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2016 China Pacific Insurance Corporate Social Responsibility Report

China Pacific Insurance (Group) Co., Ltd.

# 2016

## CHINA PACIFIC INSURANCE CORPORATE SOCIAL RESPONSIBILITY REPORT



## Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

**China Pacific Insurance, CPIC, CPIC Group, the Group**  
refers to  
China Pacific Insurance (Group) Co., Ltd.

**CPIC Life**  
refers to  
China Pacific Life Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.

**CPIC Property, CPIC P/C**  
refers to  
China Pacific Property Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.

**CPIC AMC**  
refers to  
Pacific Asset Management Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.

**CPIC HK**  
refers to  
China Pacific Insurance Co., (H.K.) Limited, a wholly-owned subsidiary of China Pacific Insurance (Group) Co., Ltd.

**CPIC Allianz**  
refers to  
CPIC Allianz Health Insurance Co., Ltd, a subsidiary China Pacific Insurance (Group) Co., Ltd.

**Changjiang Pension**  
refers to  
Changjiang Pension Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.

**Anxin Agricultural Insurance**  
refers to  
Anxin Agricultural Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.

**CPIC AI**  
refers to  
Pacific Insurance Aging Industry Investment Management Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd., which specializes in pension investment business.

**CIRC**  
refers to  
China Insurance Regulatory Commission

**SSE**  
refers to  
Shanghai Stock Exchange

**Hong Kong Stock Exchange, HKSE**  
refers to  
The Stock Exchange of Hong Kong Limited

**RMB yuan, yuan**  
Renminbi yuan



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## Chairman's Address



The year 2016 marks the 25th anniversary of CPIC's establishment. By pursuing sustainable growth through prudent and focused development of core business over the past 25 years, we have been transformed into a leading insurance group with strong capital positions, markedly-enhanced capabilities in value creation and risk management and a high level of professionalism.

The strategic transformation brought fundamental changes to the Company. We have greatly improved our customer management capabilities by shifting from product-orientation to customer-orientation. CPIC Group now has over 100 million customers and more than RMB 1 trillion in total assets. In 2016, we ranked among the top 300 of the Fortune 500 (251st place) for the first time in history.

We continued to improve our professional and market-oriented corporate governance mechanism. Adopting international standards, our board of directors is well-structured, highly professional and efficient. By focusing on solution and performance, the Board played an important role in major decision-making and guiding the management to improve the running of business and daily operation. At the same time, our business was also under efficient supervision from our independent directors, serving as checks and balances for corporate governance.

Focusing on the main function of insurance, we made great efforts to better meet customer needs through product and service innovation: products with broader coverage, higher sum assured and lower premiums, and tailor-made services to different customer groups. For example, we launched Anxingbao, an accident insurance product with high sum assured (up to 5 million yuan); we increased the age limit from 65 (industry norm) to 75 for Yinfa Ankang, a pure cancer protection product for the elderly. To widen coverage, we launched Xin•Anyi, a health product which reimburses customer's out-of-pocket expenses under the basic social medical insurance, as well as multiple agricultural price index products to offer protection to farmers in different regions. We also launched Aiwuyou, a cancer product, featuring lower than average premium and thus more suitable for young people, and Huayang Nianhua to offer female customers dual protection against physical and psychological disorder at an average premium of 182 yuan per policy. All these innovative products enabled the Company to better meet the customers' growing and individualized needs for insurance.

To improve customer experience, we offered them differentiated value-added services based on market segmentation. For example, with the Jin Yao Shi (golden key)

service, our auto insurance customers could simply give their car keys to our service people in case of an incident, and our people will take care of the rest (claims, car repair). We also designed exclusive services like tire replacement and road assistance to better serve our female customers – benefiting a total of 270,000 female customers in 2016.

Adapting to the changes brought by the Internet and mobile Internet, we applied new technologies to improve the efficiency and quality of product development, distribution, surveying, claims processing and operations support. We continued to optimize customer interfaces to provide customers with end-to-end interactive platforms, such as Zhongguo Taibao (a WeChat account offering mobile self-service and social interaction services) and "Online Shopping Mall" (a comprehensive service window integrated with CPIC's official website). We also launched Shenxing Taibao, a smart mobile insurance platform offering sales, contract, service and management functions. With 320,000 units already deployed, all individual life new business was issued via Shenxing Taibao; our Mashangbao technique enables customers to purchase products and make payment by scanning a QR code with their smart phones; leveraging UAV and satellite surveying technology, our "e-agricultural insurance" brought better products and services to more people.

In terms of corporate social responsibility (CSR), by focusing on our core business of insurance, we played our due role as a "social stabilizer" and "economy booster". Guided by the national development strategy, we made great efforts to support the real economy and poverty alleviation. We strove to enhance the well-being of the Chinese people by improving their access to health-care, providing protection to farmers and old-age provisions for the elderly. CPIC won the "Outstanding Chinese CSR Enterprise Award" for seven years in a row. In 2016, we continued to promote coordinated development of business segments; deepened strategic cooperation with various government organizations, international peers and other large enterprises to pursue innovations and explore replicable best practices; supported local development by participating in projects for local roads, reservoir infrastructure and shantytown transformation; tailor-made the Caifu U Bao for SMEs based on their risk profile and protection needs; launched many initiatives to raise the public's awareness for insurance. To help local governments develop multi-level health insurance systems, we undertook 46 critical illness insurance projects in 12 provinces and cities to reduce poverty caused by medical expenses in poor areas; we also carried out public welfare activities targeting children, seniors and other disadvantaged people.

In 2017, the insurance industry will continue to face challenges and risks such as macro-economic slowdown, capital market volatility and extreme weather disasters. But at the same time, there will be ample opportunities for development: ever increasing need for insurance in areas like health, pension, and wealth management; government policies to encourage insurers to play a bigger role in economic and social development and targeted poverty alleviation; new Internet and digital technologies driving the innovation and development of this sector. Faced with those opportunities and challenges, we will focus on value growth and the main function of insurance, strengthen risk control, continue product and service innovation and explore new business areas.

In 2017, we will launch the "CPIC Digitalization" strategy, which is an extension of the customer oriented transformation initiative and will be central to our efforts to lower costs, improve efficiency, strengthen weaknesses and promote collaboration. Going forward, we will work hard to translate into realities the mission of "innovating digital experience, improving digital supply, and sharing the digital eco-system", and continue to drive value growth and synergy with all our stakeholders".

Chairman of CPIC Group:  
Gao Guofu

# About Us

China Pacific Insurance (Group) Co., Ltd. (hereinafter referred to as "CPIC", "the Group" or "the Company") is an insurance group constituted on top of the China Pacific Insurance Company, a company established on 13 May 1991. The head office of CPIC is located in Shanghai. After 25 years of development, CPIC has become an integrated insurance group with strong capital positions, markedly-enhanced capabilities in value creation and risk management and a high level of professionalism.

"Striving to become a first-class financial services group", we stayed focused on insurance while expanding our business portfolio along the insurance value chain. We now boast a full range of insurance-related licenses spanning life insurance, property and casualty insurance, pension, health insurance, agricultural insurance and asset management, with extensive distribution networks and service platforms across China. We now provide over 100 million customers with a broad range of risk protection solutions, investment, wealth and asset management services.

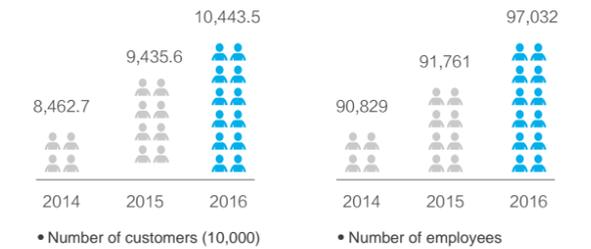
In recent years, upholding our mission of "being a responsible insurance company" and core value of "integrity, prudence, and excellence", we integrated CSR into our business model, so as to create shared value for our customers, employees, shareholders, the industry, the society, the environment and other stakeholders. We have won the Outstanding Chinese CSR Award for seven years in a row.

<b>Company Name</b>	China Pacific Insurance (Group) Co., Ltd.
<b>Headquarters Address</b>	South Tower, Bank of Communications Financial Building, 190 Central Yincheng Road, Pudong New District, Shanghai, PRC.
<b>Total assets</b>	1,020.692 billion yuan
<b>Public listing</b>	Listed on SSE on Dec.25, 2007. (CPIC, SH601601) Listed on HKSE on December 23, 2009. (CPIC, HK02601)



# Our growth

## • Fortune 500 rankings



# a Joint Journey of Transformation



In 2011, CPIC was the first in the industry to launch the "Customer-oriented" Strategic Transformation to "focus on customer needs, improve customer interface and enhance customer experience". By combining top-level design with grass-roots practices, we improved the flexibility of our supply structure to better respond to the changes in customer needs.

The 5-year strategic transformation, which ended in 2016, enhanced our capability to better meet customer needs with tailor-made products, quality services and improved experience. The transformation enhanced our employees' customer insight and confidence for future growth. It brought a shift in the Company's growth momentum and created greater value for our shareholders. With increasing market clout, CPIC has been receiving expanding recognition from domestic and foreign investors.

At the same time, with a strong push for a sense of responsibility and sustainable development, CPIC integrated corporate social responsibility into its business strategy to create value for all its stakeholders and generate positive energy for the cause of economic and social development.

## ▼ Shift of business philosophy

We shifted from being "product-oriented" to "customer-oriented", pursuing sustainable value growth via the three transformation objectives.

## ▼ Enhanced capability

The ability to improve customer profiling based on analytics

The ability to improve product and service provision based on customer insights

The ability to explore new areas with application of new technologies

## ▼ Value-creation

Total number of customers exceeding 100 million

Total assets exceeding 1 trillion yuan

Ranked 251st place of the Fortune 500

## Highly-praised Transformation

CPIC's transformation paid off, a lot!

— Financial Times

CPIC has set a model for transformation in the insurance industry. Facing difficulties like price competition and "Volume vs. Value", CPIC has taken decisive measures to change its growth model and enhance its development momentum.

— Shanghai Securities News

"In the future, CPIC will keep improving its targeted sales and service through ever-increasing data mining. A new era of "Digital CPIC" will soon emerge from the company's five-year transformation, which will inject new energy for China's insurance industry."

— China Business

## Upholding protection as the core value



### Insurance helped Cheng Hua through her coldest winter

The winter of 2014 was really warm, but to Cheng Hua (a 40-year old citizen of Jinhua city, Zhejiang province), it's the coldest winter in her life. On December 15, 2014, her husband (Lu Wei) died in a car accident on his drive home. The whole family was shattered by this tragedy. To make things worse, the decoration business that her husband ran had to go on, and many material suppliers called or came to the house for over-due payments.

As a businessman, Lu Wei was a believer of insurance, and had purchased a few insurance products from different insurers. In December 2013, Lu Wei took out a business loan from a local rural credit cooperative, and bought CPIC's Andaibao (sum assured at 250,000 yuan). Half a month before that car accident, he happened to see a product poster of CPIC's Anxingbao in a car wash shop and found that compared to other products, Anxingbao had a wider coverage and higher sum assured. Since he had to drive a lot for business reasons, he purchased 5 Anxingbao units. Upon receiving Cheng Hua's claims application, the staff of CPIC Jinhua central sub-branch immediately came to her house to offer condolences. After necessary investigation and verification, a full payment of 5 million yuan was quickly made. And an extra 250,000 yuan was paid to repay her husband's loan from that local rural credit agency.

Thanks to insurance, the family's life gradually went back to normal. The 5 million yuan was crucial for the family to get through the difficulties, covering the needs of the elderly, the education of the daughter and family debts. Although the husband is gone, his love and care for the family was extended in this special way...

Since the strategic transformation, CPIC has been focusing on its core business of insurance and launched many innovative products (with wide coverage and lower premiums) to better meet customer needs throughout their life stages and scenarios.

### Higher sum assured

- Commercial auto insurance: number of customers with third-party liability SA over 1 million yuan) increased 15 fold over the past 5 years.
- Anxingbao: the highest sum assured for accidental death is 5 million yuan.

### Expanded age limit

- Yinfa Ankang: age limit raised from 65 (the industry norm) to 75.
- Group travel insurance: no age limit required

### Broader coverage

- Xin•Anyi: reimburse customer's out-of-pocket expenses under basic social medical insurance.
- Agricultural price index insurance and weather index insurance: broader coverage with regional features.
- Shengshi Tianlun: individual annuity product catering to more pension needs.

### Lower premiums

- Huayang Nianhua: dual protection for women's physical and psychological disorder, average premium of 182 yuan per policy.
- Aiwuyou: cancer product with premiums lower than a regular DD product.

## Convenient service by your side

### Convenient claims services

On the evening of May 6, 2016, Ms. Wang called the company's customer service hot-line at 95500 to report an accident: her car hit an electric scooter on her way home. The rider was injured. An Guozhou, a CPIC surveyor, was dispatched to the accident site immediately despite of the heavy rain.

An did a thorough survey at the site. His patience and professionalism set Ms. Wang's mind at ease. At 10 o'clock that night, Ms. Wang called An Guozhou and said she wanted to go to the hospital to visit the injured rider. An offered to go to visit the hospitalized rider on her behalf. He also guided Ms. Wang all the way through the claims process for fast settlement.

Upon receiving Ms. Wang's thank letter note, An said: "we always put customers first, and the concept of differentiated services has taken deep roots in the heart of grassroots service staff."

Through customer segmentation, we managed to offer more targeted services to 6 key customer groups including first claim customers, female customers, and new customers; we also set up a closed-loop customer complaint management system and continued to improve our business processes. Our hard work won us customer's trust and sharply rise customer value.

### By the end of 2016

Average premiums per customer **↑40%**  
( **5,954** yuan for 2012, and **8,331** yuan for 2016)

The number of low claims customers **↑285%**  
( **0.67** million for 2012, and **2.48** million for 2016)

The number of customers with annual premiums above **15,000** yuan **↑93%**  
( **0.86** million for 2012, and **1.66** million for 2016)

The number of female customers **↑59%**  
( **15.33** million for 2012, and **24.44** million for 2016)

The number of customers with two policies **↑48%**  
( **9.43** million for 2012, and **13.91** million for 2016)



## Application of new technologies: faster and better

### "Triple jump" of technology application

I joined CPIC in 2014. At that time, I often went to visit customers carrying a big bag filled with all kinds of stuff like policy rates manuals, promotion leaflets, and calculator. That year, the Company began to promote the iPad version of Shenxing Taobao, and with this new "weapon", I finally got rid of her old and heavy bag and greatly improved my work efficiency and performance; In 2015, I was already very skillful in using Shenxing Taobao to promote business. All the company information and personal information can be clearly displayed on the iPad; In 2016, I could use my smart phone to log onto Shenxing Taobao to do all the entries. If the customer wants to report a claim, he/she only need to click the "My claims" icon. The fastest report only takes 1 minute 36 seconds. And by accessing the WeChat service account of CPIC, the customers could make inquiries, apply for loans, and access customer service on their own through Shenxing Taobao.

I received 3 promotions within 3 years thanks to the application of mobile internet technology, which enables customers to access self-service functions for most items.

Dong Jinghong  
CPIC Life Hebei Tangshan Central Sub-branch

The application of new technologies has brought tremendous changes in the service model of the insurance industry; now we can offer online and offline customer service anytime, anywhere. Let's take life business for example. Five years ago, during the year-beginning campaign, our agents had to work overtime all night because policy issuance was done manually. Now with Shenxing Taobao, our agents greatly improved their skills in customer insight, acquisition and services. The Company's fast growth was boosted by the agent's vastly enhanced efficiency.

The number of Shenxing Taobao terminals deployed rose from **20,000** in 2012 to **320,000** in 2016;

The share of mobile POS rose from **5%** in 2014 to **58%** in 2016;

For P/C business, mobile claims settlement covered **5.73** million customers.

In 2016, the WeChat accounts of CPIC Life and CPIC P/C received more than **18.728** million visits, and acquired more than **8.81** million registered users. The number of customer interactions on WeChat exceeded that over the phone.



Committed to "customer-orientation", we strive to strengthen customer management and continue to innovate our products and services to better meet customer needs and enhance their experience.

#### Our Achievements

- Established a highly sophisticated "Customer Data ATM" to facilitate customer profiling and integrate vast amount of customer resource data.
- Launched scenario-embedded innovative products such as Anxingbao, Huayang Nianhua, Shao'er Chaonengbao, Wanjiupe, cellphone screen insurance.
- Offered personalized value-added services to female customers, customers with zero claims for 3 three years, and first-claims customers.
- Adopted the NPS indicator to better understand customers' perception of the Company.
- Launched multiple new applications such as "Xiaomai Smart Customer Service" and "Ma Shang Bao" (online self-service application) .
- Develop the "Tai Hao Pei" service brand to enhance customer experience.

“

#### Our Vision

- Cater to customer needs throughout their life stages and scenarios.
- Meet personalized customer needs with more targeted sales and services.
- Leverage "Internet +" to develop a one-stop insurance eco-system which covers all aspects of insurance services.
- Use innovation to improve customer interface

”

## 01 To customers

Focus on the core value proposition of insurance to enhance customer experience

### 1.1 Gain more insights into customer needs through customer profiling

To meet the public's ever increasing need for insurance, we pushed forward our strategic transformation over the past few years. We continued to improve customer profiling and initiated the "361 project" to enhance customer experience. With deeper customer insights and expanding service channels, we enjoyed growing confidence for future development.

