet, enrich business diversity, and finally take the lead in comprehensive development.

Expand financial business and improve finance business mix

In order to further enhance the services capabilities and standards of integrated financial services, we have continued to improve the integrated financial business mix, perfect and deepen the integrated operating platform and integrated business model. In a view to create a fully licensed comprehensive financial group that is primarily based on insurance, we have actively explored to make breakthroughs in new business areas such as banking, securities and trusts, and we have been committed to build an integrated operating platform covering life insurance, property and casualty insurance, pension insurance, reinsurance and asset management, banking, securities brokers, financial leasing, Internet finance.

In 2016, we continued to work to improve the overall financial business mix. In the mainland of China, we have set up a financial leasing company, acquired fund companies, successfully established Taiping Reinsurance (China) Company Limited, made preparation for founding Taiping Technology Insurance Company Limited, built investment platform for the pension industry investment and professional alternative investment, developed Internet insurance, Internet finance business and played a part in the founding of China Insurance Investment Fund and the Shanghai Insurance Exchange. All these meant the emergence of a comprehensive financial group which is based on insurance and conducts asset management.

TPAM gained official approval of acquisition of public funds

On July 26, 2016, TPAM's license application for acquisition of public fund companies was officially approved. The equity acquisition of a public fund company, is not only the first time for China's insurance industry to hold a public fund company's absolute control through acquisition, but also represents China Taiping's significant move to promote its comprehensive financial business mix and expand into the field of personal wealth management. As such, China Taiping will be capable of providing comprehensive and diversified wealth management solutions for a wide range of Institutional and individual clients at home and abroad.

A new driver added to the reinsurance sector with the opening of TPRe (China)

On February 18, 2016, with the opening of Taiping Reinsurance (China) Company Limited (hereinafter referred to as "TPRe (China)"), a new driver was added to China Taiping in this regard. TPRe (China), as the second domestic reinsurance company with independent legal person license of reinsurance, marked China Taiping's expansion into the Chinese reinsurance market in a new manner, safeguarding the development of China's insurance market. At present, among the domestic insurance institutions, China Taiping is the only financial insurance group under the control of central government that owns licenses of life insurance, property and casualty insurance and reinsurance at once.

The establishment of the TPRe (China) will further enable domestic market to be better connected with overseas markets, thus making for the introduction of funds, technology and management from international reinsurance market, tapping the potential of the domestic reinsurance market, diversifying domestic reinsurance products and services, and finally making reinsurance better meet the needs of national public security system construction and modernization of state governance. The opening of TPRe (China) stood out as an important chapter in China Taiping's endeavor to create a "most unique and high potential boutique insurance company".

Internet + exerts fresh drivers for innovation

In order to further highlight the characteristics of Internet financial operation, we have followed the development trend of "Internet +" and vigorously promoted the integration of Internet and the Group's business, both horizontally and vertically, so as to make Internet business a new growth engine for the Group. On the one hand, we sped up our effort to expand the size of the Internet business, increase its contribution in value, its growth rate and elevate its market ranking. In addition, we have developed an overall framework of Internet insurance and Internet finance, thus creating a distinctive and mature business model as well as a sustainable profit model. On the other hand, we have actively expanded the coverage of Internet business by exploration in innovative business and cooperation model in areas of wealth management, equity crowd-financing, financial asset transactions, Internet pension security, Internet fund sales, Internet trust, Internet consumer finance and other areas. With the closer and closer combination of modern technology and insurance industry, financial innovation continues to gain momentum, therefore the emergence of new business growth point is just around the corner.

Together with Ali Health, China Taiping set in motion its Internet health insurance business

As the public became more and more aware of health and medical needs continued to diversify, the industry gradually recognized the specialty of health insurance in its nature. As per the requirements of *Several Issues Concerning the Accelerated Development of Commercial Health Insurance* of the General Office of the State Council, the Chinese government estimates that the proportion of business health insurance payments in health service costs will increase significantly in 2020. As a responsible state-owned financial enterprise, China Taiping has paid close attention to the health protection needs of the public, combined closely the Internet technology and Internet marketing tools, boosted the innovative development of Internet

health insurance business in a view to improve the "universal health and pan-pension" industrial chain and narrow the development gap between China and western developed countries.

China Taiping and Ali Health jointly set up an Internet health insurance company on April 21, 2016. As China Taiping placed particular attention to insurance business development, it has actively participated in Internet health insurance business, with an aim to become the industry benchmark and create new profit points.

5.3 "Headquarter to Headquarter" strategy

The Group boasts six business characteristics, "Headquarter to Headquarter" strategy being one of them. We believe that the "1 + 1 > 2" effect derived from combination with our strong partners will play a key part in the long-term development and everlasting prosperity of China Taiping.

5.3.1 See a bigger picture to strive for strategic success

With an aim to jointly build strategic cooperative relations that feature positive interaction and mutual benefits, we have carried out all-round, multi-level and wide-ranging strategic cooperation. In this process, the strategic alliance cooperation mechanism of "Headquarter to Headquarter" has put forward higher requirements to the Group itself and its partners.

On the one hand, in order to lay a solid foundation for the bilateral cooperation, we must be good at exploring and giving better play to our own advantages:

Play our own advantages in international operation. China Taiping has always been integrating the global vision and strategic vision with the "Headquarter to Headquarter" strategic service. With new and advanced way of thinking, we took advantages of international operation to set up an exchange platform for domestic and overseas property and casualty insurance subsidiaries, TPRe and TPRB, which has facilitated the common sharing of domestic and foreign financial and insurance resources and information, provided assistance for a number of contracted business partners in their export business and therefore effectively met the development needs of our partners.

• Play our own advantages in integrated financial services. We have intensified our efforts to established a long-term mutually beneficial mechanism between both sides under the framework of strategic alliance by sharing resources with strategic customers and drawing on each other's strength, thus creating an enabling environment where encourages mutual benefit and common development.

On the other hand, in order to maintain a stable cooperation relationship and efficient cooperation, we have identified the characteristics a strategic cooperation partner should have:

• High level: for the government authorities, it should be ministries, the provincial government and key economically developed cities; for financial institutions and enterprises, it should be state-owned enterprises managed by Ministry of Finance, State-owned Assets Supervision and Administration Commission of the State Council and world's top 500 private enterprises.

• Large scale: it should be influential, pillar and leading enterprises in the industry they operate with high operating income, large number of branches and employees.

• Wide business coverage: it should be widely distributed in the financial, energy, aviation, aerospace, construction, telecommunications, machinery, infrastructure, real estate and other industries and in a number of provinces and cities and overseas countries and regions.

• Comprehensive: generally, it should boast a diversified business mix and integrated needs in insurance and finance, including risk protection, financing, treasury management, enterprise annuity, financial advisory, investment banking and "going out" finance and other financial service needs.

In 2016, 16 large-scale partners were added to China Taiping's existing partner base, including government agencies, financial institutions, large state-owned enterprises and private enterprises with enlarged scope of business and cooperation, thus ushering in a new ear for strategic cooperation. As of the end of 2016, China Taiping's contracted strategic customers totaled 68. In recent years, we saw a continuous increase in the contribution of Group's strategic customer business to the Group's overall business. With the contribution rate in 2016 approaching 25%, such strategic customer business has become an important part of the Group's insurance business development.

5.3.2 Deepen the cooperation relationship with our strategic partners

Under the guidance of the "Headquarter to Headquarter" strategy, we have actively carried out cooperation with government, financial and non-financial enterprises.

Government partner

Remaining committed to the mission of providing coverage and protection to people's life, bearing in mind the responsibility of a state-owned enterprise and keeping up with the national strategy, China Taiping has actively fulfilled the social responsibility of a state-owned financial enterprise, given full play to cross-border business and took advantages of comprehensive financial platform and driven progress in a new round of strategic cooperation, thus becoming more capable to meet the needs of national social and economic development and contribute to the local development.

In 2016, China Taiping reached a strategic cooperation agreement with 10 governments in different regions to strive for sustainable development of society and continuous improvement of people's living standards. As of the end of 2016, China Taiping has signed strategic cooperation agreements with 19 governments in different regions in a view to jointly participate in economic construction, provide protection service to people's life, and finally achieve mutual benefit and win-win.

Ministries and governments at various levels with which China Taiping has carried out strategic cooperation in 2016 (ranked in no particular order)		
Ministries Ministry of Agriculture		
Provincial governments	Fujian Province, Jilin Province, Yunnan Province, Henan Province Guizhou Province, Guangdong Province	
Municipal governments / district governments	Changsha City, Shenzhen City, Ningbo City	

China Taiping signed an agreement with the Ministry of Agriculture to enter the Internet + agricultural insurance area

The national "Internet +" modern agricultural work conference was held in Suzhou on September 7, 2016 at which the Ministry of Agriculture and the Group signed a Cooperation Agreement on Jointly Push Forward "Internet +" Modern Agriculture.

Deputy Minister of Agriculture Qu Dongyu pointed out that with the development of largescale operation in agriculture, China should learn from foreign advanced agricultural insurance experience to constantly promote the transformation and upgrading of agricultural insurance. Agriculture and finance complement each other and reinforce each other. This "Rural Finance and Insurance Forum" has reflected the idea of cross-sectoral integration and innovation. Ministry of Agriculture was willing to joint hands with insurance agencies to promote the innovation in insurance products and services, and better serve the agricultural development.

General Manager of the Company Li Jinfu said in his speech, the current development of agricultural insurance has revealed three characteristics. First, the demand for risk protection of agriculture and "public entrepreneurship and innovation" is growing more prominent; Second, the agricultural industry shows a higher demand for insurance financing as insurance funds are high-quality funds that is safe and static and can better meet the demand of agriculture for funds; third, there is higher demand of the whole agricultural industry chain for information service. China Taiping would follow the central spirit to the letter, carry out supply-side structural reform centering on helping solve the issue of agriculture, farmers and rural area, develop well-targeted agricultural insurance products, innovate agriculture financing services supporting farmers and therefore contribute to the development of modern agriculture.

At the forum, the participants delivered their insightful opinions from the integration and sharing of modern agriculture and finance and insurance industry, the relationship between agricultural supply-side reform and financial and insurance industry, agricultural product quality and safety, the relationship between brand building and financial and insurance industry, discussed the macro-development of rural finance and gave an analysis on how Internet + modern agriculture, finance and insurance can share, integrate and innovate upon combination with market practices.