#### Improve customer insights, focus on insurance needs

What products and services do customers need? To find the answer, the Group, CPIC Life, CPIC P/C, and other branches continued to improve customer profiling, aiming to obtain more insights into our customers from multiple angles, such as age, gender, location, distribution channel, product, the number of policies, type of protection, level of premium payment and the need for wealth management, which laid down a solid foundation for our targeted sales and service.

CPIC Life did a gap analysis on the "9 policies needed for the different stages of life", aiming to help customers make a comprehensive insurance plan throughout their life.

To enhance customer experience, CPIC P/C offered personalized services such as Jin Yao Shi, free roadside rescue, small credit line, free tyre replacement, claims settlement assistance, and vehicle safety check-up to key customer groups including female customers, customers who didn't have any claims in 3 years, and first-claims customers.

The number of individual customers of core auto business channels was **9.35** million for 2016, an increase of **0.87** million from 2015.

The number of female customers in 2016 was **3.62** million, up **14.2%** from 2015.

The number of customers who didn't make any claims in 3 years exceeded **2.58** million in 2016.

Sophisticated systems helped to enhance our customer profiling capability. We developed a single view system to enable authorized users access to the basic information of each customer (personal information, products purchased, behavior preferences) so suitable products and services could be recommended. CPIC Life established a "Customer Data ATM" system to facilitate data extraction and integration of vast amount customer resource data; CPIC P/C launched a customer profiling platform, enabling customers to complete ID authentication on WeChat.

#### Focus on customer complaints to enhance customer experience

In 2016, we started the "361 project" to enhance customer experience. A total of 1700 activities were conducted whereby our executives at different levels made field visits to service touch points such as call centers and service stores. They received over 5000 customers and handled nearly 2000 cases on-spot.

On top of that, we gained insight into "What are the root causes for customer's dissatisfaction?", "Why existing interface, mechanism and system cannot deliver good customer experience?".

#### Listen to customer requirements

Executives of the Group and its subsidiaries went to call centers to answer customer phone calls, counsel customers on-line, handle customer complaints and interact with customers visually, to gain first-hand customer feedback; they also visited local stores to experience the service processes and ask on-site customers for feedback and comments. During the "March 15" (International Day for Protecting Consumers' Rights) period, CPIC P/C set up a "Suggestion and Complaint Area" in all its stores, and offered gifts to customers whose suggestions were adopted. In addition, CPIC P/C recruited IEOs (Innovative Experience Officer) from around the country, invited customers to its stores to experience its new service, and gathered their comments on its mobile-based products.



The Group's executives listening to customers.

### 1.2 Excellent service by your side

To better serve the structural reform on the supply side, China's insurers need to adapt to the changes in consumer behavior by upgrading their products and services. This is what our strategic transformation is all about.

Targeted sales and services help to improve customer experience by offering key customers more comprehensive protection; we continued to improve our differentiated and personalized services to adapt to changes in customer behavior, and optimize the key journeys to enhance customer experience.

#### Focus on customer journeys to improve service

According to our customer survey, customers care most about convenience, simplicity, transparency and consistency. For life and P/C business, we identified 6 key journeys: fact-finding, application and claims settlement for P/C insurance; fact-finding, application, and benefit payment for life insurance. Based on that, we developed targeted initiatives to optimize customer experience.

- CPIC Life's innovation initiatives to enhance customer experience: CPIC Life Gansu Branch developed the so-called "product box" to provide customers with easy access to key product information about the products and insurance purchase processes; the Shangxi Branch took effective measures to improve the efficiency of policy delivery, raising the policy delivery ratio (within 15 days of issuance) to 100%; the Sichuan Branch came up with over 30 ways to reach missing customers, pushing the maturity payment ratio up to 92%.

- CPIC P/C's initiatives to improve auto insurance: promoted the Jin Yao Shi service brand in more regions around the country so more customers can enjoy the convenient Jin Yao Shi service; CPIC P/C Guangxi Branch used its official WeChat account to provide insurance information and service outlets information to customers and also gave out auto insurance product manuals at service stores.

- Changjiang Pension cooperated with the Shanghai Pudong Development Bank to innovate the centralized payment model, becoming the first company in the industry to allow customers to pay up to 500,000 yuan in one single payment, so that customers don't have to change cards or make multiple payments when purchasing pension products due to payment ceilings.

#### Replacement car service: innovative new service for auto customers

Most car owners will get frustrated if he/she has no car to use when his/her car is under maintenance or repair. In July 2016, CPIC and atzuche.com (a car rental company) jointly launched a value-added replacement car service in big cities like Beijing and Shanghai. After filing a claim, the customer can log onto CPIC's WeChat account to book a replacement car service, and a car will be sent to the customer by atzuche.com.



CPIC P/C provided Jin Yao Shi and replacement car service to auto customers who have submitted claims.

#### Earn customer trust with targeted sales

##### Up-sell through targeted sales:

Xie Xiaotong, a CPIC agent, with a dividend statement sheet, went to Mr. Wang whose policy has just expired, to do a "policy check-up" for him. Wang was always satisfied with our service. He said to Xie: "You guys do policy check-up for me every year, fully explaining everything. I made the right choice in choosing CPIC." Xie learned from the talk that Mr. Wang just had a new baby not long before. Based on Mr. Wang's family situation, she designed a Jinyou Rensheng program for his baby. And Mr. Wang signed the policy contract on the spot.



CPIC Life agent performs policy review and up-sell with targeted sales.

Leveraging customer profiling, analytics and segmentation, our agents paid targeted visits to customers to recommend personalized programs to increase up-sell. As of the end of 2016, the up-sell premiums reached 17.5 billion yuan, up 39.7% YoY.



On top of that, CPIC Life Shandong Branch established a "targeted customer production line" which included processes such as making appointments via phone, home visits, customer activities, requirement reminders, and customer care. This initiative helps both new and existing customers with product selection.

CPIC P/C Jiangxi Branch, through customer profiling, developed an innovative "363 auto insurance policy life-cycle management system" and increased the renewal rate of high quality customers by 3% with initiatives such as Welcome call within 3 days of issuance, and 6 value-added services/year.

### Improve management with customer evaluation

NPS (net promoter score) is a leading international quantitative indicator. We adopted NPS and invited customers to evaluate our comprehensive performance. We make detailed analysis of this indicator in 6 aspects (driving factors, target customer groups, geographical coverage, customer journey, customer interface and sales channels) to get in-depth understanding of customers' perception of the Company and promote continuous improvement of our products and services. In 2016, CPIC Life released a "Customer Behavior White Paper" for the first time, which revealed detailed information on customer data mining in terms of purchase behavior, interactive behavior, and attitude evaluation, aiming to further improve our service capabilities.



- Signing the insurance contract could be difficult for groups like left-behind elderly in rural areas, students studying in colleges in other cities, spouses living in different cities and customers who travel a lot. To tackle the problem, CPIC Life launched the "Cloud Insurance" to reshape the application process. By the end of 2016, CPIC Life had issued nearly ten thousand policies via "Cloud Insurance".
- To improve claims settlement efficiency for auto insurance and customer experience, CPIC P/C adopted initiatives such as "Real-time Compensation for Small-Claim Cases", "Automated Damage Assessment and Claims Settlement", Surveyor App, and "Self-service Claims-filing on WeChat". As of October 2016, the average payment turnaround time for claims under 5000 yuan decreased by 5.2 days.

## 1.3 Enhance customer experience with continuous innovation

We embraced Fintech to provide customers with user-friendly end-to-end interactive platforms, while actively innovating our service model and improving the accessibility of our insurance products and services.

### Customer end

We continued to optimize the functions of the WeChat accounts of CPIC Life and CPIC P/C to offer convenient mobile services to our customers; we set up an "insurance supermarket" which covers 172 products, launched a "Blue Whale Business Hall" which offers online services such as policy, claims and service outlets inquiries.

### "Xiao Mai"(smart customer service robot of CPIC)

Ms. Wang, a CPIC customer who wasn't familiar with CPIC's online services, clicked "Xiao Mai" and entered her question. It only took "Xiao Mai" 0.1 seconds to give Ms. Wang the answer which helped her complete her loan application. "Xiao Mai" is a smart customer service robot developed by CPIC Life. When customers ask questions VIA CPIC's WeChat account or the customer module of the Shuiyou APP, "Xiao Mai" will give them real-time reply online. As of the end of 2016, there were more than 500,000 online interactions between customers and "Xiao Mai".

### "U Xiangfu", a flexible Employee Benefit Platform of CPIC Allianz Health

The Internet-enabled "U Xiangfu" enables employees to select their own health benefit plans under a fixed contribution. The application process is fully automated. Featuring "flexible configuration, needs evaluation, intelligent recommendation and independent selection", it offers real-time response and excellent customer experience.

### Sales end

CPIC provided strong back-office support to our customers, who can now access Shenxing Taibao on their smart phones. New functions including "My renewal", "My commission", "My policy", "Policy receipt", and "Popular products" were used by a total of 720,000 customers. We also launched the "Ma Shang Bao" which enables customers to buy insurance by scanning a QR code with their smart phones.

### "Ma Shang Bao"automated application

The other day, Mr. Lin, an avid traveler, received a QR code from Mr. Zhao, a CPIC agent, for travel accident insurance while he was on a business trip. The application was easily completed on his cell phone which then displayed his policy information. "Ma Shang Bao" is very convenient for frequent travelers like me. We can use it to buy insurance on our phone and see the policy right away. Simple and convenient!" said Mr. Lin.



Customers of CPIC Life Fujian Branch using "Ma Shang Bao" to buy insurance.

### Claims settlement end

We piloted our WeChat self-service claims system to expand the coverage of our mobile survey and personal injury Apps. We also promoted our "Tai Hao Pei" service brand to enhance customer experience, which effectively fast tracks small auto insurance claims for our customers.

### "Fast and furious" personal injury claims settlement

"4299 yuan in 10 seconds!" Miss Li had a car accident the other day. And it only took 10 seconds for CPIC to collect the documents, assess the damage, approve the compensation and make the payment to Miss Li. It's really a "fast and furious" experience for her. To further shorten and simplify the process, CPIC developed a personal injury insurance App, which gives the customers the "instant compensation" experience.



We are committed to creating ample opportunities for employee development and providing a wide range of training and communication platforms and a healthy and happy working environment for our employees. We aim to work with our employees to create a better future.

#### Our Achievements

- Our strategic transformation brought wonderful opportunities for our employees. Over the past five years, more than ten thousand people were involved in transformation-related work.
- We have built a three-in-one remote education model (WeChat, personal Computer, and mobile Apps).
- Experts and professionals from 43 well-known educational and professional institutions joined the "CPIC Training Union".
- Launched an Exclusive Employee Care Program Version 2.0.
- Launched an Optional Employee Welfare Program.

“

#### Our Vision

- Provide diversified opportunities and resources to help employees achieve their career goals
- Improve work environment and enhance a sense of belonging for our employees
- Carry out various employee activities to enhance staff cohesiveness.

”

## 2.1 Opportunities brought by transformation

Our "customer-oriented" strategic transformation brought many opportunities to our young people. Over the past five years, some of them have become experts in data governance, customer profiling, targeted sales, process optimization or customer experience, which greatly boosted their confidence in career development.

- More than 10,000 executives and employees were directly involved in the transformation.
- More than 1,600 people offered advice and suggestions to the "My View on Transformation" column.
- Over 220 people from the Transformation Office and 18 transformation steering groups were involved in the design, implementation, promotion and optimization of specific projects.
- More than 80 people from 79 branches of CPIC Life and CPIC P/C were appointed as transformation directors to promote its implementation.
- 385 people participated in customer profiling.
- 400 people participated in the "Ocean Star" customer insight initiatives design.
- Nearly 20,000 people voted for the "Ocean Star•Experience" program.

### Enhance customer value through cross-selling

Ms. Xia Jian was born in Hunan province. She joined CPIC Life in September 2007. 10 years of hard work transformed her into an excellent life agent. Her professionalism and dedication was key to her success in cross-selling.

In Xia's eyes, cross-selling is her "silver bullet" for high-end customers. She noted that compared to life business, motor business was easier. Targeted cross-selling is very suitable for car owners. First, car owners usually have fairly high income and social status, as well as insurance awareness. This customer group helps a lot in developing medium and high end market; secondly, all car owners must buy Compulsory Traffic Accident Liability Insurance, which makes it easier to conclude sales of motor insurance; thirdly, cross-selling of motor insurance to customers not only increases the agents' income but also brings convenience to the customers. From their point of view, whether it is motor insurance or life insurance, cross-selling brings them convenient and efficient one-stop service.

This approach helped her a lot in business development. Xia Jian was once introduced to the head of a concrete company, who needed to buy some Compulsory Traffic Accident Liability Insurance. She provided fast and professional service to him. A few months later, that guy had a car accident, and Xia immediately help him to go through the claims process. With her help, his claims were settled quickly. Afterwards, she even asked for his feedback on how to improve her service. He was deeply touched by her sincerity and attentive service.

That experience greatly changed this customer's understanding of insurance, making him realize that insurance is always necessary for car owners like him. Afterwards, he bought the Anxingbao and some health insurance for himself.

Thanks to her cross-selling approach for med/high-end customers, Xia accumulated more and more customer resources, which helped a lot with her life business. In the grand opening of 2016, she managed to sell at least one policy each day for 27 days consecutively, and among which, 10 were life policies signed by her motor customers.

## 2.2 Education and training

Attaching great importance to employee development, we continued to improve our education and training system and curriculum and enhance the training skills of our internal part-time lecturers. Online learning platforms were developed to promote staff training and encourage learning throughout the Company.

### Education and training system

- covers the training needs of staff at various levels and different positions.
- Established a monthly report system to track and record training results.
- Established the "CPIC Training Union" comprised of experts and professionals from 43 well-known educational and professional institutions.

### Trainers

- Carried out special training to enhance the trainer's teaching skills
- Organized contests like "5-Star Trainers" and "Excellent Worker in Education and Training" to encourage trainers to improve their professional skills.

### Curriculum

- Developed a junior manager curriculum to improve competency.
- Improved orientation training courses for new employees.

### Online learning platforms

- Improved learning platforms such as network terminals, mobile Apps, WeChat courses to promote online learning.
- Carried out large-scale online training and examinations such as "Golden Abacus" and "Business tax vs. Value-added tax", covering 100,000 employees.
- Collected social learning resources such as the open classes and micro classes of Peking University and Fudan University.
- Developed the "Pei Xun Bao" training management system to promote O2O and mobile learning among employees.

## Feature: Taixue Training Camp

In August 2016, CPIC P/C held a Taixue Training Camp for sub-branch managers. More than 320 people participated in the training, which covered 11 executive courses and 40 hours of training for each person; four workshops were held during which around 400 comments and suggestions were collected from the trainees; 4 rounds of group presentations were organized during the training and over 40 reports on company management and development were submitted, a record high in recent history.

The training camp adopted innovative training models such as Flipped Classroom, Group Contest, Master's Lecture, Experience Sharing, and Group Discussions and Reports to further improve trainees' management skills and enhance their confidence in the Company's transformation.

"This training not only enriched my theoretical knowledge, but also broadened my vision and enlightened my mind. I learned a lot from this training."

—Xu Ensheng, a trainee.



CPIC P/C sub-branch managers participating in Taixue Training Camp.

## Optimizing agent training

The number of our agents has been rising in recent years. How to improve the retention rate of agents has always been a key issue for us. Our strategic transformation provided us with a new perspective on tackling this problem.

With the transformation, we shifted from the traditional mass recruitment to PCAAS (production, city, activity, age, subject) high quality recruitment plan to improve manpower quality, recruitment selection and team assessment. Our new agent retention was increased through customer resource sharing and segmentation of products.



CPIC agent using Shenxing Taibao to take pictures and enter policy information

## 02 To employees

Create a better future together

In 2016, our agents achieved the following results:

Monthly average of agents: **653,000**, a YoY increase of **35.5%**

Monthly average of first year premium income per agent: **5084** yuan, a YoY increase of **6.4%**

Number of effective agents: **200,000**

Number of top agents: **100,000**

## 2.3 Team building

### Flowers in "blue"

Sharp looking, elegant and confident, and well trained in business etiquette, professional knowledge and business communication. They are CPIC's Golden Magnolia insurance planners who provide customers with high quality personal insurance and financial planning service.

To provide high quality service to customers, CPIC established the Golden Magnolia insurance planner team, a professional team with rich financial expertise. Today, this team covers 15 first and second-tier cities. This team enjoys a huge sales volume and high customer retention rate. 51% of the team members have a college degree or higher one. And 65% of them are below 35 years old.

We worked with McKinsey & Company to develop specialized training programs; we also cooperated with the Forbes magazine in organizing customer communication activities like the White Paper on the Wealth Survey and forum conferences which enables the Golden Magnolia team members to access high-end career platforms.