China Taiping signed a strategic cooperation agreement with the Henan provincial government

The Group and the People's Government of Henan Province signed a strategic cooperation agreement in Zhengzhou on December 3, 2016. Wang Bin, Chairman of the Group, Wang Tingke, deputy general manager of the Group, Chen Run'er, governor of Henan Province, and Weng Jieming, executive vice governor of Henan Province attended the signing ceremony. Responsible persons from China Taiping's subsidiaries TPL, TPI, TPP, TPI, TSFL and other companies and the Henan branch of the Group attended the ceremony.

According to the agreement, China Taiping will actively provide a full range of insurance services for

Henan Province, including property and casualty insurance, pension insurance, occupational annuities so as to provide insurance protection for Henan's economic development and people's lives. In addition, the Group will give full play to its advantages of insurance funds to provide financial support for the pillar industry, key industries, real estate investment in Henan Province, with an aim to achieve mutual benefit and win-win.



Representatives of both sides attended the signing ceremony

Non-financial enterprise partners

China Taiping has actively played its own advantages and carried out strategic cooperation with nonfinancial enterprise partners in resource sharing, business innovation, in financial services and other key potential areas, therefore presenting better chances for both sides to complement each other, seek coordinated development and build a win-win cooperation model by powerful alliances. In 2016, we signed Headquarter to Headquarter agreements with five companies including CRRC, Emperor Group. As of the end of 2016, we have established strategic cooperation with 35 non-financial enterprises to carry out indepth cooperation and seek for long-term development jointly.

Continued to expand insurance business with more channel cooperation with car business dealers

In 2016, more than 800 new 4S shops carried out cooperation with TPI and 5 famous engine producers and distributors signed Headquarter to Headquarter agreements with it, making the monthly premium growth rate increasing to as high as over 50% from negative growth and the business contribution rate of off-site third-tier institutional car dealer increasing more than 2 percentage points. At the same time, TPI has actively developed high-quality repair shops and conducted truck registration business. It also standardized and expanded 46 intermediary online marketing platforms.

Non-financial enterprises with which China Taiping has established strategic cooperation in 2016 (ranked in no particular order)		
State-owned enterprises CRRC, CEC, China Southern Airlines		
Private enterprises Ant Financial, Emperor Group		

Financial enterprise partners

In order to further enhance the quality and standard of integrated financial services and improve the financial business mix, China Taiping has, in an open-minded manner, adopted strategic cooperation with financial enterprises to promote bilateral technical exchanges, resource exchange and interconnection, and to jointly cope with market opportunities and cash in on financial potential, with an ultimate aim to optimize the allocation of social resources. In 2016, we signed Headquarter to Headquarter cooperation agreements with four financial companies. As of the end of 2016, we have established strategic cooperation with 15 financial enterprises to carry out in-depth cooperation and seek for long-term development jointly.

Financial enterprises with which China Taiping has established strategic cooperation in 2016 (ranked in no particular order)

China Bohai Bank, Everbright Group, Minsheng Bank, China Merchants Bank

China Taiping signed a strategic cooperation agreement with China Everbright Group

On January 22, 2016, the Group and China Everbright Group Limited signed a strategic cooperation agreement in Hong Kong. Chairman of the Group Wang Bin and China Everbright Group Chairman Tang Shuangning attended the signing ceremony, at which deputy general manager Wang Tingke, China Everbright Group deputy general manager Liu Jun signed the agreement on behalf of the two sides respectively.

Under the agreement, the Group and China Everbright Group will further strengthen the cooperation between the two sides in the enterprise property insurance, enterprise annuity, employee welfare insurance, e-commerce and Internet banking, overseas business, financing business and leasing business in a move to complement each other and share resources.

5.4 Elevate market position by dedicated efforts

Taking the further reform of state-owned enterprises as an opportunity, being oriented toward market demand, China Taiping has continued to improve its market share and influence of the various businesses, thus consolidating and elevating its domestic and oversea market position . On the one hand, we have strove to grasp the rare development opportunities presented by the great potential and prospects of the current domestic insurance industry to effectively meet the rapid growth of diversified market demands; on the other hand, as a comprehensive financial and insurance state-owned enterprise, we have worked hard to develop foreign markets in line with the national policy of "going out" and help other domestic enterprises to go abroad and enhance the international status.

5.4.1 Step into overseas markets

The Group boasts six business characteristics, with international operation being one of them. In pursuing the principle of "strengthening co-ordination, giving category-based guidance, seeking innovative development, highlighting characteristics, acting according to our actual conditions, moving forward step by step, integrating resources and working together", we have continued to drive progress in internationalization strategy that is "based on Hong Kong and Macao, with a focus on the Asia-Pacific region while making Europe and the United States as the two wings", seized the strategic opportunities brought by national "The Belt and Road" initiative, and strove to enhance the international operation.

In 2016, in responding to the state's call that enterprises should seek to "going out", we have actively expand into overseas markets. After the holding company jointly set up with the Starr Group in the United States registered and the insurance agencies were opened in the United States and TPRe and TPRB obtained the Lloyd's membership and broker qualification, the Group's business focus has been extended to cover Shanghai, Hong Kong, Singapore, London, Tokyo, New York and other international financial centers.

In 2016, the Group's overseas premium scale continued to grow and overseas property and casualty insurance and reinsurance companies further enhanced their underwriting profitability. The overall combined ratio decreased by 0.8 percentage point, and all companies achieved underwriting profits, which figure has increased by 12.1% over the Last Year. The combined ratio for TP Macau, TP Singapore, TP Indonesia and TPRe remained at a relatively low level. Overseas life insurance, property and casualty insurance and reinsurance and other businesses have delivered fruitful outcomes.

Overseas investment

Focusing on meeting the overall needs of economic development, China Taiping has continuously increased its investment in national key areas and key projects. In overseas investment, it has actively explored ways to connect the investment and financing needs of " The Belt and Road" initiative and the Asian Infrastructure Investment Bank, Silk Road Fund and other institutions, and conducted research on cooperation models in order to continuously enhance cross-border financial services. Among them, China Taiping's subsidiary TPFH invested in ICBCI Silk Road Prosperity Taiping Fund, a concept fund of "The Belt and Road" initiative which has developed a number of companies and their related projects

involving global ports, shipping, natural resources and emerging consumption in support of the "21st-Century Maritime Silk Road" strategy to give impetus to sustainable development of "The Belt and Road" initiative and give full play to the advantages of cross-border business.

Overseas property and casualty insurance

In 2016, China Taiping registered HK\$3.056 billion in direct premium income in overseas property and casualty insurance business. Of which, the direct premium income derived from property and casualty insurance business in Hong Kong and Macao was HK\$1.959 billion, TP Macau maintained its leading market position, TP UK and TP Indonesia market share increased steadily.

Taiping-Starr successfully arranged a US policy

In June 2015, China Taiping signed a cooperation agreement with Starr Companies, a world well-known financial institution, and established Taiping-Starr Holdings, LLC in the United States, which marked the Group's formal entry into the North American insurance market and effectively filled the blank of its presence in North America region. With the full support of the Starr Insurance, a policy recognized by local market was issued by Starr Companies, successfully creating a passage for the domestic insurance companies to arrange the US and global policies. In 2016, TPI successfully contracted the product liability insurance project against the products exported by Zhejiang Jinfei Kaida Wheel Co., Ltd to any other country, providing up to US \$5 million worth of protection. It also provided US local policy coverage for Future Industrial & Trading Inc., a US branch affiliated to Jinfei.

Overseas Life Insurance

In 2016, China Taiping established China Taiping Life Insurance (Hong Kong) Company Limited (referred to as "TPL (HK)"). TPL (HK) recorded over HK\$1 billion of new premium income in its first whole year of operation, representing the Group's international operation philosophy and "Boutique Strategy" have delivered initial results. As of the end of 2016, the market share (in terms of APE) of TPL (HK)'s new premium stood at 0.97%, ranking #13 among 54 life insurance companies in Hong Kong. In its first year of operation, TPL (HK) has elevated its position to the middle range in the market and gained a steady improvement in brand image as a professional life insurance and steady recognition from the market.





Overseas reinsurance

In 2016, the premium of the reinsurance business of the Group (excluding universal life) reached HK\$9.175 billion and increased by 14.6% over the Last Year. Among them, the premium of life reinsurance business maintained a rapid growth, with an increase of 24.1% over the last year.

In 2016, TPRe's ever-improving global business mix has incorporated another city into it. As early as 2015, the Group had determined the global business mix of the reinsurance business, that was, companies based in China intensified their efforts in the Chinese market, the companies based in the UK focused on the development of European and American markets while Hong Kong headquarters focused on markets other than Europe and the United States. In 2016, TPRe registered a Japanese representative office, which was expected to be officially put into operation in mid 2017.

5.4.2 Build a strong team of agents to win the sale battle

The agent team is not only an important backbone of China Taiping to enhance the efficiency of operation, profitability and brand awareness, but also an important performer of insurance specialization and an important reserve force of marketing management officers. In order to promote the continuous growth of the agent team and the rapid accumulation of business experience, TPL, TPI, TPP and other subsidiaries have formed an effective agent management and training system.

As of the end of 2016, 33,223 times of field training targeted at all staff within the system were held and 1,302,830 people had attended, of which 1,296,577 had finished the training.

TPL established an agent management system

In order to clarify the agent's position, standardize its duties and encourage its continued growth, in 2016, TPL established the Measures for the *Management of Individual Insurance Counselor (2016 Version)*, which clarifies the structure and responsibilities of agent management and defined the related content about agent development. The Measures not only covers the allocation standards, remuneration, assessment standards and codes of conduct for agents, which will make agents clearly understand their duties and benefits, but also includes the job selection methods and standards, division of professional level, grading standards, demotion standards, assessment of grading qualifications, training and other provisions, which will provide promotion opportunities for agents. Among these contents, the training includes but not limited to: new agents training, improvement training, promotion training, quarterly video training, special training.