### Professional excellence

The average age of CPIC's actuarial team is only 34 years old. Female accounts for 64% of the team, and 92% of them have a master's degree or above. Over 90% holds an actuarial qualification certificate. It's really a dream team. It participated in numerous projects such as the financial reform projects of Shanghai, the development of Anxingbao and Yinfa Ankang, and the customization of actuarial models, providing strong support to the decision-making and development of the Company.

Based on the professional characteristics of different positions, we made great efforts (such as improving the dress design and organizing etiquette training and evaluation) to cultivate the team culture; we also promoted the cross-selling of life products by our P/C sales through various initiatives including honor system, training programs, workplace culture, and sales contests.



The Golden Magnolia insurance planner team of CPIC Life Hebei Branch.

## 2.4 Happy and healthy working environment

We strive to create a safe, healthy, warm and friendly workplace environment to enhance our people's sense of belonging; we upgraded employee benefit programs to offer them more protection; we organized a variety of activities to give our employees a better balance between work and life.

### Safe and healthy working environment

We conducted a variety of health lectures and safety training to enhance employees' awareness and knowledge of safety and health. In 2016, joined by external professional institutions, we held trainings on heart resuscitation with on-site drills on dealing with cardiac arrest and car accident.

Leveraging our own resources, we continued to improve our employee benefit. In 2016, we launched the Exclusive Employee Care Program Version 2.0, which offers employees and their families high-level medical insurance to cover inpatient, outpatient and emergency direct billing. Even employees who have pre-existing conditions were eligible for the program.

### Optional Employee Benefit Programs

- Cover different needs: 6 sets of benefit programs for diversified needs;
- Focus on physical and mental health: focus on health and wellbeing through prevention, service and protection, and supplement it with basic protection of other vital interests of employees
- Improve effectiveness: extend care to more employees by optimizing the existing benefit structure.

### Warm care for employees

Building a pleasant workplace for our employees is one of our important responsibilities. We set up the "I love my 'home'" column to display and guide the culture of our branches; we set aside a reading area in the workplace to encourage reading; we set up picture walls to display the wonderful moments of our employees and enhance the bond between

the employees and the Company; we also set up painting and calligraphy rooms and yoga rooms so our people can practice their hobbies.

We also organized a variety of interesting activities for our people to relax physically and mentally in their spare time.

- As a partner of the Shanghai Disneyland Resort, we launched the exclusive Disney Experience Day for our long-service employees.
- We organized the "CPIC Cup Marathon" for our employees. This was also a charitable activity through which we raised funds to buy safety insurance and lunch for students from poor families;
- We held the "CPIC and I" essay contest for our employees to record their cherished memory;
- We organized "Women's Day" activities including yoga performances and health lectures for our female employees;
- We organized flower arranging tutorials for our flower-loving employees;
- And the cooking competitions not only helped us find good chefs among our employees but also enhanced our team spirit.



On the 25th anniversary of the Company, long-serving employees were invited to participate in the Disney Experience Day activity.



We are committed to continuously improving accountability and risk control, promoting strategic transformation, focusing on long-term development, and repaying shareholders and investors with solid business performance and top-notch returns.

#### **Our Achievements**

- the number of customers exceeded 100 million, and total assets over one trillion yuan
- Operating income for 2016: 267.014 billion yuan, up 8% YoY; net profit reached 12.057 billion yuan.
- To enhance risk control, we further improved our risk management system and carried out a number of special compliance projects.

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#### **Our Vision**

- We will continue to focus on the core business of insurance and pursue sustainable value growth through the strategic transformation.
- We will continue to improve our risk control system.
- We will strictly implement the "Four antis and one prevention" program to strengthen compliance.

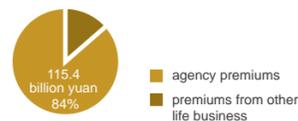
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## 3.1 Optimize internal driver for growth

Five years of strategic transformation provided us with a new engine for value growth, and our internal driving force for our value growth has undergone a fundamental change. The achievements obtained accordingly have won high praises from our investors.

### Shedding low-margin bancassurance to promote high-margin agency business

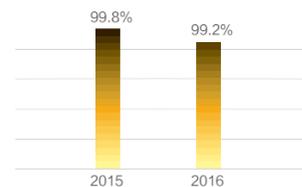
To pursue value growth, we reduced our bancassurance business to promote high-margin agency business. With improved customer management, our agency channel premium income has been rising steadily since 2012.



agency premium income in 2016

### Shedding bad business to obtain high quality customers.

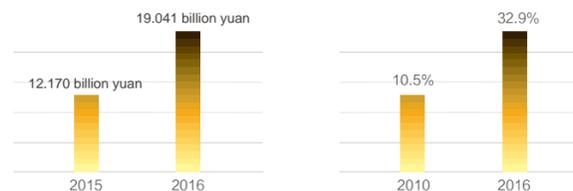
By shedding bad business and improving customer segmentation based on profiling, we saw a steady rise in the profitability of our P/C business.



In 2016, CPIC P/C's combined ratio dropped by 0.6 percentage points.

### Persisting in prudent, value and long-term investment

We established an ALM system specific to investment pools, with mechanisms to check costs of liabilities. New business margin of CPIC Life more than doubled in 2016, the largest increase among listed insurance companies.



In 2016, New business value of CPIC Life increased 56.5% YoY

New business margin kept improving

At the same time, along the insurance value chain, we continued to push for further collaboration between business segments.

#### CPIC Allianz Health

Focus on health management of high-end customer, promote product innovation, deepen cooperation and synergy with CPIC P/C and CPIC Life.

#### Changjiang Pension

Leverage Group's customer resources, work with CPIC Life to set up 29 "CPIC-Changjiang Pension Business Cooperation Center" to grow corporate annuity and tax-deferred health insurance business.

#### Anxin Agricultural

Leverage innovative price index products, continue to promote synergy with CPIC P/C and CPIC Life in business layout, co-insurance mechanism, data recovery, and new technology application.

## 3.2 Improve corporate governance

With dual listings in both A Share and H Share, CPIC enjoys diversified shareholding. The Board of Directors is at the core of corporate governance. We constantly improve the board structure and encourage directors to speaking out freely. The board fulfills its fiduciary duty to all shareholders by making well-informed decisions and plays a big role in major strategic decision-making, risk control and managerial supervision.

- 1 Our board is well-structured, efficient, internationalized and highly professional.** There are only two internal directors, 7 shareholder directors and 5 independent directors. There are 3 foreign directors including one shareholder director representing foreign long-term institutional investors; and the five independent directors are professionals with good market reputation and background in finance, investment, accounting and law. They are capable of providing provides strong professional support in areas like risk control, financial audit, and internal control.
- 2 Our board plays an important role in major decision-making and guiding company development.** Focused on the Company's major issues, the board continued to play a decisive role in promoting the strategic transformation and "CPIC digitalization" strategy; it also champions the principle of "focusing on agency and regular premium products" to optimize the value growth model of our life business; it guided the Company to focus on combined ratio for sustainable growth and underwriting profitability; it also led the Company to improve the asset-liability management mechanism and enhance asset management capabilities to speed up the development of our third-party asset management business.
- 3 Being problem-oriented, the board guides the Company to continuously improve operations.** Adhering to the principle of "problem-oriented and performance-oriented", the board set out the directions and requirements for the management: optimize business mix and strengthen business quality control to improve combined ratio and realize underwriting profitability; expand new channels for automobile insurance to increase their sales contribution; strengthen investment performance attribution analysis, enhance entrustor's capability for asset allocation and selecting and managing asset managers; establish a notification and supervision system to better implement the board's resolutions and requirements; the management makes regular reports to the board on issues of the board's concern.
- 4 We established an efficient and independent operation mechanism for independent directors.** When appointing independent directors, the Company will consider both the professional background and the personal career development of the candidates, and selected potential candidates with good reputation and background in finance, law and taxation through social intermediaries. We also created favorable conditions for independent directors to fully carry out their duties, enabling them to better protect the interests of minority shareholders in an objective and impartial manner. The independent directors provided professional advice on major decision-making such as the Company's major investment and financing projects, appointment of senior executives, selection of auditors, and related party transactions. They also played an important role in promoting the development of internal audit and the compensation system for executives, supervising the Company's business management, serving as the checks and balances in corporate governance.

## 03 To Shareholders

Improve accountability and growth driver

### 3.3 Strengthen lines of defense

In 2016, adhering to the principle of “focusing on value, promoting transformation, improving service and enhancing risk control”, we strengthened our risk control and implemented the CROSS requirements on risk management against the backdrop of declining interest rates and the rate liberalization reform. We also improved the risk limit mechanism for asset-liability management and tightened control of major risks. For us, risk control plays an important role in business upgrading, achieving targets, improving business mix, promoting innovation and transformation, and promoting digitalization.

We continued to deepen the self-assessment of our risk control and internal control, increased the involvement of the management at the headquarters in identifying the weak links in risk control and implementing dynamic risk control; we also focused on the internal control in key areas and updated our internal control manuals to promote the implementation of management rules and the upgrading of internal control processes.

At the same time, we carefully studied and identified the risks related to the Company's new products, overseas investments and new business, and kept a close eye on the Company's application of new IT technologies. We improved the risk control methods for the technology, business mode and process control related to internet-based channels and internet-enabled distribution. We also closely followed the changes in the capital markets, and continuously enhanced the value of risk management.

### 3.4 Promote operation compliance

Attaching great importance to corporate compliance, we made efforts to implement the Anti-malpractice, anti-fraud, anti-monopoly, anti-money laundering and risk prevention ("four antis and one prevention" for short) Program to protect the legitimate rights and interest of the consumers and the Company and prevent and resolve all kinds of compliance risks.



#### “Anti-fraud” initiative

To better tackle the problems arising from survey and damage assessment of auto insurance, we organized a training course on anti-fraud investigation for claims settlement to enhance the compliance awareness and investigation skills of our people; our branches responded by improving claims classification and opening up WeChat accounts.

To further improve the compliance culture of “everyone is responsible for compliance, creating value with compliance”, we continued to carry out relevant training programs such as compliance training for all employees, subject-specific training, and daily compliance warning.

#### Compliance training for all employees

We developed a lot of training materials to cover risk control, compliance, internal control and legal affairs and formulated the “Four antis and one prevention” Guidebook to promote compliance training and education for all employees.

#### Focus on special communication

With the help of our OA platform, newspapers and periodicals, and monthly summaries, we were able to circulate monthly reports on compliance, regulatory policies, industry trend and case analysis to enhance employee's awareness of and support for risk control and compliance.

#### Daily warning

All employees receive warning information from our risk management information platform and public WeChat accounts.

#### “Golden Shield Program” to strengthen financial discipline

In 2016, we rolled out the “Golden Shield Program”, whereby a total of 120 group level financial rules were reviewed and 18 rules were revised covering 10 key areas including business entertainment, meeting and training, advertising, procurement, and business travel. By the end of 2016, we had organized 697 training sessions, and 18,691 employees had participated in the “Golden Shield Program” examination on our online training platform.



CPIC branches carrying out the “Golden Shield Program”.



We are committed to innovation and supporting economic development and people's livelihood with diversified products and services, as well as promoting targeted poverty alleviation and charitable activities, and making contribution to building a harmonious society.

#### Our Achievements

- We developed an agricultural produce price index product, first of its kind in the industry- sugar cane price index insurance.
- We built the "E-agricultural insurance" Version 2.0, and officially adopted UAV aerial applications.
- We launched the "Taiyouze • Yaoanxin" series of products.
- We launched the debt investment plan for shantytown renovation.
- 2069 employees took part in volunteer work, clocking a total service time of nearly 40,000 hours.

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#### Our Vision

- Continue our product and service innovation to promote people's livelihood.
- Continue to serve SMEs and boost the real economy.
- Support the country's infrastructure development with responsible investments.
- Strengthen targeted poverty alleviation and carry out more public welfare projects to meet the actual needs of the community.

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## 04 To Society

Focus on core business,  
contribute to the society

### 4.1 Attention to hotspot issues

#### Reap what you sow

To serve agricultural development and support the supply-side reform of agricultural insurance, we continued to develop innovative agricultural insurance products and services, for instance, the "Internet+" agricultural insurance, and agricultural insurance service centers, thus helping to raise farmer's income and rural development.

#### Continuous innovation of agricultural insurance

We developed a variety of index insurance products such as the sugar cane price index insurance and pig price index insurance and enriched our product mix which now includes rural family property insurance, rural housing insurance, agricultural machinery insurance, agricultural UAV insurance, casualty insurance for rural workers, and insurance against non-performance of micro-rural loans.

In 2016, we offered a total of 49.8 billion yuan of protection to 6.15 million farmers in 32 provinces, and the total amount of compensation reached 280 million yuan; we had set up 1460 agricultural insurance service centers which employed 14,000 service people to cover 4600 townships.



CPIC P/C Guangxi Branch provides sugar cane price index insurance to farmers.

#### Promote transformation and upgrading of agricultural insurance

In recent years, to support the transformation of modern agriculture, Anxin Agricultural carried out innovations in many areas of agricultural finance to expand agricultural insurance:

- Innovated crop income insurance: completed the comprehensive crop income insurance program of Shanghai and switched from direct grain subsidies to agricultural insurance subsidies to offer all-around protection for production, sales and personal safety;
- Explored mutual insurance: piloted mutual insurance for south-American prawn farming to expand protection for fishery.
- Developed the "Internet+" agricultural insurance: cooperated with Alibaba in launching the agricultural materials and tools quality insurance (encouraging sellers to buy this insurance for buyers); launched the Alipay wind index insurance (the premiums could be as low as 1 yuan) to protect agricultural production after wind disasters; worked with agricultural platforms in building an agricultural ecosystem and organized experts to offer technical guidance to farmers ;
- Developed the "agricultural insurance + agricultural credit" system: provided comprehensive financial services for special agriculture development in Yunnan and Xinjiang to cover the whole industry chain and improve the enthusiasm of farmers to participate in agricultural production and operation. It's voted as a top ten targeted poverty alleviation project in Shanghai.

#### "E-agricultural insurance"

In 2016, to better serve rural consumers, we cooperated with the Chinese Academy of Agricultural Sciences to launch the "E-agricultural insurance" Version 2.0, which offers functions such as "E-underwriting", "E-claims", "E-renewal", intelligent weather service, self-service inquiries and reporting, and agricultural insurance knowledge library.

#### Application of agricultural UAVs

We set up an "E-agricultural insurance" UAV flight team to do underwriting and claims settlement in Beijing, Heilongjiang and Henan provinces. Using the three-in-one flight control system (unmanned flight, ground control station and data processing station), we were able to do survey and damage assessment for a large area of affected crops within a short period of time. In 2016, heavy rainfall hit Anyang, Henan Province and damaged many crops. It would have taken us one month to complete the survey of the 7 million mu (1 mu=666.6 square meters) affected area. With UAVs, we did it within one day.

#### Basic Health Protection for All

The "Opinions on Accelerating the Development of Modern Insurance Services" issued by the State Council aims to promote the healthy development of commercial health insurance in three ways: expanding commercial health insurance supply, improving service systems for

medical protection, and enhancing management and services. We actively participated in government-insurer cooperation, innovated commercial insurance products, developed tax-deferred health insurance, and supported domestic new drug research and technological innovation, creating synergy with the basic medical insurance system and consolidating our country's multi-level medical security system.

We continued to expand the coverage of critical illness insurance, and by the end of 2016, our critical illness insurance programs covered 12 provinces (provincial-level cities), 38 prefecture-level cities, and 277 counties (districts), benefiting 58 million people with 2.1 million payouts amounting to 3.6 billion yuan.

We continued to innovate commercial health insurance products, and launched a series of protection programs like "cardiovascular disease insurance plan" and "Shaoer Chaonengbao" (illness insurance for children); we also launched two tax-deferred personal health products for people covered only by public health service or basic medical insurance.

We also explored supporting insurance mechanisms in the field of life science. In response to the MAH (Marketing Authorization Holder) system, we were the first in the industry to launch the "Taiyouze • Yaoanxin" Series (including the "drug clinical trial liability" insurance and "drug quality and safety liability" insurance) and the "additional drug recall expenditure insurance" to support domestic pharmaceutical research and technological innovation.

#### Old-age provision

We were committed to improving the efficiency of pension investment and developing innovative products and services to tackle the challenges brought by the aging population.

#### Managing pension for seniors

Personal pension products like Shengshi Tianlun and Anxiang Rensheng launched by Changjiang Pension offer customers stable long-term return for their pension; Changjiang Pension launched an "Integrated E-commerce service platform for pension", established a nation-wide pension service network, and cooperated with 13 banks to offer efficient services such as quick pension payment and direct debit.

#### Care centers for the elderly

Changjiang Pension implemented the "care centers for the elderly" project in Putuo District of Shanghai. We also offer a wide range of activities for the elderly such as health checkup, remote inquiry and folk art performance.

#### Long-term care insurance

We actively participated in government-insurer cooperation. In Nantong, we won bidding for the third-party entrusted basic care insurance project (first of its kind in China). In Ningbo, we were the exclusively underwriter for the "PPP Elderly Care Project for Single-Child Families" project, offering a full range of services to about 16,000 elderly people including integrated personal insurance, special care insurance for the elderly, and daily care allowance for seniors.