In 2016, TPL provided employment and training opportunities for more than 250,000 individual insurance agents, contributing to the rapid increase in their sales capacity and then leading to impressive business results. TPL has seen a rapid growth in the number of individual insurance agents in 2016, in particular a year-on-year sharp increase in high productivity agents. As of the end of 2016, the number of TPL agents amounted to 261,922, a year-on-year increase of 13%, of which the number of high productivity agents (referring to agents who contribute more than RMB300,000 of the annual first-year regular premium) reached 10,066, up 36.5% year on year.

5.4.3 Ensure responsible procurement by improving supplier management

Making our social responsibility as the basic requirements of the procurement, we will strictly abide by the national laws and regulations on bidding and the Company's centralized procurement system to ensure that the work process is legal, and compliant and that procurement information is open and transparent, with an ultimate aim to create an all-round responsible supply chain.

Supplier management is an important part of the responsible procurement, for which the Group has established and implemented a series of systems, such as supplier qualification examination system, process management and standardized management on external supplier selection, evaluation and cooperation, to ensure that products meet environmental protection and energy conservation standards, and to ensure that such enterprises have a good business reputation and sound financial accounting system without significant risks.

In order to prevent and control the risk of corruption and bribery, strengthen the procurement management, we have continued to implement the *Integrity and Self-discipline Requirements on Centralized Procurement Staff* to effectively keep away the violations in procurement activities. At the same time, by adding whistleblowing e-mail address and telephone number to the tender files to receive supervision, incorporating anti-commercial bribery regulations into the contract terms and other measures, the Group has effectively eliminated bribery.

We continue to build an electronic procurement platform, to further standardize the procurement

CSR2016

management, and improve the efficiency of centralized procurement. In 2016, the Group has upgraded the electronic procurement platform and promoted it to various subsidiaries. The electronic procurement platform not only helps the Company standardize the procurement process, and finally leads to paperless operation, but also conducive to all-round understanding of the progress made in procurement activities within whole system, and facilitates the supervision and control the suppliers' performance in the procurement process.

In 2016, we spent about RMB918 million in centralized procurement, giving priority to those suppliers who have obtained environmental management system certification and whose products have obtained environmental labeling, in a bid to improve access standards in environmental protection and environmental awareness of suppliers. For example, TPL's 2016 furniture procurement project for its headquarter stipulated that suppliers should obtain ISO9001 quality control system certification and ISO14001 environmental management system qualification or product certification of the Chinese environmental labeling.

Table 5-1 Number of suppliers by region

Region	Number of suppliers
Domestic	1,001
Overseas	107
Total	1,108

In 2017, we will

Create A

Future

- Promote basic research, continue to actively participate in various activities held by authoritative industry organizations, and work hard to push the industry forward
- Improve the mechanism to encourage innovation, strengthen the application of new technology research results and remain committed to play the role of innovation in guiding development
- Strive to increase the number of contracted customers year by year and press ahead with the "Headquarter to Headquarter" strategy
- Continue to tap the potential of the domestic market, and steadily promote the expansion into new international markets and seize the opportunities presented by market development
- Strictly implement rules and regulations on procurement, promote electronic procurement platform, and honor our commitments on responsible procurement

6 EMPLOYEE: HOME OF HAPPINESS

The number of employees in 2016 stood at 60,270, an increase of 6,558; annual remuneration reached HK\$13.483 billion, an increase of 23.06%.



1 &10 Honors	Including all subsidiaries and branches, the Group won a total of 11 honors in 2016, of which 1 was granted by All-China Federation of Trade Unions and 10 was by Chinese Financial Workers' Union, the number hitting a record high.	
100%, Democracy	Each newly established subsidiary has established a workers congress institution as well as a trade union. At present, we have extended workers congress to cover 100% of the subsidiaries (centers) of the Group.	
3200, Training program for cadres	We have held a "2016 Cadre Training Program of the Group", more than 1,200 cadres receiving training on site or via video; Each subsidiary (center) launched over 20 times of training according to respective actual conditions, attended by nearly 2000 people	
30,000, Labor competitions	More than 30,000 employees within the whole Group participated in the labor competitions organized by trade unions of various levels	
110 & 176 , Building a home for employees	Along with the "Taiping Reading Season", we moved more quickly to promote the establishment of "Employee Reading Room" in the whole Group, building or improving 176 employee reading rooms or reading corners. The whole Group (including all subsidiaries (centers) and branches) has established more than 110 "female employee lounges", a reflection of the care for female employees from the Group, especially female employees during menstruation, pregnancy, delivery, lactation	
26,000 & 760 , Culture of Reading	During the "Taiping Reading Season", more than 760 employee reading and sharing activities were held by various level of organizations within the Group, with as many as 26,000 participants	
3627, Care for female employees	We have actively carried out the research on female employees' right protection, more than 3,620 female employees participating in the questionnaire survey By the research, we could fully understand the new situation and new problems facing trade unions in protecting Group female employees' rights, thus laying a solid foundation for the future work in this regard	

Figure 6-1 Proportion of employees by gender

6.1 Value to employee development

China Taiping has always been paying particular attention to the development of employees, as we believe that the competition between insurance companies is actually a talent competition. That means we should focus on how we can attract, retain, cultivate and make good use of talents to make human resources a critical role for insurance companies in securing sustainable competitive advantages.

Bearing in mind the philosophy that "talent is the first resource of economic and social development", we have focused on the goal of "strengthening enterprises via talents", followed the law of talent growth, taken effective measures to mobilize the initiative of all parties, accelerated the reform of talent development mechanism. By doing these, we could break the constraints of ideas and institutional mechanisms that is holding back talent development, improve mechanisms for introducing, training, transferring, evaluating, encouraging, protecting talents, and therefore maximize their innovation vitality and fully exploit their own strengths.

6.1.1 Long-term planning with keen attention to personnel training

As the Chinese economy has entered into the new normal, the insurance industry comes to a new starting point and China Taiping also entered a new period, it has put forward new requirements for the Group's talent development in next five years. In May 2016, the Group compiled the *Talent Development Plan* (2016-2020), aiming to build a talent team to meet the inherent requirements of its Boutique Strategy, and strive to create a new situation where people can fully exploit their own strengths.

Talent Development Plan put forward, China Taiping would achieve its "Taiping Dream" by building a "Dream Team" in pursuing the "1,688" talent philosophy:

 \cdot Centering on one goal: focus closely on the realization of talent development goals set in the Boutique Strategy.

• Highlighting six teams: focus on building a team of high-quality complex management personnel, a team of strategic talents in urgent needs, a team of international high-end talents, a team of Internet financial professionals, a team of all kinds of professionals and a team of talents at grassroots level.

Implementing eight key talent projects: integrated financial management personnel - "10, 100, 1000" project, the international high-end talent - "Eagle Project", the Internet financial professionals
 "Phoenix Project", investment elite talent - "Everest Project", marketing elite - "a hundred people, a million C" project, professional personnel of engineering, operation and functioning - "321" project, grassroots talent development projects and high-potential reserve cadre training project.

• Improving following eight mechanisms: an overarching design system for management personnel, a scientific talent recognition mechanism, a mechanism for introducing talents in urgent need, selection and appointment mechanism for operation management personnel, an efficient human resources allocation mechanism, a scientific and reasonable mechanism for assessment and giving incentives, a standardized and effective personnel supervision mechanism and a boutique talent training system with Taiping characteristics.

6.1.2 Encourage outstanding persons and improve the promotion mechanism

In 2016, in order to standardize the post and hierarchy management of the Group,, to promote the

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specialization and standardization of human resources management, to diversify the career development channel for employees, to promote the division of labor on the basis of specialization, to attract and cultivate various types of high-quality professionals needed and to further clarify relevant management authorities, the Group has revised the *Post and Hierarchy Management Measures* according to actual conditions.

The newly revised *Post and Hierarchy Management Measures* divides the post and rank system into three sequences: management sequence, business sequence and operation support sequence. The revision of such system has diversify the career development channel for employees, by which they can choose dual channels of professional and management; has clearly determined the use of principle of merit in employee promotion after taking into account performance evaluation results and overall individual conditions to ensure reasonable promotion; and has clearly defined promotion conditions for each level to make sure promotions are decided in an open way.

Original system	Newly revised system	
After the employee is promoted to senior manager, he or she may face the bottleneck in his or her way to next higher post	Employees can be promoted through management sequence, while at the same time continue to develop in accordance with the business sequence; For those ordinary employees who cannot be promoted to the management, he or she can still be promoted to the corresponding level of management with excellent work performance	
To provide organizational security for achieving the Group's strategy of being the "most unique and high potential boutique" insurance company		

6.1.3 Integrate training system promote employees' personal development

Based on requirements of the Boutique Strategy and learning and training needs of employees, we have gradually established and continuously enriched the training system that is well-targeted and can meet the development needs of different levels, different sequences of employees, with an aim to improve the recognition of cadres and employees for the Group's culture, update, improve their knowledge structure, enhance management and work skills and improve their competency. The Group provides education and training to all its employees, with the quality, ways and efficiency continuing to be improved.

	1
Training system	 Training for new employees upon joining the Company; Training for cadres at a certain level of the Group; Training for reserve talents; On-the-job training for senior management; Training for professional and technical personnel held by relevant management departments according to the classification of professional and technical personnel; Special training for cross-level, cross-sequence personnel in accordance with the requirements of different working stages
Education and training resources system	 Cooperative training by commissioned institutions Remote video training Online platform learning Overseas exchange training

The Group's 2014-2017 Education and Training Program has made the education and training more coordinated, targeted and effective, and therefore is conducive to the continuous improvement of training. What we done in training in 2016 has gone well beyond the set goals.

Table 6-2 Training objectives and actual performance in 2016

Training data	Objectives	Actual performance in 2016
Annual full-time training rate per unit	> 30%	61%
Annual employee participation rate per unit	> 50%	90%
Per capita hours of study	> 110 hours	206

Table 6-3 Overall training in 2016

Group	Times of training	Number of participants
Group	16	8014
Subsidiary (center)	Times of training	Number of participants
Sharing Center	715	16,927
Audit center	166	11,697
TPL	119	20,265
TPI	30	1,761
ТРР	22	1,380
TPAM	33	1,422
TPeC	2	80
SZTPI	5	185
СТРІ (НК)	11	387
TPRe	20	271
TPRe (China)	6	201
Subsidiary (center) in total	1129	54,576

Action Learning Plan for Strategic Customers to Increase Capacity

The Group's "Action Learning Plan for Strategic Customers to Increase Capacity" was an important innovative education and training program, to which the Group had paid close attention.