#### "Insurance + Traffic Card" for seniors

In Shanghai, we launched the "Insurance + Traffic Card" for people aged 70 and above. The card holders are entitled to both traffic accident insurance and free rides in the city's public transportation system (exception: peak hours of weekdays, expressway lines, airport lines, and maglev lines).

#### "Ji Shi Pei" - accident insurance for seniors

In Zhejiang province, we piloted the "Ji Shi Pei" intelligent claims system. For customers who bought the elderly group accident insurance, the system can automatically complete the claims settlement (medical expenses less than 3000 yuan) without requesting written claims documents and invoices. And the average claims turnaround time was reduced from 25 days to 1.1 days.



CPIC P/C Branch staff processing the "Insurance + Traffic Card" for customers.

#### Benefiting SMEs

In 2016, we launched performance guarantee insurance in Zhejiang, Ningbo and Shandong. It gave farmer investors and SMEs financing support through risk-sharing among the government, the bank and the insurer; we also launched property insurance for small and micro businesses in Ningbo, the first of its kind in the industry. At the same time, "Tai Xiang Dai", our personal credit guarantee insurance, enables SME owners to obtain unguaranteed loans from financial institutions and enjoy quality service.

For small and medium-sized high tech enterprises in Shanghai and Qingdao, we launched performance guarantee insurance for short-term loans and senior management liability insurance, helping them turn the company's patents into valuable pledged assets; to optimize resource allocation in the construction market and reduce the burden on construction enterprises, we piloted comprehensive insurance for construction projects, covering project bidding, project quality, and salary payment. We also initiated the "CPIC AMC - Guangxi Financial Investment Group Asset Support Plan for Small Loans". The plan invested in the small loan assets held by Guangxi Financial Investment Group and opened up a new solution to the financing problems of small businesses with insurance funds.

## 4.2 Committed to public welfare

### Educational activities in poverty-stricken areas

We initiated the "Illuminate the future with responsibility" program back in 1991 and have donated money to build up more than 60 Hope Primary Schools over the past years. The program had been running for nine consecutive years. It now has 2069 employee registered volunteers who clocked with nearly 40,000 hours of service.

Continuing our "Illuminate the future with responsibility" program, in November, 2016, our volunteers went to the CPIC Hope Primary School in Tengchong, Yunnan province to offer a variety of lessons on safety, picture-book reading, the fine arts, music, paper folding, and sports.

#### Dream for the future

The children of the Hope Primary School located on the border between China and Burma were good at singing and dancing. "I hope one day I can stand on a big stage and sing Lisu songs." A smiling fifth grade girl (a Lisu nationality) told us about her dream. In order to help the children to realize their dreams, we helped set up the "Dream Chorus" and organized professional choral practice for them. We also invited the children to Shanghai to sing on the Shanghai New Year Concert stage.

#### Educational activities

We organized various training to hone our volunteers' teaching skills. The East China Normal University tailored the training courses based on the actual situation of the volunteers and the Hope Primary Schools.



Volunteers in training

Volunteers teaching students martial arts

The "Dream Chorus"



Children of Lisu ethnicity singing on stage

### Care for people's health

We cooperated with the China Health Education Center in launching the "Public Health Education Classroom" project to promote healthy living. It covered scientific medical treatment, medication, chronic disease management, and cancer prevention. In 2016, we carried out a total of 350 well-received public lectures nationwide.

### Care for vulnerable groups

Together with the Care for Disabled Center in Shenzhen, we launched the "Love through Insurance" program for the disabled, whereby we create a QR code for the disabled person. By scanning the code, our customers can make a donation whenever he/she buys insurance. The donated money will be transferred directly into the account of the disabled person. As of the end of 2016, more than 3000 people with disabilities had received their codes.

### Care for the elderly

On the day of Chung Yeung Festival (October 9) of 2016, our volunteers came to the Shanghai Jinshan Gangang Nursing Home to care for the elderly. They brought with them gifts like radios, snacks, knee pads, and cotton socks, cleaned houses for the elderly there, and also performed for them.



Volunteers performing for the elderly

## Topic: targeted poverty alleviation to honor our CSR

With its functions of risk protection and financial intermediation, the insurance sector plays an indispensable role in helping the society reduce poverty. In recent years, we actively participated in poverty alleviation by fully leveraging our expertise and resources.

Given the size and flexibility of insurance funds, we took part in a wide range of infrastructure investments such as shantytown renovation and public housing projects. As of the end of 2016, we had initiated 79 debt plans and asset support plans totaling 108 billion yuan, covering 21 provincial-level regions.

#### The 3-year shantytown renovation project

With years of disrepair, there were many dilapidated houses in the shantytown area of Zhanggong District, Ganzhou, Jiangxi Province, posing as a serious threat to the community. In order to improve the living conditions of shantytown residents, Ganzhou municipal government decided to carry out a large-scale renovation project in Zhanggong District.

To solve the financing problem, we held many discussions with and proposed many designs to Ganzhou municipal government and the Ganzhou Unban Investment Group. After 3 years of hard work, we launched the "CPIC - Ganzhou Zhenxing Shantytown Renovation Debt Investment Plan", through which we raised a total of 1.8 billion yuan of funds.

The plan not only solved the livelihood problems for people in the shantytown, but also explored a cooperation model between the government and private capital, showcasing Ganzhou government's success in attracting insurance funds to create a win-win situation.

In June 2016, we subscribed 30 million yuan of the China Insurance Anti-Poverty Fund set up by the China Insurance Investment Co., Ltd., which was invested in areas like resource development in poverty-stricken area, industrial park construction and new urbanization development to boost the economy and alleviate poverty in poor areas.

In November 2016, CPIC and the China Agricultural Insurance & Reinsurance Community officially launched the grass-root network construction project for poverty alleviation through agricultural insurance in Pingquan County, Chengde, Hebei Province. The aim was to establish a long-term mechanism for poverty alleviation through agricultural disaster protection, poverty alleviation product innovation, technical support for disaster prevention and mitigation, and disaster risk management and relief.

Given the difference between poverty-stricken areas and farmers, we took measures like precise identification, targeted help, and precision management to help eradicate poverty and improve people's livelihood.

- We launched poverty alleviation programs in Jinshan District in 2013, and donated 25 million yuan over the past 5 years, which was used for the construction of the second local welfare home. The main building of the project had been completed by the end of 2016.
- CPIC, Shangdong Youth Development Foundation and NEWS.DZWWW.COM jointly launched "Love for impoverished students" educational public welfare activities and set up the "One drop of water" fund in 16 cities and 127 counties in Shandong Province. We also carried out the online "CPIC Wish Come True" program, as well as a variety of offline activities to help impoverished students.
- We launched low-cost personal accident insurance products for low-income groups to better meet their protection needs.
- The donation from our employees helped the people of Dashuya village, Enshi, Hubei province to implement projects such as water cellars upgrading, mechanized farming, and old houses renovation and relocation. We also offer them regular training on aquaculture, animal farming and planting.
- In Lianghe township, Cangxi, Sichuan province, we distributed adenophora seedlings to poor farmers and helped them in selecting the planting field and administering field management.

#### Corn sticks become rich "baton"

Kanzi village, a poverty-stricken ethnic minority village, is located in Yunxi County, Hubei Province. The average altitude of this mountain village is 1500 meters, and the ecological environment there is very poor. At the beginning of 2016, CPIC Life Hubei Shiyuan Central Sub-branch became one of the three poverty alleviation units for this village. And 17 middle-level managers of the branch paired with 17 poor households of that village for targeted poverty alleviation.

In June 2016, CPIC Life Hubei Branch joined the central sub-branch in poverty alleviation. Receiving help in terms of investment, information, project, market, technology, and employment, the Hubei Branch led Kanzi village leveraged its local resources to foster a leading industry of its own. Through Village-Company Cooperation, Kanzi village created new channels of generating and increasing income for its villagers.

Although there is a road leading to the outside world, selling was hard for corn farmers of Kanzi village due to transportation difficulty, low trading prices and other problems. To solve those problems, CPIC Life Hubei Shiyuan Central Sub-branch donated 100,000 yuan to build a corn grits processing plant for the village, so that the villagers could process their corns locally and the processed products were more competitive in price. This project alone could increase the corn farmers' income by 500-1000 yuan.

The head of CPIC Life Hubei Branch proposed a creative idea to the village committee, whereby the village provides 500,000 packaged corn cobs to the branch every year and the branch would take care of the selling. This distribution contract contributed to the poverty alleviation of Kanzi village.



Corn farmers of Kanzi village introducing their corn species



We are committed to continuously exploring new areas of insurance, strengthening cooperation with peers, promoting insurance culture and contributing to the development of the industry.

#### Our Achievements

- We are the first in China to launch the government-supported property insurance for small and micro businesses.
- CPIC and Euler Hermes Hong Kong Services Limited jointly set up a joint-venture credit insurance sales company in China.
- We completed a strategic auto insurance investment in UBI
- Our electronic signature technology was incorporated in the “13th 5-year Plan for China's Insurance Industry Standardization”.
- We held many educational activities on insurance

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#### Our Vision

- Focus on key areas and develop innovative initiatives
- Summarize our own best practices and make contributions to the industry.
- Consolidate and expand cooperation with partners for in-depth exchange and communication.
- Continue to promote insurance and boost inclusive finance.

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## 05 To the Industry

Grow with the industry

### 5.1 New areas of insurance

A stable, orderly, and positive industry environment is crucial to the healthy development of every insurance company. At the same time, the formation of a good industry environment requires the joint efforts of all insurers. To this end, we actively explored the opportunities for government-insurer cooperation and new areas of development and continued to enrich and improve our financial and insurance solutions.

#### Explore opportunities for government-insurer cooperation

We deepened strategic cooperation with local governments and pursued innovation in products, service, business model, and fund utilization. We signed an agreement with the Ningbo municipal government to further promote the construction of the comprehensive national pilot zone for insurance innovation; we worked with the government of the Guangxi Zhuang Autonomous Region in financial service innovation such as sugarcane price index insurance pilot scheme and asset investment projects for expressways, boosting local economic restructuring.

#### Launched a government-supported property insurance product for small and micro businesses, first of its kind in China

In September 2016, Typhoon Morandi hit Ningbo. Mr. Pan, who ran a small food factory in Yinzhou District of Ningbo, was a victim of Morandi. His factory was flooded and the estimated damage was 100,000 yuan. He was at a loss as to what to do. To his surprise, the staff of the Management Center for Policy-based Property Insurance for Small and Micro Businesses of Yinzhou District came to his help, telling him that he could get 37,000 yuan in insurance compensation. "I bought this insurance about half year ago. The total premium was 6000 yuan, but I myself only paid 1,200 yuan. To my surprise, this insurance helped me so much this time." said Mr. Pan.

In 2016, we piloted a government-supported Property Insurance for Small and Micro Businesses in Ningbo and insured 1291 SMEs with the total sum assured of 258 million yuan. In the first year, the policyholders only had to pay 10% -20% of the premium, with the rest paid by the government. The project was listed among the "Top 10 Projects of Zhejiang Province for Small and Micro Businesses", becoming a good example government-enterprise cooperation in improving risk protection for small and micro businesses.

#### Changjiang Pension provided the first product from Shanghai Insurance Exchange

In November 2016, the "Changjiang Pension-CPIC Life Asset-backed Plan for Policy Loan" was officially issued and traded on the asset management platform of Shanghai Insurance Exchange, becoming the first product of the Exchange. This product, to a large extent, addressed the asset-liability mismatch caused by the short duration and fluctuation of policy loans; it also facilitates efficient use of assets and increase product safety.

We also launched rural micro-credit guarantee insurance in the poverty-stricken areas like Longhua, Pingquan and Luanping in Chengde, Hebei Province. As an important part of the five-in-one financial poverty-alleviation model (government, banks, enterprises, poor households and insurers), we provide insurance products to support agricultural enterprises and credit services for poor households. We piloted this model in Hebei province and will roll it out across the country.

#### The 5-in-1 model helps targeted poverty alleviation in Longhua

57-year-old Yu Hairui is a villager in Hanmaiying township, Longhua county, Chengde, Hebei Province. He lived a poor life for most of his life. But now he built a pig farm and raised more than 6000 pigs with a loan of 2.5 million yuan. "Had it not for CPIC's rural micro-credit performance guarantee insurance, I would never have got the loan of 2.5 million yuan from the bank within one week, and my pig farm would have remained an unrealized dream. Thanks to that insurance product, more than 30 poor villagers like me were lifted out of poverty by farming pigs." said Yu.

In the past, for farmers to get a loan, one of the 3 conditions must be met – guarantee from a civil servant guarantee, physical collateral, or deposit certificate as collateral. It was very difficult for farmers to meet the requirements. As the only insurance company cooperating with Chengde in the 5-in-1 model, we developed a guarantee insurance product to facilitate bank loans to farmers and businesses. With this product, the banks will grant loans (10 times the sum assured) to the insured and fast track qualified loan applications. In case of default, CPIC will pay the bank 80% of the principal and interest of the loan, the government will pay 10%, and the bank only has to bear 10% of the loss. Thus, the risk for the bank is greatly reduced. By now, we have facilitated loans of more than 400 million yuan for 3,114 agriculture-related enterprises and farmers in Longhua.

### Expanding into new areas

We have always been engaged in external cooperation and exploring new areas of the insurance industry. In 2016, we made significant progress in credit and motor insurance by setting up a credit insurance sales company and making strategic investment for auto insurance.

#### Promote credit insurance with Euler Hermes

In 2016, CPIC P/C and Euler Hermes Hong Kong Services Limited jointly set up China's first joint venture credit insurance sales company, China-Pacific Euler Hermes Credit Insurance Sales Co., Ltd. We strove to lead the healthy development of China's commercial credit insurance market and provide effective credit risk solutions to more Chinese enterprises "going abroad" by improve credit insurance products, related business training and technical support.



CPIC Chairman, Mr. Gao Guofu and Mr. Oliver Bate at the unveiling ceremony of Pacific Euler Hermes Credit Insurance Sales Co., Ltd.

#### UBI Motor Insurance Strategic Investment

The pricing mechanism of UBI motor insurance is based on the customer's driving habit. Compared with traditional pricing, it's fairer and makes more sense. It is a positive thing for the regulator, the industry and consumers. In 2016, we completed the strategic investment in MetroMile, a UBI auto insurance service provider. We will draw upon MetroMile's practical experience in IOV, risk pricing and Internet-based operation to explore the mileage-based motor insurance model and promote the innovation and development of motor insurance in the "Internet +" era.

### Contribute to the development of agricultural insurance

Agricultural insurance is a strong safeguard for agricultural modernization, and plays a vital role to stabilize farmers' income and promote poverty alleviation. It is also an important area of the current insurance industry. In recent years, with various pilot projects we continue to encourage product innovation and optimize risk prevention mechanism for agricultural catastrophes.

As at the end of 2016, we have developed a total of 140 varieties of 688 agricultural insurance products. There are 42 index insurance products, 79% of which being innovative products. And the innovative business accounts for 20% of the total.

#### Innovative index insurance products

In Guangxi Province, we developed a price index insurance product for primary agricultural products (first of its kind in China) - sugarcane price index insurance. We adopted the "futures/options +insurance" model for this product and linked the sugarcane price compensation with the market prices of sugar to effectively tackle sugar price fluctuations, thus creating a win-win situation for both the sugar mills and the sugarcane farmers; we also implemented the government's subsidy fund plan for fruit planting insurance and underwrote 830,000 mu of planting area, covering fruits like lychee, longan, dragon fruit, grapes, bananas, Mango, and citrus.

Worked with Alibaba to launch wind index insurance for crops;

Launched index insurance products for regional agricultural products such as meteorological index insurance for grapes, coffee price index insurance, temperature index insurance for hairy crabs, and egg price index insurance;

Piloted "comprehensive insurance for crop income" in Pudong and Songjiang, Shanghai.



## 5.2 Promote sharing among peers

### Exchange and communication

In August 2016, we held a "Long Term Care Insurance Seminar" and invited officials and experts from the Shanghai Municipal Development and Reform Commission, Shanghai Civil Affairs Bureau and the Allianz Group to hold discussions and exchange views on the implementation of long-term care insurance in Germany and the development of LTC insurance against the background of aging population. This seminar has become a professional exchange platform for promoting the development of LTC insurance in China.

CPIC and Tongji University jointly organized the first International Forum on Urban Risk Management. About 100 experts and scholars at home and abroad attended this event and discussed and exchanged ideas on urban risk management.

We helped organize the 17th China Actuarial Annual Conference, which discussed hot topics such as "the impact of the Internet on insurance" and "product management in a low interest rate environment";

We hosted the 50-People China's Aging Finance Forum. The participating experts and scholars and industry elite held in-depth discussions on topics like the service for the aged and pension investment value;

We also participated in the Seminar on Project Quality Insurance, presented a special report on the potential defects in the quality of Shanghai's residential projects and put forward constructive comments on the construction of the project quality insurance system.



the Shanghai summit of the 50-People China's Aging Finance Forum.

### Achievement sharing

In 2013, the China Insurance Association commissioned us to carry out a study on national standards for "Insurance Terminology" which lasted

for 3 years. Our study was reviewed and accepted by the China Insurance Association and was of great significance in promoting information exchange and sharing among insurers, improving product design standardization, and enhancing consumers' understanding of insurance products and terms.

We were the first company in the industry to adopt the electronic signature technology. We automated our paper-based processes and offer real-time application and policy receipt collection (used to take 2-3 days), vesting reducing our carbon footprint. In 2016, the Specifications for the Application of Electronic Signature Technology for Insurance Industry co-drafted by us was included in the 13th 5-Year-Plan for China's Insurance Industry Standardization" issued by CIRC.

Under the guidance of the CIRC Sichuan Bureau, CPIC Life Sichuan Branch and Southwest University of Finance and Economics jointly conducted research and released the country's first survey report on life insurance needs of urban and rural families, providing a reference for the regulators to strengthen industry regulation and promote the sustainability of the development of life insurance in Sichuan province. The report helps the academic community better understand the size and structure of the life insurance for urban and rural families in different regions.

### "China's Commercial Insurance" was named the "Best Insurance Industry Magazine"

China's Commercial Insurance is an internal magazine sponsored by CPIC and has obtained permit from the press and publication administration authorities. Running for 22 years, its current circulation reached 100,000 issues. Its audience includes insurance regulators, insurance associations, peer companies, insurance departments and institutions of colleges at home and abroad, capital market insurance analysts, as well as financial sector journalists of domestic mainstream media.

Since 2015, the magazine has released 6 special issues on topics including the promotion of agricultural modernization with insurance, pension insurance under the new normal, the opportunities and challenges of the insurance industry under supply-side reform. Some articles of the special issues were excerpted by the Think Tank magazine sponsored by the China Insurance Institute. And China Insurance News exchanged ideas with the editors of China's Commercial Insurance on those special issues. China's Commercial Insurance was named the "Best Insurance Industry Magazine" in 2016.

## 5.3 Educational programs on insurance

We carried out a variety of educational activities in communities and school campuses and developed various promotional materials to help the public better understand insurance products and services.

### Insurance publicity activities

On each International Day for Protecting Consumers' Rights (March 15) and Insurance Public Awareness Day of CPIC (July 8), we would conduct a series of insurance service and experience activities, such as the "executive experience day", "experts lectures on insurance", service quality inspection visits, "innovation experience officer", and the "Rainbow Run" to raise the influence of insurance sector.

We held a number of "Rainbow Run" activities nationwide, whereby runners dressed in uniform would run a certain distance along a specific route to form a slogan "insurance makes life better".

We carried out a variety of activities in schools, rural areas, communities, institutions and enterprises to popularize insurance concepts among the public. Anxin Agricultural combined the concept of agricultural finance with poverty-alleviation. They organized employees to deliver safety tips on construction sites and impart insurance knowledge to primary school and kindergarten students and offer counseling service to their parents.



"8th of July", the Insurance Public Awareness Day of CPIC.

### Promote insurance education

We strove to enhance the people's insurance awareness through "storytelling". In recent years, we set up columns like "CPIC in customers' eyes" and "Transformation stories" to tell real life insurance-related stories.

We also launched the "25-year-old CPIC" video and the "Accident vs Service" micro-film to tell people how insurance can help them. They received hundreds of millions of online visits.

Based on a true story in the Company's strategic transformation, we made an original branding commercial-"Connectivity". The story took place in Tiantang (altitude 3,200 meters), Tianzhu Tibetan Autonomous Region, Gansu Province, where Li Hongchun, a CPIC agent, managed to provide convenient insurance service to residents at such a remote place. It won the "2016 Brand Marketing Value Award" and the "China Advertising Great Wall Award".

### "Code of Life"

On July 18, 2015, "Code of Life", the first insurance-themed original drama in China, debuted in Ningbo, Zhejiang. By August 2016, the drama had been performed 100 times in 42 cities to up to 100,000 viewers. This drama was adapted from the real stories of Lin Ping, a CPIC Life Ningbo Branch employee, who donated 48% of her liver to save the life of an 8-year-old girl who had no blood relationship with her. The drama not only moved the audience, but also showed them how insurance can bring love and care to the society. A viewer in Shenzhen told us: "Like the 8-year-old girl's mother, I used to think little of insurance. But their sincere service gradually changed my mind. Now I am a loyal consumer of insurance."



"Code of Life"stage photos



Committed to addressing environmental and climate change challenges through products and services, we will continue to reduce the negative impact of our business operation upon the environment to promote the concept of green operation, and protect the planet together with our stakeholders.

#### **Our Achievements**

- Launched highway catastrophe insurance products.
- Developed a variety of weather index insurance.
- Underwrote a large number of new energy projects in nuclear power, wind power and photo-voltaic power generation.
- Built a green data center with multiple certifications.
- Promoted the use of electronic invoices.

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#### **Our Vision**

- Continue to optimize climate response initiatives to promote the development of catastrophe insurance.
- Strengthen the innovation of environment-friendly products.
- Explore underwriting opportunities of clean energy projects.
- Promote energy conservation and emission reduction and reduce the environmental impact of our business operation.

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## 6.1 Tackle Climate Change

In 2015, after the Paris Agreement was reached at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change, China formulated some important policies such as the National Plan (2014-2020) for Responding to Climate Change and the National strategy for Adapting to Climate Change. Insurance companies can help disaster affected people through disaster prevention, disaster relief, and product innovation, thus becoming an indispensable force in tackling climate change.

### Catastrophe insurance

Our efforts to develop catastrophe insurance produced major breakthroughs in 2016. On April 16, 2016, China's Urban and Rural Residence Earthquake Insurance Community was established in Beijing. As a member of this community, we issued the first urban and rural residence earthquake insurance policy in China on June 30, 2016.

#### Improve Highway Risk Management with Catastrophe Insurance

The catastrophe insurance pilot project for the national and provincial highways in Ningbo city was officially launched in November 2016, the first of its kind in China. CPIC P/C Ningbo Branch, the lead underwriter for this project, signed an agreement with the Ningbo Road Administration to underwrite 800 kilometers of national and provincial highways in Ningbo. It covered road damages caused by 8 kinds of catastrophe such as typhoon and tornado.

To overcome the difficulties in determining the sum assured and liability, and damage assessment for highway catastrophe insurance, CPIC P/C Ningbo Branch did a lot of work in product design, underwriting and claims process, and risk control measures. For example, the company set up a special risk capital pool for catastrophe insurance and built a system for risk management. The company planned to build a catastrophe insurance system which combines "exclusive products" with "customized services" for ordinary highways in Ningbo city in 3 years.



CPIC P/C Ningbo Branch and Ningbo Road Administration signed the pilot catastrophe insurance project agreement for the national and provincial highways in Ningbo city.

### Natural disaster prevention and relief

Typhoons, heavy rains, floods, landslides and other natural disasters can cause huge personal and property losses. We continued to improve our disaster relief capability and focus on disaster early warning. When disaster strikes, we would always be there immediately to provide relief and assurance.

#### Disaster recovery drills

We carried out disaster recovery drills by simulating disaster weather conditions like typhoon and storm to improve disaster prevention and facilitate our damage assessment and claims settlement.

#### Pre-disaster warning

We cooperated with the Central Meteorological Observatory and other professional agencies to make predictions for and analysis of typhoons and floods on a regular basis to provide customers with weather forecast information, vehicle and household protection knowledge, risk warning, and risk reporting methods.

#### Contingency plan

After disaster strikes, we would start emergency response for simplified and fast surveying and claims processing, as well as coordinating road rescue and other services.

In Hebei, we did a simulation drill whereby a total of 35,000 mu of wheat was hit by disaster. We rehearsed the whole process: set up the structure, start emergency process, personnel mobilization and material preparation, surveying, claims settlement, case closing, lifting the emergency.



CPIC surveyor surveyed wheat disaster

### Meteorological index insurance

Meteorological index insurance innovation promoted the development of agricultural insurance. By using weather indexes, we greatly reduced the difficulty of damage assessment, eliminated claims assessment process, and reduced related moral hazards.

Using temperature, precipitation, wind and other weather index as trigger for claims, in 2016 we developed innovative weather index insurance such as open field vegetable planting and pond farming weather index insurance, precipitation index insurance for picking waxberry, precipitation index insurance for grapes, meteorological index insurance for citrus, providing protection for agricultural production workers and regional agricultural development.

### Promote energy transformation

With a long-term focus on energy optimization, we contributed to building an environment-friendly eco-society by providing insurance for clean energy projects and exploring clean energy related product innovation and opportunities.

In 2016, we underwrote a number of clean energy projects such as the main part of Tianwan Nuclear Power 5-6 Units, China General Nuclear Power Group's Rudong Offshore Wind Farm, China Huaneng Group's Rudong Offshore Wind Farm, Datang International Power Generation Co., Ltd.'s Binghai Offshore Wind Farm, and China Longyuan Power Group's Dafeng Inter-tidal Zone Wind Farm, and China Huaneng Group's Dongfang Photovoltaic power generation project. We were the lead underwriter for some of the above projects.

To transform the energy structure in rural areas, we signed the "Neng Yuan Bao" strategic cooperation agreement on the loan for solar photovoltaic power generation with a local new energy technology company and the local rural credit cooperatives in Xiangshan County, Zhejiang Province. This project was implemented in the second half of 2016. It plans to install roof photovoltaic power generation equipments for 50,000 farmers in the next 3 to 5 years with a total installed capacity of more than 250 Megawatts. The construction of this project will take three years. Farmers who have installed photovoltaic power generation system with a capacity of more than 5 kilowatts can enjoy national policy subsidies for up to 20 years, and get an average income of 6,000 yuan per household every year if they sell their surplus power to the state grid. Farmers can apply for loans from the partner bank of the project to cover installation costs. And we will provide them with small loan guarantee insurance.



CPIC P/C Ningbo Branch signing the solar photovoltaic power generation strategy cooperation agreement.

## 6.2 Reduce environmental footprint

### Green construction

Mobile Internet, Internet of Things (IoT), and Cloud Computing resulted in a huge increase in the number and size of data centers. Due to their considerable energy consumption, the development of green data centers is receiving more attention. After 5 years of busy construction, the Chengdu "IT Disaster Recovery, R&D and Backup Center" project had been completed. Environmental factors were taken into consideration at the designing stage, for example, prevention of construction pollution, use of recyclable materials, waste management, energy efficiency optimization, and air quality. That building won two energy-saving certifications: the Two-Star National Green Building Certificate and the LEED Silver Award, and the data center obtained three certifications: China Computer Lab (International Grade A), TSI L4 (Germany), and LEED V4 Data Center Special Silver Award.

After careful review of indicators like energy efficiency, water saving, building material life cycle, soot, noise, and PUE (Power Usage Effectiveness) in stages of design, environmental assessment, construction, testing and operation, the U.S Green Building Council granted the LEED V4 Data Center Silver Award to our Chengdu Data Center, the first data center in China to win this award.

#### Energy-saving and emission-reducing measures for Chengdu Data Center :

- Covered the wall and roof of the engine room building with insulation layer for heat preservation.
- Collected and recycled rain water on the roof and use it for garage and road cleaning and irrigation.
- Installed sound-absorbing walls in the diesel generator room and the cooling tower on the roof to reduce noise.
- Adopted natural cooling system and the variable frequency air conditioning technology to save energy and reduce emission of the heating and ventilation system.
- Used human body-sensing lighting system.
- Installed purification processors on diesel generators to meet the latest national standard requirements on exhaust emission.



Chengdu Data Center building

## 06 To Environment

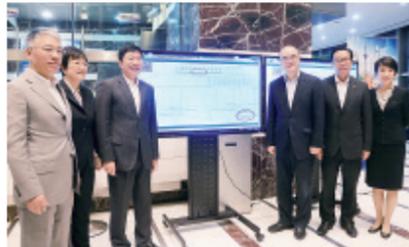
Green insurance,  
low carbon operation

### Reduce paper consumption in office

Leveraging the "Internet + Innovative Technologies", we digitalized an ever increasing share of our paper-based processes in our operation, greatly reducing our paper consumption.

New mobile internet technology applications like Shenxing Taobao and WeChat service platform widened the coverage of our mobile services. As of the end of 2016, the application rate of electronic signature and electronic receipt reached nearly 100%, and up to 58% of POS was done over the Internet. With more and more customers receiving services at home, paper consumption and vehicle exhaust emissions were reduced considerably.

In 2016, we continued to promote the use of electronic invoice. On 1st May, CPIC P/C Shanghai Branch became the first in China's financial industry to issue an electronic VAT invoice. By the end of 2016, we had issued up to 3.72 million electronic invoices.



CPIC P/C Shanghai Branch became the first in China's financial industry to issue an electronic VAT invoice

### Advocate environmental protection

To disseminate environmental protection concepts to more customers, in Q4 2015, CPIC Life launched, via WeChat, an "E-letters for Forest Protection" campaign, whereby CPIC Life would make a "Tree-planting fund" donation on behalf of each customer who subscribed to the E-letters. Within 3 months, nearly 500,000 customers participated in this campaign. In April of 2016, the company used all the donations to adopt trees in Shanghai Botanic Garden.

During the "Season of Care" activities for 2016, the Company held a "Contest for Creative Environmental Ideas from Children", which received more than 2,000 entries, and over 100,000 votes on WeChat resulting in 38 awards.

Moreover, our branches in Anhui, Shandong, Guangxi and Jilin organized employee volunteers to plant trees and use public transportation to raise their awareness for environment protection and resource conservation.



Opening ceremony of the "E-letters for Forest Protection" campaign.



CPIC branches organized employee volunteers to plant trees.

# 7. Key Performance

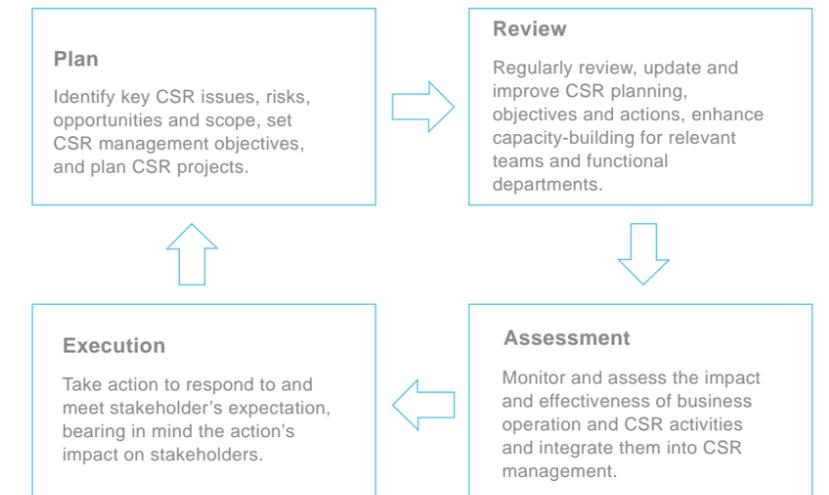
## 7.1 CSR Management

### Management system and mechanism

We established a 3-tiered CSR management system covering "decision-making, organization, and implementation", and developed implementation strategies and promotional plans based on the Group's social responsibility strategy priorities, urging all the departments and operational entities to incorporate CSR into their daily operation.

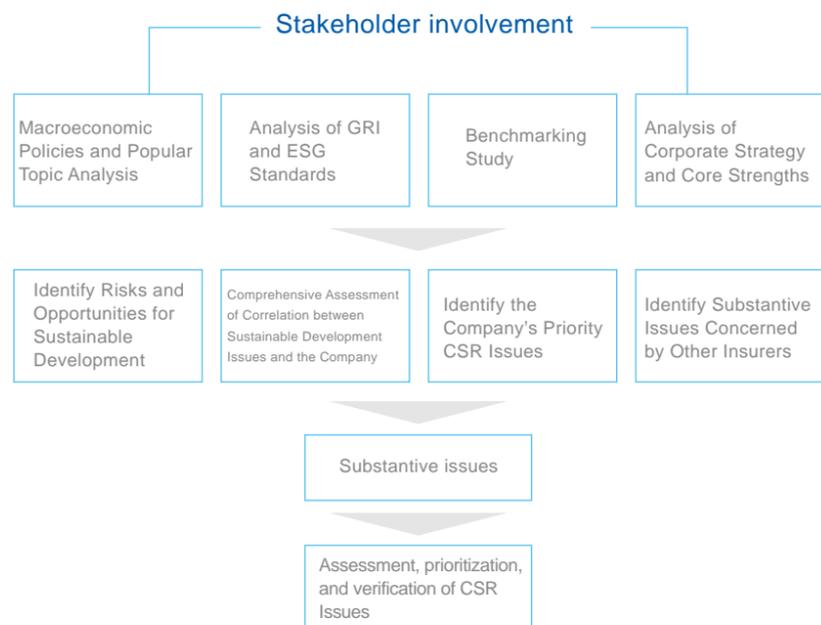
### CSR Management System

<b>Decision-making</b>	The Group's board of directors and board of supervisors, and the operation and management committee participate in the deliberation and decision-making on major issues of social responsibility, including relevant strategy and policy formulation, review of annual CSR report and CSR projects.
<b>Organization</b>	The Group Branding Department set up a CSR management team, which is responsible for coordinating the daily management of CSR, including the preparation of the annual CSR report, organizing relevant training, collecting CSR performance indicators, collecting and sharing CSR best practices, and planning CSR projects.
<b>Implementation</b>	The functional departments and business departments of the Group and subsidiaries are responsible for the centralized management of CSR issues, and regular reports of relevant management initiatives, performance indicators and best practices; the branding function of all the branches is responsible for promoting CSR locally and organizing all types of CSR activities.