The project consisted of pre-interview, project design, topic selection, phased implementation,

acceptance assessment and other parts, which integrated knowledge input, action learning, coaching and other learning methods and ways. It adopted the "leadership development path" model put forward by The World Institute for Action Learning (WIAL), creating targeted learning contents in different links of capacity enhancement. The project combined centralized training, online selfstudy and action and practice learning to achieve the effect of "working while learning, learning while working".

The project lasted for four months, in which trainees got together once a month in four different phases, with each assembly consisting of action learning, management courses and professional salon. In between assemblies, the trainees had to complete the online course study and conduct research and discussion on the action learning program. Upon the implementation of the project, the trainees' ability has been significantly improved and the team has been much more united, which have spurred the internal driving force of trainees to pursue personal development, and brought the results which can be applied to practical work and can be converted into working performance.

The project was awarded the second prize of "Best Practices for Talent Development (Education and Training)" in Chinese insurance industry in 2016.

Model Innovation - centralized operation Model continues to improve team performance

We have set up a sharing center to capitalize on the convenience brought by centralized operations and to create a complete training system. We have attached great importance to build a specialized occupation system. To that end, we have not only developed a series of training plans including pre-job training for new employees, promotion training for employees at all levels, but also strengthened cooperation with reinsurance companies by combining independent training with field training and carried out regular department lectures, institutional rotation training and annual system-wide professional training.

- have established as many as 340 sets of operational standardization process, and actively practiced various innovative learning methods such as "sharing class", "business case writing";

- have delivered outstanding performance in the first Qualification Examination for Underwriting/Claims Staff in life insurance industry organized by Insurance Association of China. 76.67% of underwriting staff passed the examination; 83.58% of claims staff passed. According to the official statistics, the passing rate of underwriting staff of the sharing center was 30 percentage points higher than the industry average, while the passing rate of claims staff was 23 percentage points higher, making the combined passing rate ranking the first in the industry;

- "Diabetes Research Group" carried out a Six Sigma project of the sharing center with the "Research on Consistency of the Underwriting Conclusions " as the main subject, which aimed to enhance the customer experience by achieving overall unification of underwriting through the study of differences in the evaluation of different types of illness.

6.2 Enhance employees' sense of belonging

Upholding the idea of delivering service to our employees, under the leadership of the Group's department of staff relations, we have built an all-round "Home of Employees", with an aim to meet their needs through four modules of activities, namely the democratic construction, humanistic care, learning improvement and cultural and sports activities.

6.2.1 Encourage opinion expression and build a home of democracy

In pursuing democratic management, we have promoted workers congress system in the whole Group in accordance with the *Guidance on Establishing Workers Congress within the Group (Trial)*, directing the new subsidiary to set up a trade union and workers congress system at the same time. At present, we have extended workers congress to cover 100% of the subsidiaries (centers) of the Group.

In 2016, the workers congress of the Group considered and adopted two proposals in total:

1. In the election of employee supervisors of the Group, it elected Quan Wukui, Chen Wu as employee supervisors of second session of the Board of Supervisors of the Group;

2. it considered and voted on Staff Mutual Aid Fund Plan of China Taiping Insurance Group (Trial)

Workers congress of TPP

The First Session of the Second Workers Congress - the congress summed up and demonstrated the achievements made by the First Trade Union in past five years, elected the committee members of Second Trade Union, members of women workers' committee and Funding review committee, and looked into future work. The convening of the congress greatly enhanced the cohesion of trade unions and gave a strong organizational impetus to the development of trade unions.



6.2.2 All-round protection from a home of humanistic care

We are committed to ensuring the physical and mental health of employees, continue to pay attention to the living needs of financially disadvantaged employees, and strive to improve the security system to effectively solve the urgent needs of employees.

Care for the physical and mental health of employees

To ensure the health of employees and prevent occupational injury, we have purchased commercial

insurance and medical supplementary insurance for our employees. In addition, the Group encourages subsidiaries to provide psychological counseling services to their employees, seek diagnosis and advice to the organization, provide professional guidance, training and counseling to employees and their immediate family members, with an aim to help solve various psychological and behavioral problems of employees and their family members and therefore improve staff's work performance in the enterprise.

EAP Assessment of TPL

In 2016, TPL launched an Employee Assistance Program (EAP) to figure out the mental health status of employees through the combination of psychological questionnaire and psychological examination.

· Psychological capital questionnaire: help employees better understand the potential psychological quality of their own and explore their own ways of work and life;

 \cdot Organizational stress questionnaire: help the organization better understand the needs of employees, provide more targeted care; mental health examination: help employees better understand their mental health status and make timely improvement to stay in a good state.

Launched extensive activities to provide assistance

In January 2016, the Group's trade union launched a series of activities to provide effective assistance within the Group, in which the Group's senior management rushed to 12 provinces (cities) in six lines to visit 101 workers of extreme poverty and women workers who were single-parent and lived a hard life and grant a total of RMB373,000 worth of gifts and money.

Trade unions at all levels, in accordance with the unified arrangements set by the Group's trade union, delivered their care, assistance timely to all workers

Explore the long-term assistance mechanism

Through the in-depth investigation during activities to provide assistance, the Group's trade union identified a prominent problem that some workers and their families had fallen into poverty because of illnesses. In light of this problem, at the end of 2016, the trade union established Staff Mutual Aid Fund Plan of China Taiping Insurance Group, which provided financial support to employees themselves and their families suffering from major illness so as to alleviate living difficulties facing them. Mutual Aid Fund Plan was launched based on the principle of "being people-oriented, extending care, helping those in need", which also advocates the idea of "voluntary, open, appropriate, compliant", thus wining a good response among our large number of workers. According to statistics, over 90% employees in the Group has participated in this plan. To strengthen the management of the Mutual Aid Fund Plan, the Group set up a "Mutual Aid Fund Plan Management Committee".

Care for women workers

We have implemented the Special Provisions on the Labor Protection for Women Workers as required by law, continued to promote grass-roots trade unions to erect "female employee lounges" if they are in need of

Group	Number of people receiving assistance	Gifts and money granted (RMB10,000)
Group	108	37.4
Name of subsidiary (center)	Number of people receiving assistance	Gifts and money granted
Sharing Center	6	1.44
Audit center	9	2.8
TPL	189	44
ТРІ	93	23
ТРР	9	4.55
Subsidiary (center) in total	306	75.79
Group in total	414	113.19

Table 6-4 Summary of activities to provide assistance in 2016

it and as actual conditions permit, and made it as a key and mandatory assessment indicator in building "Home of Employees". The whole Group has established more than 110 "female employee lounges", a reflection of the care for female employees from the Group, especially female employees during menstruation, pregnancy, delivery, lactation.

We have actively carried out the research on female employees' right protection, issuing nearly 5,000 questionnaires to female employees within the whole Group while receiving around 3,620 responses. By the research, we could fully understand the new situation and new problems in protecting female employees' rights, thus laying a solid foundation for the future work in this regard.





The establishment of "female employee lounges" has brought convenience for the rest of female employees and pregnant employees and for feeding baby, a reflection of the care for female employees from the Group, especially employees during pregnancy and lactation.



Photo of the female employees lounge (Nursing room)



Taiping Reading Season: Lecture, Reading Room

6.2.3 Keeping studying to build a Home of learning and improvement

We have actively fostered employees' stronger observance of cultural and ethical standards and enriched their lives through a variety of cultural activities.

First Taiping Reading Season

Taking "Reading selected books to help drive Boutique Strategy" as the annual theme, the Group organized a group of thematic activities including book recommendation by the senior management, lectures given by the famous, essay contest, thus initially fostering an enabling culture of consciously learning and seeking improvement.

During the activity, the Group's trade union held 3 lectures given by the famous and more than 760 employee reading and sharing activities were held by various level of organizations within the whole Group, with as many as 26,000 participants;

Built or improved 176 employee reading rooms or reading corners; held the first evaluation of "Taiping's best 10 employee reading rooms";

Essay contest collected a total of more than 2,200 articles, with 38 articles standing out;

More than 150 female employees participated in the photography activity with "the most beautiful reading



Photo of TED

moment in your family" as its theme and more than 20,000 followers joined the voting.

Exhibition of Employees' Painting and Calligraphy

China Taiping hosted an Exhibition of Employees' Painting and Calligraphy" themed as "Show Your Love by Painting and Calligraphy". The whole Group collected nearly 100 paintings and calligraphy works from employees. Upon careful selection by external experts, more than 30 works were selected to be displayed at the exhibition.

TED speeches

TPAM's 10th Anniversary Celebration and 2016 Additional Activities of Employees: nine employees of the Company share with all employees their thoughts and feelings upon joining TPAM by TED speech.

6.2.4 An energetic Home of Cultural and Sports Activities

In pursuing healthy living, we regulated the work and life of our employees through the popular sports activities.

"Spring & Summer Health Walk" activity

In responding to the Chairman's call to launch "a Group-wide physical fitness campaign to build employees physically", the Group organized a three-month 2016 "Spring & Summer Health Walk" activity in which employees in Hong Kong, Shenzhen, Beijing and Shanghai and other places joined the race walking, fostering a good atmosphere that encourages employees to exercise and builds them up.

"Taiping Cup" Badminton Match and other activities

The Group's first "Taiping Cup" Badminton Match was held in Shanghai in July, with more than 130 players, after which a Group Badminton Association was set up. In addition, other associations of the Group set up for employees hobbies also a variety of activities such as Go Game, Show Your Love by Painting and Calligraphy" exhibition and photography training, which have greatly enriched the cultural life of employees, thus winning a lot of interests.