## Substantiality Analysis

In 2016, based on the existing main stream reporting standards such as GRI G4, HKSE ESG Index, the sustainable development goals of the UN, and the “13th Five-year Plan”, we carried out a large number of preliminary studies to assess the impact of each CSR issue on CPIC and its stakeholders, and thus identified the substantive issues that have a significant impact on the economy, environment and society.



## Identification and Screening

### Policy and Industry Trend Analysis

In-Depth interpretation of important industry policies and trend to identify policy directions and strategic business opportunities.

### Analysis of International Standards

Analyze international standards such as GRI G4, HKEx ESG Disclosure Guidelines to understand the requirements and key elements of CSR management and information disclosure opportunities.

### Benchmarking

Benchmark with 6 well-known domestic and foreign insurance companies in terms of CSR Strategy and Management, CSR practice and information disclosure, to find out what CSR issues peers are concerned about and how they practice CSR.

### Corporate Strategy Analysis

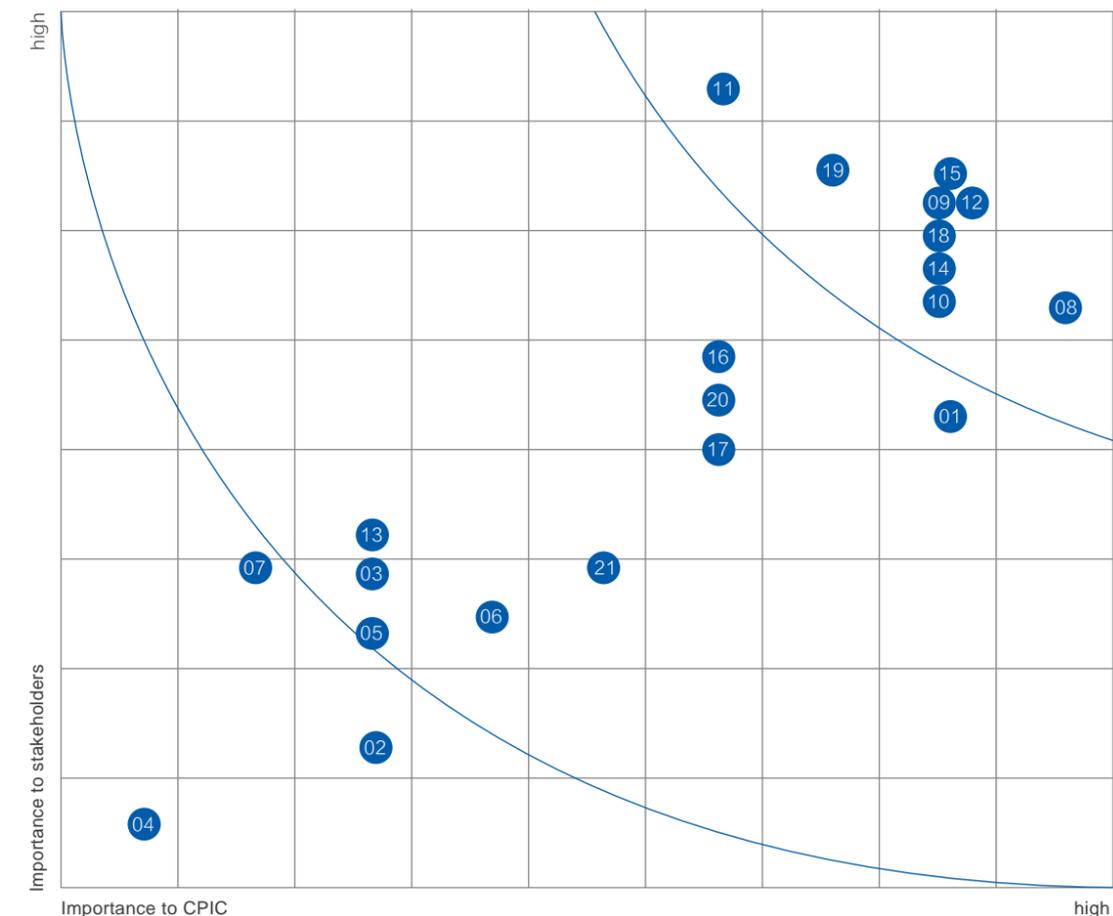
Analyze the Company's strategic focus and practice, and identify the economic, social and environmental issues most relevant to CPIC.

### Stakeholders Involvement

On the “15th of March”, the International Day for Protecting Consumer's Rights, and “8th of July”, the Public Insurance Awareness Day, we would conducted CSR survey to find out people's perception of CPIC's CRS and their expectation for CSR; we collected the views and comments from the media, research institutions and non-governmental organizations on how the insurance industry did on CSR, as well as the key issues the stakeholders are concerned about; we also solicited industry experts' suggestions for and comments on the identification of substantive CSR issues and participated in training and exchange activities held among insurers.

## Assessing, Prioritizing, and Verifying CSR issues

We identified 21 substantive issues that are highly relevant to CPIC, and through our online survey platform, we invited our employees, shareholders, agents, media and other stakeholders to assess the importance of CSR issues to CPIC, which formed a two-dimensional evaluation of the substantive CSR issues, attaching high, medium or low importance to each substantive issue. We checked all the identified substantive issues against the GRI G4 and the relevant HKEx ESG guidelines to ensure we didn't miss any key issues. As to substantiality, we broke down the relevant management methods and disclosure items and assigned them to the corresponding departments of the Group and its subsidiaries, trying to collect information as much as possible.



### High importance substantive issues

- 15 New technology and the Internet
- 12 Product liability
- 01 Economic performance
- 18 Corporate governance
- 14 Product and service innovation
- 19 Business integrity
- 11 Anti-corruption
- 08 Protecting employee rights
- 10 Employee development and training
- 09 Employee health and safety

### Medium importance substantive issues

- 16 The impact of products and service upon society and environment
- 20 Win-win cooperation
- 17 Responsible investment
- 13 Access to finance
- 21 Supply chain management
- 06 Waste management

### Low importance substantive issues

- 03 Green procurement
- 05 Energy management
- 07 Water resource management
- 02 Community building
- 04 Carbon emission management

### Substantive issues and boundaries

Substantive issues	G4 related	ESG related	Internal boundary	External boundary		
				Customers	Suppliers	Communities
<b>• Economy</b>						
Economic performance	Economic performance; Market performance		●			
		Community investment	●			●
<b>• Environment</b>						
Green procurement	Product and service	Environment and natural resources	●			
Carbon emission management	exhaust emissions; transportation	emissions	●	●		
Energy management	Energy	Resources utilization	●			
Waste management	Materials; sewage and waste	emissions	●	●	●	
Water resources management	Water	Resources utilization	●			
<b>• Society</b>						
Protecting employees' rights	Employment; Labor relations; Diversity and equality of opportunity; Equal pay for male and female employee	Employment; Labor standards	●			
Employee health and safety	Occupational health and safety	Health and safety	●			
Employee development and training	Training and education	Development and training	●			
Anti-corruption	Anti-corruption	Anti-corruption	●			
Product liability	Customer health and safety; Product and service marking; Market promotion; Customer privacy; Compliance	Product liability	●			
Access to finance	Local communities		●			
<b>• Others</b>						
Product and service innovation			●			
New technology and Internet+			●			
The impact of products and service upon society and environment	local communities; product mix		●		●	
Responsible investment	Product and service; Investment (human rights); Audit; Effective control		●			
Corporate governance	Governance ; Anti-corruption	Anti-corruption	●			
Business integrity	Business ethnics and integrity; Anti-corruption; Market promotion	Anti-corruption	●			
Win-win cooperation	Procurement behavior		●		●	
Supply chain management	Supplier evaluation and complaint mechanism; freedom of association and collective bargaining; Child labor; Forced and compulsory labor	Supply chain management	●		●	

### Stakeholder Involvement

We carried out a stakeholder identification program by inviting representatives from important functional departments and the front-line and external experts to identify the internal and external stakeholders of the Company and determine how stakeholders and the Company's sustainable development influence each other. In addition, through various interactions with our stakeholders, we made sure that their voices and expectations could reach us quickly so we can continuously improve our CSR management and practices.

Stakeholder	Stakeholder expectation	Communication channel
Government and regulators	Development with compliance and integrity Provide services to enhance people's livelihood Boost social-economic development Disaster response	Daily report and communication Approval and supervision of products and services Meetings on the cooperation between government and insurance companies
Employees and agents	Open channels of communication Ever improving remuneration and benefits Bright career development prospects Healthy and safe working environment Achieve work-life balance	Workers Congress Cross-department communication The "Let's talk about transformation" column OA and instant messaging platform Business supervision, training, and technical support Recreational activities for employees
Customers	Needs-based products and services Good products and service experience Rights and privacy protection	Customer needs survey Customer satisfaction survey 95500 Customer Service Hot-line Customer service and care activities Insurance awareness activities Social media
Shareholders	Robust business performance Sophisticated corporate governance mechanism Continuously strengthen risk management Transparent information disclosure	Shareholders' Meeting Regular reports and information bulletins Roadshow and Reverse Roadshow Capital Markets Open Day Social media
Partners	Win-win cooperation Leading industry innovation	Exchange and sharing of practical experience Participate in the industry policy study Extensive within-industry and cross-industry cooperation
Communities	Popularize the concept of finance and insurance Public welfare cause Respond to hotspot issues of society	Popularize insurance concept and knowledge Communicate with the local governments and non-governmental organizations on actual development needs Carry out volunteer and public welfare service programs Carry out targeted poverty alleviation programs Media communication

## 7.2 Economy

### Economic performance

#### Solvency adequacy ratio

	2016	2015	2014
CPIC Group ( % )	294	280	280
CPIC Life ( % )	257	201	218
CPIC P&C ( % )	296	211	177

#### CPIC Life key business indicators

	2016	2015	2014
Life insurance premiums (million yuan)	137,362	108,589	98,692
Life insurance market share (%)	6.3	6.8	7.8
New business value (million yuan)	19,041	12,022	8,725

#### CPIC P&C key business indicators

	2016	2015	2014
P&C insurance premiums (million yuan)	96,195	94,615	93,026
P&C insurance market share (%)	10.4	11.2	12.3
Combined ratio (%)	99.2	99.8	103.8

#### Changjiang Pension key business indicators

	2016	2015	2014
Enterprise annuities entrusted assets (million yuan)	57,913	52,358	43,751
Enterprise annuities AuM (million yuan)	62,259	55,728	47,123

#### Distribution of economic value

	2016	2015	2014
Remuneration and benefits (million yuan)	17,414	15,400	14,126
Donation and sponsorship (million yuan)	17	18	26
Total tax paid (million yuan)	12,167	12,356	8,995

#### Corporate annuity participation rate

CPIC Group (headquarters) (%)	100
CPIC Life (%)	100
CPIC P&C (%)	100
CPIC AMC (%)	100
CPIC Hong Kong (%)	0
CPIC Allianz Health (%)	55
CPIC All (%)	100
Changjiang Pension (%)	100
Anxin Agricultural Insurance (%)	48.4

### Market Performance

To develop performance-based remuneration scheme, improve the competitiveness of our salary system, and provide more incentives to high-performance staff, we formulated the "CPIC Remuneration Management Rules" in 2011, focusing on market benchmarking, performance orientation, dynamic adjustments and efficiency optimization. In 2016, we linked remuneration to the value of different posts, further improving the income of our employees.

#### Our minimum wage/ local minimum wage

	2016	2015	2014
CPIC Group (headquarters) (%)	240	235	232
CPIC Life (%)	300	300	300
CPIC P&C (%)	188	204	227
CPIC AMC (%)	137	124	265
CPIC Hong Kong (%)	170	175	180
CPIC Allianz (%)	104	113	-
CPIC All (%)	104	113	-
Changjiang Pension (%)	116	115	114
Anxin Agricultural Insurance (%)	120	120	-

### Localization ratio of CPIC HK's employees

#### Localization ratio of CPIC HK's employees (all employees) (%)

	2016	2015	2014
Localization ratio of employees (%)	95	95	95
Proportion of non-local employees (%)	5	5	5

#### Localization ratio of CPIC HK's employees (the management) (%)

	2016	2015	2014
Localization ratio of employees (%)	0	0	0
Proportion of non-local employees (%)	100	100	100

### Supply chain management

Our supplier types include IT, equipment and materials, engineering and decoration, service, and other centralized procurement projects based on actual needs. For supplier screening standards, we give full consideration to factors such as the supplier's qualification, reputation, integrity, product and service quality, price, and negative behaviors if any. To ensure transparency and fair competition for procurement, we have developed a series of policy documents such as the "Supplier Management Provisions (Trial)", the "Centralized Procurement Management Measures (Trial)", and "Management Measures (Trial) for Centralized Procurement Review Expert Database".

We adopted the principle of proximity for procurement. The disciplinary inspection and supervision department of the Company is responsible for supervising the non-compliant behaviors in centralized purchasing activities and handling complaints. In 2016, there no supplier cooperation was terminated due to a significant negative impact on the economy, society and the environment.

In the construction process of the Chengdu Data Center, we implemented strict management for planning and design, selection of builder, and engineering construction. We also paid adequate attention to work safety and environmental protection throughout the construction process. Thus, no accident occurred during the entire process; in addition, this project won a number of engineering awards such as the title of "Demonstration Project of Green Construction in Sichuan province" , "Safe and Environment-friendly Construction Site in Chengdu City" , and "Model Construction Site of Sichuan Province" .

#### Number of domestic suppliers

	2016	2015	2014
CPIC Group (headquarters)	535	544	495
CPIC Life	8	9	7
CPIC P/C	85	60	59
CPIC AMC	50	40	35
CPIC HK	36	36	38
CPIC Allianz	65	44	-
CPIC All	5	0	-
Changjiang Pension	295	248	194
Anxin Agricultural Insurance	3	3	-

#### Number of foreign suppliers

	2016	2015	2014
CPIC Group (headquarters)	6	3	6
CPIC Life	0	0	0
CPIC P/C	0	0	0
CPIC AMC	0	0	0
CPIC HK	1	1	1
CPIC Allianz	0	0	-
CPIC All	0	0	-
Changjiang Pension	0	0	0
Anxin Agricultural Insurance	0	0	-

## 7.3 Environment

### Resources utilization

Electricity, fuel gas, water and paper are the main resources used in our office. The Company stipulates that the office temperature should not be set above 20°C in winter or below 26 °C in summer; there is also lighting control for corridors, staircases, foyers and other public places. We encourage our people to make full use of natural lighting. We also encourage them to contribute to environmental protection in their daily work by saving water, reducing paper consumption, and recycling used materials. A number of energy-saving initiatives were launched for the construction of our Chengdu Data Center. The cooling system alone saved as much as 138,956 kwh electricity in the 3 winter months.

Thanks to the application of mobile technology, paper consumption in insurance value chain was greatly reduced. In 2016, 58% of our POS was done via the Internet.