Photos of cultural and sports activities held by various subsidiaries of Taiping





07 SOCIETY: RESPONSIBILITY ASSUMPTION

Investment regarding social responsibility: RMB 161.6 billion Investment in education: RMB 3.2025 million

While speeding up business development and expanding business scope, China Taiping also strives to assume its social responsibility as a financial central enterprise by keeping fostering development of education and targeted poverty alleviation. In 2016, we actively lived up to our responsibility as a central enterprise in two sectors of insurance and investment. For example, we have continued to focus on the problem of students from poverty-stricken area being unable to access education, focused on educational public projects, helped students return to the classroom, and trained more professionals. At the same time, we have continued to implement the national policy of poverty eradication by 2020, improved the working system of poverty alleviation in designated areas, played the functional advantages of the insurance as main business and met diversified insurance needs presented in the process of poverty reduction through innovation in products and services.
7.1 Bear the responsibility of a financial central enterprise

In the year of 2016, we continued to bear the social responsibility of a financial central enterprise. On the one hand, we developed agricultural insurance in the insurance industry, and actively carried out serious illness insurance business; on the other hand, in line with the national strategy of The Belt and Road initiative, we played a part in national infrastructure construction with our comprehensive financial business mix.

7.1.1 Promotion of liability insurance

We have actively developed agricultural insurance, guarantee insurance for loans to small and micro enterprise, serious illness insurance and other types of inclusive insurance business, implemented policy to boost agriculture and benefit farmers and helped ease worries about basic health care service.

Work hard to promote insurance for agriculture, farmers and rural area

TPI has developed 13 new agricultural insurance products, including high temperature index insurance, temperature index insurance, windstorm index insurance, facility agricultural insurance, in Shandong, Jiangsu, Hubei, Guangdong, Qingdao, Dalian and other regions. It helps solve the problem of agricultural enterprises being unable to secure loans. It provides a financing product guaranteed by government funds and "agriculture-related loans" in Shandong, Beijing, Hubei, Zhejiang and other places, providing financial support for new rural entities such as large-scale planting and breeding family, agricultural cooperatives, small and micro agricultural enterprises. Target Poverty Alleviation Project for Laoyingpan Villiage of Xingguo County lunched by Jiangxi Branch of TPI has topped the "Insurance Targeted Poverty Alleviation Top Products List" first published by Insurance Association of China.

As China's farmers asset composition and effective collaterals are not diversified enough to secure loans, they are having difficulty in applying loan to fund their production, which affects financially disadvantaged farmers most. In 2016, TPI has introduced guarantee insurance products for small-sized loans to farmers in Dalian, Liaoning Province, Tongxiang City, Zhejiang Province and Qiqihar City, Heilongjiang Province, through cooperation with banks and local governments, for which the insurance company and banks jointly assume credit default risks, in order to ensure financing institutions can meet farmers' financing needs whenever necessary.

Launch extensive poverty alleviation and help enrich poor areas

Laoyingpan Village, Gaoxing Town, Xingguo County, Jiangxi Province is a famous millennia-old village in China, located in the north of Gaoxing Town, covering 15 village groups and 580 households with a total population of 2,680. The registered number of poor households in statistics of 2015 was 87, including 296 people. As a financial central enterprise, TPI has actively lived up to its political and social responsibility in poverty alleviation and development, designating Laoyingpan Village, Gaoxing Town, Xingguo County as a demonstration point of targeted poverty alleviation. Jiangxi Branch of TPI, taking into account the actual difficulties facing such 87 poverty-stricken households, has focused on the sustainable development model of increasing their capability to enrich themselves; related poverty reduction has lasted for three years and has been extended to cover all poverty-stricken households and involve all cadres and employees; when fostering poverty alleviation through development in such five aspects as education, employment, skills, finance and insurance and industry, ten measures was adopted to help push the efforts.

Thanks to TPI's financial and insurance policy of poverty alleviation, 87 poverty-stricken households could obtain loan guarantee insurance when operating cattle breeding and the beef cattle got from TPI could have free access to aquaculture insurance. TPI also funded the construction of 1,000-square-meter demonstration base for beef cattle breeding. In terms of putting in place a risk cushion, TPI provided a total value of more than RMB25 million of household property insurance to transfer disaster risk for such 85 households with their own houses. Meanwhile, TPI has fund part of tuition and living expenses for college students from poor families and signed with them employment intention agreements; provided veterinary, breeding and driver and other skills training for poor households in need, provided them with credit guarantee insurance and provided loan guarantee insurance for their purchase of business or transport vehicle, so as to solve their capital problem in starting a business.

Actively launch the serious illness insurance

In 2016, we have actively carried out serious illness insurance business, with annual premium of commercialoperated serious illness insurance made in Fangchenggang, Beihai, Yulin, Guangxi and Ya'an, Sichuan and other places reaching RMB226 million. TPL and the Health and Family Planning Commissions of Beihai, Fangchenggang and Yulin city have signed serious illness insurance contracts to implement the policy of carrying out "targeted poverty alleviation through serious illness insurance". "Serious Illness Scheme for Poverty-Stricken Urban and Rural residents" has covered over 50 million registered financially disadvantaged people in three cities, accounting for 11.24% of the total number of financially disadvantaged in the province. Such contracts stipulated that, with the threshold of serious illness insurance for rural residents remaining unchanged, by ways of reducing the insurance company's profits and government guarantee, raise the current 50% of the reimbursement ratio for the amount exceeding the threshold (but less than RMB20,000) to 53 %.At the same time, increase the reimbursement rate for those poverty-stricken people registered in the Office of Poverty Reduction by 5% -10% on the basis of reimbursement rate for ordinary people, with the highest reimbursement rate being raised to 85% -90%, thus tackling the root cause of the tough problem of falling into poverty because of illnesses facing financially disadvantaged households. At present, TPL has been underwriting for two consecutive years for the serious illness insurance for urban and rural residents in Beihai City, Guangxi.

As of October 2016, TPL provided insurance coverage for about 8.19 million people in Guangxi, nearly 66,000 people receiving serious disease compensation with related settlement payment of over RMB 230 million

7.1.2 Assume investment regarding social responsibility

While focusing on supply-side structural reform, we have actively served the modernization of the state governance system and governance capacity to meet the growing demand for diversified insurance services. In 2016, under the *13th Five-Year Plan Outline for China's Insurance Industry Development*, 13th Five-Year Plan of the Group and the Group's *Strategic Positioning and Overall Development Planning of Each Investment Platform*, we have supported the national industrial transformation and upgrading, with a focus on energy-saving environmental protection, high-end manufacturing, information technology, new energy and other strategic emerging industries, as well as elderly care services, health services, medical services, high-tech industries, modern manufacturing, modern agriculture and other fields, thus providing long-term stable funding for China's new technologies, new business and new industries. Total investment assets under the management of the Group amounted more than RMB640 billion, of which the investment assets of the Group and its subsidiaries was RMB381.9 billion and investment in assuming responsibility was about RMB161.6 billion.

List of China	Taiping's	Responsible	Investment i	n 2016

Taiping Asset Management Company Limited	The first to set up infrastructure investment plans for insurance funds and PPP project investment plan; successfully issued the first asset transactions project in Shanghai Insurance Exchange.
Shenzhen Taiping Investment Company Limited	 - initiated the establishment of the 100-billion-yuan "Zhejiang Province Transportation Infrastructure (Taiping) Investment Fund, the largest-scale infrastructure investment fund in China. - Investment in Phase I project of Rail Transit Line 1 in Huhehaote, the first insurance policy in rail transit PPP.
Taiping Financial Holdings Company Limited	TPFH invested in Silk Road Prosperity Taiping Fund to contribute to the advancing of The Belt and Road initiative.
Taiping Senior Living Management Co. Ltd.	Participated in the preparation of Shanghai Yuanhe Hospital, set up a health pension equity investment fund, participated in the elderly care service management, won the bid of commissioned operation and management project of Shanghai New Jiangwan Nursing Home and obtained the management rights of first domestic public elderly care service project.

7.2 Foster education development

In order to effectively solve the problem of unbalanced educational resources and difficulty facing students in poverty-stricken area in receiving education, in 2016, we have actively encouraged Group's employees to join the "One to One" program to fund children in mountain areas to receive education; increased the funding for schools in disaster-stricken areas to allow the children to pursue their ideals in a good environment; contributed to public welfare by giving our care for children who remain in their home towns while their parents work away in the cities; worked together with institutions of higher learning to develop China's actuarial industry and train more professionals.

7.2.1 Carry out "One to One" program to fund children in mountain areas to receive education

We have actively carried out "One to One" program to fund children to receive education. Since the establishment of the Group's "Financial Aid for Students System" on the official website in 2014, a total of nearly 2,600 employees submitted their needs to receive financial aid and 1,616 students had received an actual amount of funds of RMB1.7745 million.

In the Liangdain County of Gansu, Yu'an District of Anhui, We carried out "One to One" program to fund students from financially disadvantaged families to receive education. In order to carry out its work from "a high starting point in a standardized and sustainable way", the Poverty Alleviation Office of the Group has conducted a number of research and discussions, analyzing and studying the way to fund students, the concrete measures for sustainable development and the possible various problems we may meet during implementation. With all these efforts, we finally developed *Measures for Branches and Employees of the Group to Participate in Financial Aid for students in Designated Organization* in the beginning of 2014, which, as the name indicates, stipulated relevant provisions. The Group has also formulated *A Guide to Providing Financial Aid to Students* with an aim to involve more organizations and employees in doing such thing.



According to the Measures, the Poverty Alleviation Office of the Group has divided poverty alleviation and financial aid activities into three categories: First, in the name of individual employees, carry out "One to One" or "One to Several" programs to connect employees and financially disadvantaged students and employees will pay, in accordance with financial aid standards, RMB1,000 per year for primary school students, RMB1,500 per year for middle school students, RMB2,000 per year for college students to help them complete their studies; Second, in the name of the organization or individual, donate stationery and books and other school supplies to specific schools or specific students from poverty-stricken areas to help local students in their daily school life; Third, in the name of the organization, donate minicomputers, PCs and other electronic devices resulted from replacement and elimination (making them usable "green computers" through professional repair) to specific school or education system units to improve their computer teaching conditions.

"One to One" poverty reduction

In the absence of annual contribution of RMB1500, Zhang Rui, a student of Liangdang County of Gansu, may have dropped out of school. As a national poor county located in the depths of the Qinling Mountains, Liangdang County covers many remote villages whose traffic is really inconvenient. Due to the single source of income of farmers, many children have or will have to drop out of school because of poverty, Zhang Rui being one of them.

Zhang Rui lives in Chuantou Village, Xianlong Town, a place with only one road to the county and where the villagers rely mainly on growing corn and other food crops. Zhang Rui's family has six people, her grandparents, her parents, her sister and her, which mainly relies on farming by her parents to earn a living. Her grandfather suffers from high blood pressure. Therefore, for this family, every time of going out of the mountains to see a doctor will place a huge burden on it.

Zhang Rui is now studying in the middle school in Xianlong; her sister is attending primary school; "Having to take care of her grandfather, her parents cannot go out to work. Instead, they can only grow some crop and vegetables at home. They have to work hard every day, even the grandmother has to farm." In such circumstances, Zhang Rui and her sister's studying expenses have become an unbearable burden on this family.

"Fortunately, uncles and aunts have extended their hands this year." Zhang Rui said that from the fall of 2014, uncles and aunts of Taiping Group have donated her RMB1,500 each year in her learning expenses; if admitted to the university, she may receive RMB2,000 on an annual basis.

7.2.2 Reconstruction of schools in disaster-stricken areas to help students return to classrooms

We care a lot about children in the schools. In natural disaster-prone areas, we are actively involved in post-disaster assistance work, and focus on supporting the reconstruction of schools in the disaster-stricken areas, so that the affected children can return to their schools as soon as possible. In 2016, we raised more than RMB800,000 disaster relief funds through various subsidiaries and individual staff, of which nearly 86% were used for post-disaster reconstruction of schools.

Construction of Ya'an Taiping Experimental Primary School in earthquake relief (7.1)

On April 20, 2013, Sichuan Ya'an unfortunately suffered an earthquake attack. We carried out timely action to donate a total of RMB10 million to support post-disaster reconstruction. Many employees have also donated money and gifts to show their care. Of which, the Group's RMB5 million cash donations were used in construction of the "Taiping Experimental Primary School" to replace the original Shangba Primary School at the same location of Yucheng District, Ya'an City in order to support the development of local education. In the first half of 2015, the construction of Ya'an Taiping Experimental Primary School completed. Upon inspection and acceptance, the school was put into use in September that year from the beginning of a new semester.

In order to further improve the educational conditions of Taiping Experimental Primary School and improve the teaching quality, before the new school year in September 2016, the Group donated a novel and multifunctional science and technology museum to the school with the personal donation of RMB268,000 from employees of



some of organizations of TPL and TPeC. With completion of the science and technology museum, We believe it can stimulate children's interest and love in science and technology, be conducive to enhancing their overall quality, and promote their comprehensive development.

Donate to help post-disaster school reconstruction

During the summer vacation in 2016, Hubei Province suffered a rare waterlogging disaster. In this heavy rain, the old walls of Laohutou Primary School of Huangshi City collapsed after being soaked in water, more than 2,500 square meters of playground was scrapped after being immersed in the low-lying water and the teaching facilities and equipment in classrooms and offices on the first floor suffered serious damage. On September 1, 2016,



the opening ceremony of Laohutou Primary School of Huangshigang District, Huangshi City and TPL's donation ceremony was officially kicked off, at which TPL donated RMB450,000 to Laohutou Primary School in a view to help its post-disaster reconstruction.

7.2.3 Encourage public participation to realize others' dream

We are committed to promote "improving public welfare by all". We have continued to improve the internal social welfare projects to build a mature public service platform for the public, so that we created opportunities for showing their love to the community.

TPL officially launched the public welfare project of "Taiping Reading Room" in 2012. In raising books from the whole society for this project, a total of more than 800,000 volumes of books were collected, with which TPI has set up reading rooms in 128 schools facing financial difficulties. In 2013, TPL upgraded the project. In addition to continuing to raise books from the public, it also worked with the Beijing Jackie Chan Charity Foundation to equip 20 schools of extreme poverty with bookshelves by targeted capital contribution, so that it could improve the supporting facilities of "Reading Rooms" and provide a more comfortable and clean environment for children to enjoy the nourishment for the mind. With the continuous development of this activity, since 2015, TPL has launched a "Little Wish" public welfare program to collect little wishes from thousands of children living in poor areas, and

organize the community to claim them. TPL has set an example to support the national poverty alleviation efforts by creating an operation system of "regular donation + upgrading public welfare". In 2016, the "Little Wish" public welfare program collected a total of RMB628,000 worth of items from 389 activities.

Launch the "Free Your Football Dream" project to help children achieve their "Little Wish"

On April 6, 2016, "Free Your Football Dream" donation ceremony, organized by the fund council of Jiangxi "1% Project", co-organized by TPL, was held in Jingdezhen. At the donation ceremony, TPL's Jiangxi branch gave away 6,000 quality football of standard size to "1% Project". 20 student representatives accepted the donation at the ceremony and became the first children to get the



footballs. Other footballs were donated to other rural areas across the province in batches after the ceremony via volunteers organized by "1% Project". With these footballs, a large number of rural children would enjoy the health and fun brought by football.

7.2.4 Enterprises + schools model to build talent base

We focus on cultivating industry elite. Bearing in mind the philosophy that "talent is the first resource of economic and social development", we have carried out talent training project with various institutions of higher learning to build an exchange platform for quality education and professional practice resources, with an aim to create a new talent training model of high level. Through interactions in the talent training, cultural exchanges, academic research and other aspects with universities, on the one hand, we prepared more reserve talents for the insurance and finance industry in China; on the other hand, we also help shorten the period for college graduates to adapt to enterprises. All in all, this model achieves win-win by allowing both sides to draw on strengthens of each other.

Established "Fudan - Taiping Talent Base" and "Fudan - Taiping Education Fund" in the Fudan University

In order to develop China's insurance and actuarial industry and contribute to training professionals, On November 17, 2016, TPL established "Fudan - Taiping Talent Base" and "Fudan - Taiping Education Fund" in the Fudan University. In the future, the two sides will launch in-depth cooperation in teaching practice, talent training and other aspects. TPL would provide more practical positions for Fudan's students. The building of an exchange platform for quality education and



professional practice resources would strengthen interactions in the talent training, cultural exchanges, academic research and other aspects with each side, encourage outstanding students to grow, and therefore promote scientific research and academic activities in insurance, actuarial area and other aspects.

The "Fudan - Taiping Education Fund" established by TPL in the Fudan University will donate to Fudan University Education Development Foundation. A part of the education fund is used to set up "Fudan University-Taiping Scholarship" at the School of Mathematical Sciences, Fudan University, which will be awarded to excellent students who have a good academic performance and are honest, particularly those giving priority to work in insurance and actuarial industry. The other part is used to carry out science and technology education and academic exchange activities related to insurance and actuarial studies, plans of which will be proposed by School of Mathematical Sciences, Fudan University each year, and jointly organized and implemented with TPL.

7.3 Special report on targeted poverty alleviation

In 2016, the Group's total contribution in poverty alleviation

amounted to RMB 3.3745 million.

In 2016, under the leadership of the national poverty alleviation strategy, we have actively participated in poverty alleviation and development. On the basis of economic and infrastructure construction, we supported two existing points of Liangdang County of Gansu Province and Yu'an District of Lu'an City, Anhui Province. Also, we added Weixin County in Yunnan Province as a designated poverty alleviation unit. At the same time, we have actively developed inclusive financial products by capitalizing on our own industry advantages, implemented the national policy, strengthened the development and construction of poverty-stricken areas, and improved the living standards of local residents.

7.3.1 Improve the poverty alleviation policy, ensure our assistance to designated areas

Since 2002, we have identified Liangdang County of Gansu Province, Yu'an District of Lu'an City, Anhui Province, Weixin County of Yunnan Province as designated areas to receive our assistance. From 2012 to date, in order to determine how to achieve the goal of comprehensive poverty alleviation by 2020 set by the government and develop the Group's 2016 - 2002 Work Plan on Poverty Alleviation, more than 10 senior management of the Group have gone to places at the grassroots level to carry out poverty alleviation research; in order to achieve the institutionalized and standardized management of the Group's poverty alleviation work, a number of basic systems were put in place, including the *Interim Measures for the Administration of the Group's Poverty Alleviation Cadres Who Take a Temporary Post*, the *Interim Measures for the Administration of Special Funds for Poverty Alleviation by the Group* and the *Measures for the Implementation of the Group's Poverty Alleviation Projects*.

CSR2016

Time	Support in infrastructure construction	Support in economic development
2002		Identified Liangdang County of Gansu Province as designated poverty alleviation unit, for which TPL funded RMB100,000 each year.
As of the end of 2011		Liangdang County had received a total of more than RMB1.5 million of funds and 20 computers; more than 700 county-, township- and village-level cadres had gone to Shanghai, Shandong and Shenzhen to participate in training.
2012		Added Yu'an District of Lu'an City, Anhui Province as a designated poverty alleviation unit
2013	Built a dam in Kangjiabu Village, Yu'an District, Anhui Province, which solved the problem of agricultural irrigation water for 1,100 hectares of farmland of 6 villager groups in Yu'an District and provided jobs for more than 60 households, thus benefiting a population of nearly 2,600.	
2013		Successfully introduced wood flooring processing business from Shenzhen City for Yu'an District, Lu'an City, with a total investment of about RMB150 million.
September 2013	"Taiping Bridge", built for Jindong Town, Liangdang County, was completed and put into use, which provided great convenience for local transportation, made 806 people of 204 households of 7 villager groups feel free to go out of the village, therefore creating favorable conditions for poverty reduction.	
November 2013		29 cadres at the grassroots level of Liangdang County went to China Taiping's Sharing Service Center in Shanghai to participate in a week-long high-quality training course, which broadened their horizons, developed their ways of working and enhanced their own capacity to develop.
2013-2014		Selected two outstanding managers of China Taiping as the first batch of cadres to take a temporary post in Yu'an District, Lu'an City, Anhui Province to promote poverty reduction.
2014		Coordinated governments of Liangdang County and Yu'an District to work with crowd funding websites and excellent online shops to establish a charitable sale platform, which sold products to employees of the Group; took practical action to lift poor families out of poverty by encouraging employees to buy on the platform.
2015	Invested RMB800,000 of poverty relief fund in the building of a comprehensive management project in Xiaoyan Section of Shibanchong River in Yu'an District, Lu'an City, which could irrigate 1067.2 hectares of local farmland and protect 15,000 people from two towns from flood.	