## Office paper usage

	2016	2015	2014
CPIC Group (headquarters) (Kilos)	5,525	5,503	5,458
CPIC Life (headquarters) (Kilos)	3,120	3,650	1,982
CPIC P&C (headquarters) (Kilos)	4,806	5,035	5,014
CPIC AMC (Kilos)	2,100	2,000	1,900
CPIC HK (Kilos)	920	920	900
CPIC Allianz(Kilos)	930	920	-
CPIC All(Kilos)	600	520	-
Changjiang Pension (Kilos)	2,957	2,120	2,580
Anxin Agricultural Insurance(Kilos)	2,560	2,830	-

## Amount of office paper recycled

	2016	2015	2014
CPIC Group (headquarters)(Kilos)	285	297	270
CPIC Life (headquarters)(Kilos)	1,060	1,100	766
CPIC P&C (headquarters)(Kilos)	3,590	3,751	3,715
CPIC AMC (Kilos)	1,500	1,500	1,425
CPIC HK (Kilos)	0	0	0
CPIC Allianz(Kilos)	260	210	-
CPIC All(Kilos)	270	260	-
Changjiang Pension (Kilos)	2,500	1,900	1,900
Anxin Agricultural Insurance(Kilos)	1,221	933	-

## Electricity consumption of office buildings

	2016	2015	2014
CPIC Group (headquarters)(KWHs)	4,055,106	3,886,791	3,880,936
CPIC Life (headquarters)(KWHs)	1,931,107	1,908,170	2,180,353
CPIC P&C (headquarters)(KWHs)	33,675,982	33,898,169	32,423,370
CPIC AMC (KWHs)	3,202,260	3,212,000	3,000,000
CPIC HK (KWHs)	33,492	31,263	31,944
CPIC Allianz(KWHs)	50,800	68,000	-
CPIC All(KWHs)	-	-	-
Changjiang Pension (KWHs)	867,428	816,397	826,895
Anxin Agricultural Insurance(KWHs)	985,799	916,588	-

## Fuel gas consumption of office buildings

	2016	2015	2014
CPIC Group (headquarters) (cubic meters)	252,679	277,288	297,797
CPIC Life (headquarters) (cubic meters)	12,991	13,160	13,564
CPIC P&C (headquarters) (cubic meters)	24,381	24,609	25,437
CPIC AMC (cubic meters)	-	-	-
CPIC HK (cubic meters)	0	0	0
CPIC Allianz (cubic meters)	17,000	22,000	-
CPIC All (cubic meters)	-	-	-
Changjiang Pension (cubic meters)	-	-	-
Anxin Agricultural Insurance (cubic meters)	3,677	3,326	-

## Coal gas consumption of office buildings

	2016	2015	2014
CPIC Group (headquarters) (cubic meters)	0	0	0
CPIC Life (headquarters) (cubic meters)	0	0	0
CPIC P&C (headquarters) (cubic meters)	0	0	0
CPIC AMC (cubic meters)	-	-	-
CPIC HK (cubic meters)	0	0	0
CPIC Allianz (cubic meters)	0	0	-
CPIC All (cubic meters)	-	-	-
Changjiang Pension (cubic meters)	-	-	-
Anxin Agricultural Insurance (cubic meters)	741	533	-

## Natural gas consumption of office buildings

	2016	2015	2014
CPIC Group (headquarters) (cubic meters)	252,679	277,288	297,797
CPIC Life (headquarters) (cubic meters)	12,991	13,160	13,564
CPIC P&C (headquarters) (cubic meters)	23,302	24,609	25,437
CPIC AMC (cubic meters)	-	-	-
CPIC HK (cubic meters)	0	0	0
CPIC Allianz (cubic meters)	17,000	22,000	-
CPIC All (cubic meters)	-	-	-
Changjiang Pension (cubic meters)	-	-	-
Anxin Agricultural Insurance (cubic meters)	2,936	2,793	-

## Greenhouse gas emission\*

	2016	2015	2014
Direct greenhouse emission (tonnes of CO2 equivalent)	679.09	744.31	737.25
Indirect greenhouse emission (tonnes of CO2 equivalent)	44,667.57	44,603.17	42,216.47

\*Headquarters of the Group and its subsidiaries

## Water displacement of office buildings

	2016	2015	2014
CPIC Group (headquarters) (ton)	48,465	41,643	42,531
CPIC Life (headquarters) (ton)	17,454	15,153	18,011
CPIC P&C (headquarters) (ton)	26,427	22,943	27,270
CPIC AMC (ton)	5,292	5,300	5,200
CPIC HK (ton)	2,099	2,140	2,030
CPIC Allianz (ton)	1,600	-	-
CPIC All (ton)	-	-	-
Changjiang Pension (ton)	-	-	-
Anxin Agricultural Insurance (ton)	6,483	5,534	-

## Water consumption per capita

	2016	2015	2014
CPIC Group (headquarters) (ton)	37.8	32.8	39
CPIC AMC (ton)	25	26	27
CPIC HK (ton)	52	52	49
CPIC Allianz (ton)	11	-	-
CPIC All (ton)	-	-	-
Changjiang Pension (ton)	-	-	-
Anxin Agricultural Insurance (ton)	30	26	-

## Annual number of e-policies

	2016	2015	2014
Annual number of e-policies (10,000)	6,808.09	4,440	3,978.3

## Mobile POS

	2016	2015	2014
Mobile POS of Life business (%)	58.25	43	7.8

## Electronic invoice

	2016	2015	2014
Electronic invoice (100,00)	372	4	0.01

## Policies obtained through smart phones

	2016	2015	2014
Policies obtained through from smart phones (100,00)	1,390.01	742.09	531.43

## Electronic issuing

	2016	2015	2014
Electronic issuing (100,00)	379.18	478.53	75.56

## Electronic mails

	2016	2015	2014
Electronic mails (100,00)	40.94	0.71	0.01

## SMS notice

	2016	2015	2014
SMS notice (100,00)	43,354.32	33,299.08	35,475.61

## Electronic signatures

	2016	2015	2014
Electronic signatures (100,00)	4,569.18	2,715.54	1,549.74

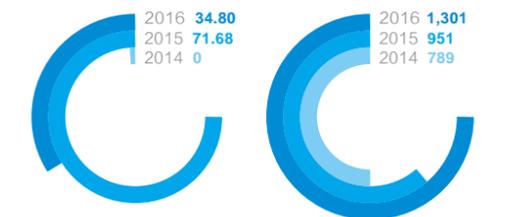
## Mobile claims settlement

	2016	2015	2014
Mobile claims settlement (100,00 times)	23.81	18.32	10.43

## Waste

Unlike ordinary garbage, the waste or used electronic equipment and devices need special treatment to prevent environmental pollution. We have three ways of disposing waste or used electronic equipment. Firstly, we use them for development testing, which improves the utilization efficiency. Secondly, we entrust a third party to auction them off. Thirdly, we donate them.

In 2016, the used batteries of the Tianlin Data Center were handled by a maintenance company, and the company commissioned a renewable resources company in Anhui province to dispose them for environmental protection.



• Recovery of used UPS battery (ton)

• Auction of electronic waste (pcs)

## Transportation

We incorporated the concept of low carbon travel into our daily work management to reduce traffic emissions. In 2015, we developed the “Measures for Company Vehicle Management (Interim)”, and encouraged the use of public transport among our employees. We also adjusted the conference and business travel budgets to encourage video conferencing.

### Conference call and video conference\*

	2016	2015	2014
Conference call (times)	2,916	2,548	3,066
Video conference (times)	1,718	1,364	1,305

\*Data for headquarters of the Group and its subsidiaries

## Environmental compliance

In 2016, CPIC did not receive any penalties for environmental violations, or receive any environmental complaints.

# 7.4 Society

## Employment

We strictly abide by the "Labor Law", "Labor Contract Law" and other national laws and regulations, and signed labor contracts with all the employees; in addition to statutory welfare programs, we provide our employees with multiple benefits such as commercial insurance, enterprise annuity, supplementary provident fund, and high temperature subsidy. To promote the stable development of our sales force, we continued to optimize the welfare system for agents, providing them with benefits like accident insurance, term life

insurance, hospitalization medical insurance, and group annuity insurance (participating).

To ensure the quality and efficiency of recruitment, we formulated guidelines for recruitment management, stipulating the specific processes, channels, employing standards, professional ability requirements and salary standards for our recruitment; we also strove to create a fair recruitment environment by adopting principles such as “conflict of interest” and “limits on internal recruitment”. In 2016, we continued to promote the training and re-certification of the interviewer team, consolidated recruitment suppliers, and optimized the HR process, further enhancing the efficiency and effectiveness of our human resources allocation. In 2016, we cooperated with the School of Management of Tibet University to innovate the training system for pragmatic talent and cultivate more insurance talents for Tibet by establishing a practice base there.

We formulated the “Measures for Position System Administration” to manage staff promotion, and based on “staffing plan”, established a step-by-step career development path for our employees which focuses both on “job requirements” and “job performance”; set up a dual career promotion channel (professional sequence and management sequence), giving sufficient space for development and opportunities to employees with different expertise. At the same time, we established a career management mechanism (including three types of career planning paths: same position development, horizontal development and vertical development), providing our employees with career development support such as self-learning, job rotation, and tutoring.

Note: agents are not included in the following numbers

### Number of employees

	2016	2015	2014
CPIC Group (headquarters)	1,629	1,482	1,358
CPIC Life	40,343	38,816	40,155
CPIC P&C	51,665	51,110	49,195
CPIC AMC	217	186	189
CPIC HK	40	41	41
CPIC Allianz	230	119	-
CPIC All	34	36	-
Changjiang Pension	326	270	238
Anxin Agricultural Insurance	440	527	-

## Number of employees by type of employment

### Labor-contract workers

	2016	2015	2014
CPIC Group (headquarters)	1,507	1,373	1,249
CPIC Life	38,936	37,283	38,347
CPIC P&C	47,766	45,745	43,461
CPIC AMC	212	181	186
CPIC Allianz	227	119	-
CPIC All	33	36	-
Changjiang Pension	300	247	207
Anxin Agricultural Insurance	337	398	-

### Dispatched laborers

	2016	2015	2014
CPIC Group (headquarters)	122	109	109
CPIC Life	1,140	1,237	1,407
CPIC P&C	3,589	4,797	5,162
CPIC AMC	5	5	3
CPIC Allianz	3	0	-
CPIC All	1	0	-
Changjiang Pension	20	16	27
Anxin Agricultural Insurance	80	106	-

### Re-employed after retirement

	2016	2015	2014
CPIC Group (headquarters)	0	0	0
CPIC Life	267	296	361
CPIC P&C	310	568	572
CPIC AMC	0	0	0
CPIC Allianz	0	0	-
CPIC All	0	1	-
Changjiang Pension	6	7	4
Anxin Agricultural Insurance	23	23	-

### Number of new employees

	2016	2015	2014
CPIC Group (headquarters)	330	402	352
CPIC Life	1,283	-1,339	-947
CPIC P&C	3,259	3,449	3,796
CPIC AMC	46	186	189
CPIC HK	19	11	13
CPIC Allianz	136	119	-
CPIC All	1	13	-
Changjiang Pension	88	85	23
Anxin Agricultural Insurance	-87	69	-

## Staff turnover

### Resigned

	2016	2015	2014
CPIC Group (headquarters)	159	267	252
CPIC Life	3,620	2,760	3,172
CPIC P&C	1,959	1,331	1,067
CPIC AMC	14	41	20
CPIC HK	18	10	8
CPIC Allianz	25	13	-
CPIC All	4	5	-
Changjiang Pension	35	49	30
Anxin Agricultural Insurance	33	83	-

### The number of male employees who resigned

	2016	2015	2014
CPIC Group (headquarters)	100	172	162
CPIC Life	1,575	1,294	1,446
CPIC P&C	990	684	543
CPIC AMC	11	25	11
CPIC HK	7	3	4
CPIC Allianz	10	7	-
CPIC All	1	2	-
Changjiang Pension	14	35	18
Anxin Agricultural Insurance	22	55	-

## The number of female employees who resigned

	2016	2015	2014
CPIC Group (headquarters)	59	95	90
CPIC Life	2,045	1,725	1,907
CPIC P&C	969	647	524
CPIC AMC	3	16	9
CPIC HK	11	7	4
CPIC Allianz	15	6	-
CPIC AII	3	4	-
Changjiang Pension	21	14	12
Anxin Agricultural Insurance	11	28	-

## Retired

	2016	2015	2014
CPIC Group (headquarters)	7	10	5
CPIC Life	175	235	262
CPIC P&C	139	116	128
CPIC AMC	0	1	1
CPIC HK	2	0	3
CPIC Allianz	0	0	-
CPIC AII	1	0	-
Changjiang Pension	0	0	3
Anxin Agricultural Insurance	4	4	-

## Dismissed

	2016	2015	2014
CPIC Group (headquarters)	0	0	0
CPIC Life	1	2	25
CPIC P&C	0	0	0
CPIC AMC	1	0	0
CPIC HK	0	0	0
CPIC Allianz	0	0	-
CPIC AII	0	0	-
Changjiang Pension	0	0	0
Anxin Agricultural Insurance	81*	1	-

\* Through negotiation, Anxin Agricultural Insurance dismissed 81 employees in 2016, 2 of whom were from its Shanghai Central Sub-branch and dismissed because they could do the job; the other 79 were from its Jiangsu Branch. Due to the transformation of the branch and business structure adjustment, motor insurance business was terminated, thus the need for personnel optimization.

## The number of male employees who were dismissed

	2016	2015	2014
CPIC Group (headquarters)	0	0	0
CPIC Life	1	0	0
CPIC P&C	0	0	0
CPIC AMC	0	0	0
CPIC HK	0	0	0
CPIC Allianz	0	0	-
CPIC AII	0	1	-
Changjiang Pension	0	0	0
Anxin Agricultural Insurance	43	1	-

## The number of female employees who were dismissed

	2016	2015	2014
CPIC Group (headquarters)	0	0	0
CPIC Life	0	0	0
CPIC P&C	0	0	0
CPIC AMC	1	0	0
CPIC HK	0	0	0
CPIC Allianz	0	0	-
CPIC AII	0	0	-
Changjiang Pension	0	0	0
Anxin Agricultural Insurance	38	0	-

## Number of employees who returned to work from maternity leave/paternity leave

## The number of female employees who took maternity leave

	2016	2015	2014
CPIC Group (headquarters)	29	14	15
CPIC Life (headquarters)	24	15	15
CPIC P&C (headquarters)	15	7	10
CPIC AMC	7	5	6
CPIC HK	0	1	1
CPIC Allianz	4	0	-
CPIC AII	0	0	-
Changjiang Pension	8	6	6
Anxin Agricultural Insurance	25	8	-

## Number of female employees who returned to work from maternity leave

	2016	2015	2014
CPIC Group (headquarters)	29	14	15
CPIC Life (headquarters)	24	15	15
CPIC P&C (headquarters)	13	7	10
CPIC AMC	5	5	6
CPIC HK	0	1	1
CPIC Allianz	1	NA	-
CPIC AII	NA	NA	-
Changjiang Pension	8	6	6
Anxin Agricultural Insurance	13	6	-

## Number of male employees who took paternity leave

	2016	2015	2014
CPIC Group (headquarters)	33	11	8
CPIC Life (headquarters)	3	2	0
CPIC P&C (headquarters)	2	1	0
CPIC AMC	7	1	1
CPIC HK	1	0	0
CPIC Allianz	4	0	-
CPIC AII	2	0	-
Changjiang Pension	7	5	3
Anxin Agricultural Insurance	6	3	-

## Number of male employees who returned to work from paternity leave

	2016	2015	2014
CPIC Group (headquarters)	33	11	8
CPIC Life (headquarters)	3	2	NA
CPIC P&C (headquarters)	2	1	0
CPIC AMC	7	1	1
CPIC HK	1	0	0
CPIC Allianz	4	NA	-
CPIC AII	2	NA	-
Changjiang Pension	7	5	3
Anxin Agricultural Insurance	6	3	-

## Labor Relations

We uphold principles of gender equality and equal pay for equal work; we stand against discrimination, child labor, forced and compulsory labor; we respect the freedom of association and employees' right to collective bargaining. And all our employees are protected by the collective bargaining agreement.

In 2016, the Group and its subsidiaries continued to communicate with the staff representatives through the Workers' Congress, which helped safeguard the fundamental interests of the workers and promote the Company's sustained and healthy development. On the company's major business changes, we will communicate with the employees at least one month in advance, strictly abiding by the relevant labor norms and processes.

## Starting salary of employees (yuan)

	2016	2015	2014
CPIC Group (headquarters)	5,250	4,755	3,804
CPIC Life	5,424	4,842	3,155
CPIC P&C	4,120	4,140	4,140
CPIC AMC	3,000	4,442	3,804
CPIC HK **	9,000	9,000	9,000
CPIC Allianz	2,280	2,280	-
CPIC AII	2,280	2,280	-
Changjiang Pension	2,583	2,325	2,075
Anxin Agricultural Insurance	3,500	3,200	-

\*\* The starting salary of CPIC HK was calculated in Hong Kong dollar.

## Occupational Health and safety

We organize all kinds of activities for our employees, such as health lectures, first aid training, and recreational and sports activities, striving to create a healthy and safe occupational environment. In 2016, we further improved our safety management, carried out training on safety and emergency management for responsible persons of the security departments of the Group and its subsidiaries and the responsible persons of the industry parks and properties in Shanghai area, and strengthened management of the procurement, processing, storage of food and the cleaning and disinfection of tableware to ensure food safety. We were also concerned about the safety of the front-line claims staff, carried out emergency drills and training in flood seasons, and provided them with necessary security equipment.

The construction of the Company's Chengdu Data Center project involved multiple builders and many sources of hazard, which resulted in difficulties of safety management. For us, safety always comes first. We formulated detailed construction schemes and supervision rules for all the major hazards and carried out daily and weekly safety patrol and inspection to ensure safety of the entire construction process.