Time	Support in infrastructure construction	Support in economic development
2015	China Taiping's cadres applied a special fund of RMB900,000 for conservancy construction from the Water Resources Department of Anhui Province for the Yu'an City, Lu'an District, which could be used in maintenance of irrigation and drainage facilities and therefore paved the way for local agricultural development.	
2015-2016		Selected two outstanding managers of China Taiping as the second batch of cadres to take a temporary post in Liangdang County, Gansu Province and Yu'an District, Lu'an City, Anhui Province to promote poverty reduction.
2016	Helped boost the renovation construction of toilets, countertops and bathrooms for 71 households of Shima village, Yangjia Town, Liangdang County, installed solar water heaters for 74 households to improve their living and health conditions.	
September 2016		Added Weixin County in Yunnan Province as a designated poverty alleviation unit.

7.3.2 Be self-imposed to foster poverty alleviation

In 2016, in response to the national strategy of large-scale development of the western region and The Belt and Road initiative, we signed a strategic cooperation agreement with the Yunnan Provincial People's Government, by which we took the initiative to make it a part of strategic cooperation to help the province tackle poverty, and determined Weixin County, a registered poor county of Yunnan Province, as a third designated object to receive our assistance. This agreement fully reflected the sense of mission and responsibility as a financial central enterprise to take the initiative to serve the country in poverty reduction. Take subsidiaries Taiping & Sinopec Financial Leasing Co. Ltd. (hereinafter referred to as "TSFL") and Taiping Investment Holdings Company Limited (hereinafter referred to as "TPIH") as examples in response to the Group's strategic cooperation with a positive action.

Foster poverty alleviation through medical development

TSFL has visited many time the government and the people's hospital of Weixin County to do relevant research. In light of two major challenges faced by the government and the hospital, namely lack of modern medical equipment and medical personnel, it developed a poverty alleviation program by which both hardware and software should be enhanced at the same time. On the one hand, it would provide preferential financing program for the hospital for the purchase of nuclear magnetic resonance equipment in order to its original old equipment and to meet local people's medical needs for special inspection items. On the other hand, a remote medical platform would be built with the assistance of TPIH to coordinate experts of the PLA General Hospital to carry out remote consultation to help Weixin County complete the magnetic resonance image reading and handle intractable diseases, which may solve the problem of lack of professionals reading image and Improve the hospital's ability to receive patients with intractable diseases, so that local residents can be diagnosed by top experts without leaving the county. This would also benefit the hospital more and help it reduce fund repayment pressure. At the same time, TPIH would coordinate

CSR2016

top experts from domestic hospitals to regularly go to the Weixin County People's Hospital, or through remote equipment, to carry out business guidance, technical assistance. By one to one assistance to Weixin County People's Hospital would enhance its overall medical service standards, improve the hospital discipline construction, so that more patients are willing to seek medical treatment near their home.

TSFL has provided RMB20.98 million worth of equipment for the hospital through direct leasing with a lease term of ten years, whose rent should be paid on a quarterly basis. Such equipment included Siemens X-ray computer tomography equipment, Siemens 1.5T magnetic resonance imaging system, Siemens X-ray diagnostic equipment and Siemens mobile C-arm X-ray machine. TSFL has proposed to gradually equip the poverty-stricken counties in Yunnan with nuclear magnetic equipment in 3 years, while replacing CT and other large medical equipment, so as to completely upgrade the medical equipment in the poor counties of Yunnan.

In 2017, we will

Create A

Bright

Future

- Continue to actively participate in the construction of social security system, and promote the stable development of a harmonious society
 - Continue to focus on China's education, and promote education of institutions at various level in various regions
 - Intensify targeted efforts to make progress in key battles to eradicate poverty

OB ENVIRONMENT: GREEN DEVELOPMENT

Per capita household waste emissions: 0.1 tons / year Per capita electricity consumption: 217.19 kWh / year Per capita water consumption: 17.71 tons / year Note: The above-mentioned household waste refers to harmless waste

Energy conservation and environmental protection, represents national key strategic areas and one of the development ideas clearly defined in the 13th Five-Year Development Plan. In 2016, we have promoted energy conservation and emission reduction internally, set up a model image externally and focused on investment in "green" projects.

8.1 Green operations

We have been advocating "green" operations. In this regard, we have set up a special company to be responsible for project construction and property management, paying attention to the energy saving and emission reduction whether in architectural design or daily operations.

In the architectural design, we have taken the building standards of authoritative green buildings at home and abroad as the design basis, in a move to ensure that the construction system is advanced, economic, energy-saving and environmental-friendly. In the planning and design stage, we break down the standards of a green building from several major aspects as the land and outdoor environment, energy saving and energy use, water saving and water use, materials saving and materials utilization, indoor environment quality, and reflect these standards in the architectural design, HVAC design, electrical design, water supply and drainage design, decoration, landscape design. In 2016, Shenzhen Taiping Financial Building was awarded the demonstration project for energy conservation science and technology of Shenzhen's building.

In the day-to-day operations, we control the energy consumption equipment through reasonable scientific operation, and set up a reasonable operation plan and assessment system for building equipment / facilities. According to the difference between seasons and day and night, we implement energy saving in air conditioning, lighting, power supply system, underground garage fan, water supply and drainage and BA system monitoring, thereby enhancing the efficient use of energy and reduce energy costs. In 2016, taking the Shanghai Taiping Financial Building as example, after implementing the energy saving program in the water, electricity and gas consumption, the consumption rate of these three environmental indicators have decreased by 2.2%, 5.0% and 5.2% compared with those of 2015.



Wastewater discharge and standard carbon emission of Shanghai Taiping Financial Building

8.2 Green finance

We have been advocating green development. In this regard, we have fully taken advantages of a financial central enterprise to promote environmental management and the development of low-carbon energy-saving businesses in insurance, financial leasing and other business areas.

Develop green insurance

In compliance with the management regulations on environmental pollution liability insurance set by insurance industry, TPI developed environmental pollution liability insurance. In 2016, it provided RMB18.08 million of insurance protection for the sewage plants, power plants and electroplating industry in Jiangsu, Guangdong, Shenzhen, Beijing and other places. Environmental pollution liability insurance belongs to the government-backed responsibility insurance project. For those institutions for which the local government has already provided unified protection, we should clearly define the way to underwrite, ensure they are qualified. We should also obtain the list of local underwriting enterprises or the list of enterprises that should be insured published by local environmental protection bureau, so that we can develop specific action plan and implement accordingly. For those institutions on which the local government did not impose a compulsory insurance system or for which the local government did not provide unified protection, we should pay attention to local environmental protection policy trends to strive for meeting qualifications to become underwriting enterprises, and permit expanding customers in oil, chemical, waste recycling, metal smelting industries, even they are not group insurance customers.

Promote green leasing

Create A

Bright

Future

In 2016, TSFL has invested in a total of eight projects in energy conservation and environmental protection industry, with the cumulative amount standing at RMB2.989 billion. As at the end of 2016, TSFL had recorded a balance of RMB3.514 billion in the leasing business of energy saving and environmental protection industry. In particular, it registered a net increase of RMB2.63 billion in 2016. Such projects include combined heat and power project of Shanxi Guojin Power Co., Ltd. combined heat and power project of Shanxi Guojin Coal & Electricity Co., Ltd. sewage treatment project of Beijing Jingyushun Environmental Protection Co., Ltd. and sewage treatment project of Kunming Dianchi Investment Co., Ltd. Of which, the sewage treatment project of Kunming Dianchi Investment Co., Ltd. received an investment of RMB1 billion with a term of 8 years, representing the largest single sum of contribution from TSFL since its opening for an energy-saving environmental protection project. This project leases urban sewage treatment of Dianchi.

In 2017, we will

- Improve the internal environmental governance mechanism
- Promote the popularization of environmental liability insurance
- Invest more in green industry, always give priority to environmental protection in investment decision-making, and remain committed to green development concept

09 SOCIAL RECOGNITION

In 2016, China Taiping has significantly improved its brand value and comprehensive strength, whose subsidiaries also received widely recognition from the rating agencies and the media at home and abroad in corporate governance and corporate social responsibility and won a number of honorary awards.

9.1 The Group



9.2 Subsidiaries at all levels

TPL

- "Most Innovative Insurance Company" of the 2016 Chinese Financial Institution Gold Medal List - Golden Dragon Prize by Financial Times
- "Best Claim Settlement Service" 2016 by ND Media Ltd.
- "Most Potential Big Data Innovative Marketing Call Center 2016" by China Call Center & CRM Association
- The first batch policy loans in 2016 won the Most Popular Award in Note ABS of 2016
- "Outstanding Life Insurance Brand Award" in the First Intelligent Financial International Forum and financial sector's Annual Ceremony of "Pilots in China"

TPI

- "Special Award for Innovative China" granted by China Business Times, the only insurance company awarded such honor
- "Anti-telecommunications fraud insurance for parents" was crowned as the "Annual Innovative Insurance Products 2016" of 14th China's Financial Annual Champion Awards by hexun.com

TPP

- Golden Prize of "IGP Star of the Year" by 2016 Annual Meeting of International Group Program
- Individual health insurance product that can enjoy tax preference "Tax & Health" won "Health Insurance Product of 2016" in "Insurance Product Selection 2016"
- "Most Reliable Insurance Institution" in 7th Brand Life List by China Comment

TPSM

TPSM was crowned as "Best Pension Investment Institution" and Wutong Renjia won the "Most Satisfying Senior Housing Institution" and "Most Innovative Pension Company" in the First Pension Industry Global Summit and the 2016 China Pension Industry Online Selection co-organized by Global Times, Life Times and Huanqiu.com

ABOUT THIS REPORT

(I) Overview

This report is a Corporate Social Responsibility (CSR) report issued by China Taiping Insurance Holdings Company Limited, which focuses on disclosing information about the Company's performance in economy, society and environment. We hope that this report will give you a better understanding of our efforts in fulfilling our social responsibilities and to receive feedback on your expectations to enhance our mutual communication and trust.

(II) Basis for preparation

This report is mainly based on revised Environmental, Social and Governance Reporting Guide published in December 2006 by the Stock Exchange. The content of this report is determined by a set of procedures, including identifying and prioritizing stakeholders, identifying and prioritizing material ESG issues, determining the boundaries of the ESG report, collecting relevant materials and receipts, compiling information based on data, and reviewing the information herein.

(III) Report description

This report is an annual report covering the period from January 1, 2016 to December 31, 2016, with a modest extension before the year 2016 to enhance comparability. In order to facilitate the presentation, for the purpose of this report, "China Taiping Insurance Holdings Company Limited", "we/our" and "the Group" all refer to China Taiping Insurance Holdings Company Limited and its subsidiaries. This report is interpreted in the same way as the Company's 2016 Annual Report and should be read in conjunction with the Company's 2016 Annual Report. The information and cases disclosed in the report are from official documents, statistical reports or public information of the Company.

(IV) Availability of this report

This report is published in both print and electronic versions. The electronic version can be downloaded from China Taiping Insurance Holdings Company Limited's official website http://www.ctih.cntaiping. com and the website of the Stock Exchange http://www.hkexnews.hk. If you have any questions or suggestions regarding this report, please feel free to contact us by telephone or e-mail. Please contact us as follows:

Contact: Investor Relations Company address: 22nd Floor, China Taiping Tower Phase I, 8 Sunning Road, Causeway Bay, Hong Kong Telephone: (852) 2854 6555 Facsimile: (852) 2866 2262

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APPENDIX I -- Index of Environmental, Social and Governance Reporting Guide of the Stock Exchange

Environmental

Aspect	Indicators	Description of Indicators	Disclosure status	Reference section
	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Full-disclosure	Environment: Green Development - Green Operations
	A1.1*	The types of emissions and respective emissions data.	Partial disclosure	Sustainability Overview - Environment: Green Development 8.1 Green operations
A1: Emissions	A1.2*	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Partial disclosure	Sustainability Overview - Environment: Green Development
	A1.3*	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable (The main business doesn't involve production of hazardous waste)	-
	A1.4*	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensify (e.g. per unit of production volume, per facility).	Partial disclosure	Sustainability Overview - Environment: Green Development
	A1.5*	Description of measures to mitigate emissions and results achieved.	Full-disclosure	8.1 Green operations
	A1.6*	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Did not disclose	_
	General disclosure	Policies on the efficient use of resources including energy, water and other raw materials.	Full-disclosure	8.1 Green operations
	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).	Partial disclosure	Sustainability Overview - Environment: Green Development
A2: Use of	A2.2*	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Partial disclosure	8.1 Green operations
Resources	A2.3*	Description of energy use efficiency initiatives and results achieved.	Full-disclosure	8.1 Green operations
	A2.4*	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Partial disclosure	8.1 Green operations
	A2.5*	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable (The main business doesn't involve mass use of packaging material)	_
A3: The	General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Full-disclosure	8.1 Green operations
Environment . and Natural Resources	A3.1*	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Full-disclosure	8.1 Green operations

* Recommended disclosures

Social

Aspect	Indicators	Description of Indicators	Disclosure status	Reference section		
Employme	Employment and Labour Practices					
B1: Employment	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Full-disclosure	6.2 Enhance employees' sense of belonging		
	B1.1*	Total workforce by gender, employment type, age group and geographical region.	Partial disclosure	Employee: Home of Happiness (Figure 6-1)		
	B1.2*	Employee turnover rate by gender, age group and geographical region.	Not statistical	_		
B2:	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting from occupational hazards.	Full-disclosure	6.2 Enhance employees' sense of belonging		
Health and Safety	B2.1*	Number and rate of work-related fatalities.	Not statistical	—		
	B2.2*	Lost days due to work injury.	Not statistical	—		
	B2.3*	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Partial disclosure	6.2 Enhance employees' sense of belonging		
	General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Full-disclosure	6.1 Attention to employee development		
B3: Development and Training	B3.1*	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Partial disclosure	6.1 Attention to employee development		
	B3.2*	The average training hours completed per employee by gender and employee category.	Partial disclosure	6.1 Attention to employee development		
B4: Labour Standards	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Not applicable (The Company mainly employs persons with certain qualifications and working experience. The possibility of employment of child and forced labor is very low, so it is not disclosed.)	_		
	B4.1*	Description of measures to review employment practices to avoid child and forced labor.	Not applicable (The Company mainly employs persons with certain qualifications and working experience. The possibility of employment of child and forced labor is very low, so it is not disclosed.)	_		

* Recommended disclosures

CSR2016

Aspect	Indicators	Description of Indicators	Disclosure status	Reference section
B4: Labour Standards	B4.2*	Description of steps taken to eliminate such practices when discovered.	Not applicable (The Company mainly employs persons with certain qualifications and working experience. The possibility of employment of child and forced labor is very low, so it is not disclosed.)	
Social Ope	rating Pract	ices		
	General disclosure	Policies on managing environmental and social risks of the supply chain.	Full-disclosure	5.4 Elevate market position by dedicated efforts
B5: Supply Chain Management	B5.1*	Number of suppliers by geographical region.	Full-disclosure	5.4 Elevate market position by dedicated efforts
	B5.2*	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Full-disclosure	5.4 Elevate market position by dedicated efforts
	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Full-disclosure	4.1 Boutique service4.3 Protection service5.1 Industry upgrading
B6: Product	B6.1*	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable (The main business doesn't apply to this indicator)	_
Responsibility	B6.2*	Number of products and service related complaints received and how they are dealt with.	Full-disclosure	Sustainability Overview -Customer: Honor Commitments - 4.3 Protection services
	B6.3*	Description of practices relating to observing and protecting intellectual property rights.	Full-disclosure	5.1 Industry upgrading
	B6.4*	Description of quality assurance process and recall procedures.	Full-disclosure	4.1 Boutique service
	B6.5*	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Full-disclosure	4.3 Protection service
B7: Anti-corruption	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Full-disclosure	3.3 Strengthen internal control3.4 Guard against risks5.4 Elevate market position by dedicated efforts
	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.	Not statistical	_
	B7.2*	Description of preventive measures and whistle- blowing procedures, how they are implemented and monitored.	Full-disclosure	3.3 Strengthen internal control5.4 Elevate market position by dedicated efforts

* Recommended disclosures

Aspect	Indicators	Description of Indicators	Disclosure status	Reference section
Community				
	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration the communities' interests.	Full-disclosure	7.2 Foster education development;7.3 Special report on targeted poverty alleviation
B8: Community Investment	B8.1*	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Full-disclosure	7.2 Foster education development;7.3 Special report on targeted poverty alleviation
	B8.2*	Resources contributed (e.g. money or time) to the focus area.	Full-disclosure	7.2 Foster education development;7.3 Special report on targeted poverty alleviation

* Recommended disclosures

APPENDIX II Content Index of Global Reporting Initiative (GRI) G4

Indicators	Description of Indicators	Disclosure status	Reference section
G4-1	Chairman's Statement	Full-disclosure	Chairman's Statement
G4-3	Name of organization	Full-disclosure	Boutique Taiping
G4-4	Primary brands, products and services	Full-disclosure	Boutique Taiping
G4-5	Location of the organization's headquarters	Full-disclosure	Boutique Taiping
G4-6	Country of the place of business	Full-disclosure	Customer: Honor Commitments - Boutique Service
G4-7	Nature of ownership	Full-disclosure	Boutique Taiping
G4-8	Markets served	Partial disclosure	Customer: Honor Commitments - Boutique Service
G4-9	Scale of the organization	Partial disclosure	Boutique Taiping - Steady Development Customer: Honor Commitments - Boutique service Employees: Rights Protection
G4-10	Employee statistics	Partial disclosure	Employees: Rights Protection
G4-11	Collective bargaining agreements	Did not disclose	
G4-12	Description of supply chain	Full-disclosure	Industry: Integrated Development - "Headquarter to Headquarter" strategy
G4-13	Significant changes regarding the organization's size, structure, ownership, or its supply chain	Full-disclosure	Shareholder: Responsible Governance - Upgrade governance
G4-14	Description on how the precautionary approach or principle is addressed	Full-disclosure	Responsibility system - Social responsibility strategy and operation Shareholder: Responsible Governance - Guard against risks

G4-15	Charters to which the organization endorses	Did not disclose	
G4-16	Memberships of associations	Did not disclose	
G4-17	Entities included in the organization's financial statements; reference to entities not included in this report	Full-disclosure	About this Report 2016 Annual Report
G4-18	Process for defining the importance of different aspects	Full-disclosure	About this Report Responsibility system - Talk with stakeholders
G4-19	Material aspects identified	Full-disclosure	Responsibility system - Social responsibility management
G4-20	Aspect boundary within the organization for each material aspect	Full-disclosure	Responsibility system - Social responsibility management
G4-21	Aspect boundary outside the organization for each material aspect	Full-disclosure	Responsibility system - Social responsibility management
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Did not disclose	
G4-23	Significant changes in the scope and boundary of the report	Did not disclose	
G4-24	Stakeholder groups engaged by the organization	Full-disclosure	Responsibility system - Talk with stakeholders
G4-25	Basis for identification and selection of stakeholders with whom to engage	Full-disclosure	Responsibility system - Talk with stakeholders
G4-26	Approaches to stakeholder engagement, including frequency of engagement	Partial disclosure	Responsibility system - Talk with stakeholders
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	Full-disclosure	Responsibility system - Talk with stakeholders
G4-28	Reporting period	Full-disclosure	About this Report
G4-29	Date of most recent previous report	Did not disclose	
G4-30	Reporting cycle	Full-disclosure	About this Report
G4-31	Contact information	Full-disclosure	About this Report
G4-32	The 'in accordance' option the organization has chosen	Full-disclosure	About this Report
G4-33	External assurance	Did not disclose	N/A
C4 24	Covernance structure	Full-disclosure	Responsibility system - Social responsibility strategy and operation
G4-34	Governance structure	Full-disclosure	Shareholder: Responsible Governance - Upgrade governance
G4-56	Organization's values, principles, standards and norms of behavior	Full-disclosure	Boutique Taiping - Corporate culture