### Occupational injury, missed working hours \*statistics

\* Ratio of missed working hours=  
(total loss of working days / total working hours) \* 200,000

#### Occupational injury (persons)

	2016	2015	2014
CPIC Group (headquarters)	0	0	0
CPIC Life (headquarters)	1	0	0
CPIC P&C (headquarters)	0	0	0
CPIC AMC	0	0	0
CPIC HK	0	0	0
CPIC Allianz	0	0	-
CPIC All	0	0	-
Changjiang Pension	0	0	0
Anxin Agricultural Insurance	1	0	-

#### Loss of working days due to occupational injury (days)

	2016	2015	2014
CPIC Group (headquarters)	0	0	0
CPIC Life (headquarters)	0	0	0
CPIC P&C (headquarters)	0	0	0
CPIC AMC	0	0	0
CPIC HK	0	0	0
CPIC Allianz	0	0	-
CPIC All	0	0	-
Changjiang Pension	0	0	0
Anxin Agricultural Insurance	110	0	-

#### Demised (persons)

	2016	2015	2014
CPIC Group (headquarters)	0	0	0
CPIC Life (headquarters)	0	0	0
CPIC P&C (headquarters)	0	0	0
CPIC AMC	0	0	0
CPIC HK	0	0	0
CPIC Allianz	0	0	-
CPIC All	0	0	-
Changjiang Pension	0	0	0
Anxin Agricultural Insurance	0	0	-

#### Ratio of missed working hours (%)

	2016	2015	2014
CPIC Group (headquarters)	0	0	0
CPIC Life	0	0	0
CPIC P&C	0	0	0
CPIC AMC	0	0	0
CPIC HK	0	0	0
CPIC Allianz	0	0	-
CPIC All	0	0	-
Changjiang Pension	0	0	0
Anxin Agricultural Insurance	0.09	0	-

## Training and education

#### Total expenditure for staff training (10,000 yuan)

	2016	2015	2014
CPIC Group (headquarters)	732	552.2	598.1
CPIC Life *	2,352	2,020	2,169
CPIC P&C **	667.7	532	452.12
CPIC AMC	58.63	30	252.4
CPIC HK	23,490.83	24,797.5	66,186.15
CPIC Allianz	60	40	-
CPIC All	10	6	-
Changjiang Pension	82.7	68.1	35.7
Anxin Agricultural Insurance	28.5	32.7	-

#### Average time of staff training (hours)

##### Average time of staff training (staff member)

	2016	2015	2014
CPIC Group (headquarters)	49.7	16.21	24.7
CPIC Life *	60.83	60.03	61.06
CPIC P&C **	81	36	54
CPIC AMC	34	32	39
CPIC HK	1.2	1.05	0.95
CPIC Allianz	83	46	-
CPIC All	40	16	-
Changjiang Pension	6.32	18.28	18.32
Anxin Agricultural Insurance	13	6	-

##### Average time of staff training (middle management)

	2016	2015	2014
CPIC Group (headquarters)	94.1	18.75	17.5
CPIC Life *	41.34	40.5	28.1
CPIC P&C **	24	22	28
CPIC AMC	32	30	36
CPIC HK	0	0	0.5
CPIC Allianz	76	32	-
CPIC All	30	24	-
Changjiang Pension	19.74	49.68	47.48
Anxin Agricultural Insurance	31	12	-

##### Average time of staff training (senior management)

	2016	2015	2014
CPIC Group (headquarters)	131.6	3.47	21.53
CPIC Life *	33.4	32	36.5
CPIC P&C **	24	22	50
CPIC AMC	30	28	32
CPIC HK	0	0	0
CPIC Allianz	106	58	-
CPIC All	30	48	-
Changjiang Pension	102.32	77	125.64
Anxin Agricultural Insurance	28	23	-

##### Average time of staff training (male employees)

	2016	2015	2014
CPIC Life *	60.99	60.03	61.06
CPIC P&C **	81	36	54
CPIC AMC	54.2	48	35
CPIC HK	0.9	0.85	0.75
CPIC Allianz	78	40	-
CPIC All	40	30	-
Changjiang Pension	29.95	58.33	62.47
Anxin Agricultural Insurance	16	8	-

##### Average time of staff training (female employees)

	2016	2015	2014
CPIC Life *	60.67	60.03	61.06
CPIC P&C **	81	36	54
CPIC AMC	78	48.5	37
CPIC HK	0.9	0.85	0.75
CPIC Allianz	82	46	-
CPIC All	60	40	-
Changjiang Pension	31.97	62.26	66.68
Anxin Agricultural Insurance	16	6	-

##### Total number of trainees

	2016	2015	2014
CPIC Group (headquarters)	36,439	-	-
CPIC Life *	4,035	3,390	3,090
CPIC P&C **	644	592	530
CPIC AMC	217	179	186
CPIC HK	15	16	23
CPIC Allianz	1,951	587	-
CPIC All	120	90	-
Changjiang Pension	727	598	532
Anxin Agricultural Insurance	440	527	-

##### Number of trainees (senior management)

	2016	2015	2014
CPIC Group (headquarters)	474	-	-
CPIC Life *	188	165	143
CPIC P&C **	31	36	29
CPIC AMC	6	5	5
CPIC HK	0	0	0
CPIC Allianz	378	138	-
CPIC All	20	15	-
Changjiang Pension	58	48	42
Anxin Agricultural Insurance	8	7	-

## Number of trainees (middle management)

	2016	2015	2014
CPIC Group (headquarters)	1,015	1,287	890
CPIC Life *	1,124	1,032	1,022
CPIC P&C **	55	54	58
CPIC AMC	17	17	15
CPIC HK	0	0	3
CPIC Allianz	350	97	-
CPIC All	30	20	-
Changjiang Pension	271	223	198
Anxin Agricultural Insurance	78	74	-

## Number of trainees (ordinary employees)

	2016	2015	2014
CPIC Group (headquarters)	34,950	23,464	20,339
CPIC Life *	2,723	2,193	1,925
CPIC P&C **	558	502	443
CPIC AMC	194	157	166
CPIC HK	15	16	20
CPIC Allianz	1,223	352	-
CPIC All	70	60	-
Changjiang Pension	398	327	292
Anxin Agricultural Insurance	354	446	-

## Number of trainees (male employees)

	2016	2015	2014
CPIC Life *	1,816	1,526	1,391
CPIC P&C **	386	355	318
CPIC AMC	128	83	93
CPIC HK	3	3	4
CPIC Allianz	780	264	-
CPIC All	50	30	-
Changjiang Pension	428	352	313
Anxin Agricultural Insurance	224	278	-

## Number of trainees (female employees)

	2016	2015	2014
CPIC Life *	2,219	1,864	1,699
CPIC P&C **	258	237	212
CPIC AMC	89	74	73
CPIC HK	12	13	19
CPIC Allianz	1,171	323	-
CPIC All	70	30	-
Changjiang Pension	299	246	219
Anxin Agricultural Insurance	216	249	-

## Percentage of employees receiving regular performance and career development appraisal

The performance and career development appraisal for CPIC employees treated male and female employees equally, covering all the staff, middle-level managers and senior executives.

## Diversity and equal opportunities

We strictly ensure employment equality, with no discrimination against "gender, ethnicity, marital status and child bearing, religion, and hepatitis B virus carriers".

## Age of employees

## The number of employees (30 years old or under)

	2016	2015	2014
CPIC Group (headquarters)	652	629	551
CPIC Life *	14,965	14,125	11,176
CPIC P&C **	118	111	95
CPIC AMC	57	34	28
CPIC HK	7	10	11
CPIC Allianz	77	34	-
CPIC All	8	7	-
Changjiang Pension	111	62	28
Anxin Agricultural Insurance	111	155	-

## The number of employees (31-40 years old)

	2016	2015	2014
CPIC Group (headquarters)	613	522	499
CPIC Life *	14,323	13,756	10,015
CPIC P&C **	267	251	216
CPIC AMC	108	96	102
CPIC HK	8	8	8
CPIC Allianz	125	68	-
CPIC All	16	16	-
Changjiang Pension	127	122	119
Anxin Agricultural Insurance	154	169	-

## The number of employees (41-50 years old)

	2016	2015	2014
CPIC Group (headquarters)	178	164	150
CPIC Life *	8,740	8,715	5,619
CPIC P&C **	155	138	114
CPIC AMC	44	43	50
CPIC HK	20	19	16
CPIC Allianz	26	15	-
CPIC All	8	9	-
Changjiang Pension	56	57	54
Anxin Agricultural Insurance	95	120	-

## The number of employees (51 years old or above)

	2016	2015	2014
CPIC Group (headquarters)	64	58	49
CPIC Life *	2,315	2,264	1,656
CPIC P&C **	59	53	45
CPIC AMC	8	6	6
CPIC HK	5	4	6
CPIC Allianz	2	2	-
CPIC All	2	3	-
Changjiang Pension	6	6	6
Anxin Agricultural Insurance	80	83	-

## Employee ethnic composition

## Ethnic Han (persons)

	2016	2015	2014
CPIC Group (headquarters)	1,476	1,341	1,218
CPIC Life *	38,281	36,649	27,868
CPIC P&C **	593	545	465
CPIC AMC	211	175	182
CPIC Allianz	221	117	-
CPIC All	33	34	-
Changjiang Pension	293	242	202
Anxin Agricultural Insurance	437	524	-

## Ethnic minority (persons)

	2016	2015	2014
CPIC Group (headquarters)	31	32	31
CPIC Life *	2,062	2,211	1,889
CPIC P&C **	6	8	5
CPIC AMC	6	4	4
CPIC Allianz	9	2	-
CPIC All	1	1	-
Changjiang Pension	7	5	5
Anxin Agricultural Insurance	3	3	-

## Gender composition of staff - all employees

## Male (persons)

	2016	2015	2014
CPIC Group (headquarters)	848	859	836
CPIC Life *	15,673	14,568	14,777
CPIC P&C **	25,938	26,088	24,904
CPIC AMC	128	107	112
CPIC HK	14	20	16
CPIC Allianz	93	46	-
CPIC All	19	19	-
Changjiang Pension	167	139	119
Anxin Agricultural Insurance	224	278	-

## Female (persons)

	2016	2015	2014
CPIC Group (headquarters)	659	623	522
CPIC Life	24,670	24,248	25,378
CPIC P&C	25,727	25,022	24,291
CPIC AMC	89	79	77
CPIC HK	26	21	25
CPIC Allianz	137	73	-
CPIC All	15	17	-
Changjiang Pension	133	108	88
Anxin Agricultural Insurance	216	249	-

## Gender composition of management (%)

## Male (persons)

	2016	2015	2014
CPIC Group (headquarters)	57	60	61
CPIC Life	14	16	16
CPIC P&C	61	56	53
CPIC AMC	6	15	13
CPIC HK	1	1	2
CPIC Allianz	6	3	-
CPIC All	2	2	-
Changjiang Pension	6	7	3
Anxin Agricultural Insurance	58	54	-

## Female (persons)

	2016	2015	2014
CPIC Group (headquarters)	22	16	19
CPIC Life	2	4	4
CPIC P&C	36	31	26
CPIC AMC	0	2	2
CPIC HK	1	1	0
CPIC Allianz	0	0	-
CPIC All	2	2	-
Changjiang Pension	1	1	0
Anxin Agricultural Insurance	28	27	-

## Number of employees with disabilities (persons)

	2016	2015	2014
CPIC Group (headquarters)	0	0	0
CPIC Life	0	0	0
CPIC P&C *	21	0	0
CPIC AMC	0	0	0
CPIC HK	0	0	0
CPIC Allianz	0	0	-
CPIC All	1	0	-
Changjiang Pension	0	0	0
Anxin Agricultural Insurance	0	0	-

\*former CPIC Online employees

## Complaint handling mechanism

We have established multiple communication channels such as the workers' congress and online platform to ensure the full understanding of employee's voice. We did not receive any labor issue complaints and or labor disputes in 2016.

## Service outlet distribution

As of the end of 2016, the number of CPIC Life's financial service outlets reached 2,825, covering 30 provinces (cities) and 292 prefectures. In 2016, CPIC Life set up 2 new central sub-branches and 23 new sub-branches.

## Anti-corruption

We actively carried out the disciplinary inspection and supervision of our communist party-member employees, formulated documents such as the "Measures for Implementing the Responsibility System for Party Members' Work Style" and the "Assessment for the Responsibility System for Party Members' Work Style", and included party-related work performance into the KPI system; we established a regular inspection and evaluation mechanism to review and report existing problems in a timely manner. We also formulated the "Interim Provisions for Conflict of Interest", and carried out incumbent and exit audits for senior executives. In 2016, no major corruption incidents occurred.

We continued to strengthen our internal audit program - the "Sky-net Project" to cover all our (central) sub-branches. In 2015 and 2016, the Group took over executives auditing from a total of 610 CPIC Life and CPIC P/C (central) sub-branches, whose combined premiums made up over 80% of the total premiums generated by (central) sub-branches. Full coverage will be achieved in 2017; special audits on funds utilization were carried out for the six legal entities including the Group, CPIC P/C, CPIC Life, and CPIC AMC.

In 2016, the Company saw no major corruption incidents.

## Product development liability

We continued to improve our internal product R&D mechanism. Prior to the launch of any product, we would carry out all the necessary processes such as market research, scientific statistical analysis, "brainstorming" of the development team, in-depth investigation by the marketing team, product design, and repeated demonstration and measurement to ensure that the product complies with the relevant policies and regulations. In 2016, no product of the Company was stopped by the CIRC.

After many rounds of discussions and comments collection, CPIC Life created a brand-new "Excellent Products Development Ecosystem". The system is positioned as a service and coordination platform for product decision-making and innovation to enhance the decision-making efficiency and specialization of product issues. It also helps us solve the difficulties of product development, improve R&D and innovation capabilities, and meet customer needs and adapt regulatory changes implemented through product innovation.

## Product and service provision

Protection of consumer rights is an important basis for the healthy and sustainable development of the insurance industry. We actively respond to the requirements of the CIRC on improving the protection of consumer rights, and strive to optimize customer service initiatives and complaints management.

CPIC has created a site management system for its service stores and industry-leading standard service stores; CPIC Life has established a customer service system under the theme of "by your side at all the time", becoming the first of its

kind in the industry. In 2016, both CPIC P/C and CPIC Life were granted the title of "National Model Enterprise of Excellent Quality and Brand" and the "Five-Star Service Quality Award" by the China Association for Quality Promotion; and the 95500 customer service center of CPIC Life won the "2016 Best Customer Experience Prize for China's Call Centers".

In order to effectively implement the "Opinions of the CIRC on Strengthening the Protection of Insurance Consumers' Rights and Interests", the Working Committee of the Consumer Affairs of CPIC Life conducted a nation-wide four-month (starting from August 1, 2016) campaign - the "Lightning Program" to deal with complaints. The campaign included four stages (investigation and verification, self-examination and rectification, on-site inspection, and accountability interviews). The life company evaluated all the complaints it received since 2015 to identify management oversights and internal control deficiencies; it established a sophisticated complaint handling system and accountability rules to ensure long-term closed-loop management of complaints handling.

In 2016, the CIRC reviewed 143 insurance companies on complaint handling. Among them, the 71 P/C companies scored an average 77.79 points. CPIC P/C scored 92.75 points; the average score for the 72 life insurers was 82.95 points, and CPIC Life scored 87.61 points.

## CPIC Life

## Key indicators for Call Center services

	2016	2015	2014
Call put-through rate (%)	97.39	97.28	94.55
Percentage of calls answered within 20 seconds (%)	91.29	89.68	81.75
Call service satisfaction rate (%)	99.17	99.06	98.83

## Key indicators for claims efficiency

	2016	2015	2014
Claims turnaround time (days)	1.19	1.36	1.41
claims settled within 5 days (%)	96.67	95.40	95.84

## Complaint handling efficiency

	2016	2015	2014
Closure rate of major complaints (%)	100	100	100
Closure rate of general complaints (%)	100	100	100
Timely closure rate (%)	99.76	93.73	93.87
Average complaint processing time (days)	2.36	3.00	2.41

## CPIC P&amp;C

## Key indicators for Call Center services

	2016	2015	2014
Call put-through rate (%)	99.43	98.03	96.36
IVR satisfaction rate of 95500 call service (%)	99.68	98.48	98.48

## Key indicators for claims efficiency

	2016	2015	2014
Average claims settlement time (days)	12.27	42.45	44.49
Average claims settlement period (days)	15.3	13.8	-
Average claims settlement period (for claims under 10,000 yuan)(days)	20	23.5	-

## Key indicators for complaints processing efficiency

	2016	2015	2014
Closure rate of major complaints (%)	100	100	100
Closure rate of general complaints (%)	100	100	100
One-time closure rate (%)	96.48	96.07	97.13

## Changjiang Pension

### Indicators for customer satisfaction

	2016	2015	2014
Satisfaction rate of 400 service hot-line (%)	96.5	96	95

## Penalties due to violation of marketing and underwriting rules

### CPIC Life

	2016	2015	2014
Number of penalties	9	8	4
Penalty amount(10,000 yuan )	85	28.7	25
Number of warnings	1	0	1

### CPIC P&C

	2016	2015	2014
Number of penalties	2	5	4
Penalty amount(10000 yuan )	20	38	43
Number of warnings	0	0	0

## Data security and privacy protection

Given the increasingly popularity of the Internet, data security has become an important issue for the corporate world. It is not only related to the smooth operation of enterprises, but is also about customer information protection. The Group's Information Center obtained the upgrade from IS27001 (2005 edition) to ISO27001 (2013 version) in 2015, and its information security management system has met the latest international standards.

With the opening of the Chengdu Data Center, the CPIC Group boasts of two data centers in two locations, which greatly improved its disaster recovery and risk prevention capabilities and enabled it to effectively deal with production interruption caused by regional disasters like explosions, fires, local floods, and major

power facilities failures, etc. The Group's Chengdu Data Center obtained the Germany TUV NORD certification, reaching the TSI L3 reliability level. In addition, we continued to improve our disaster response through a series of information system disaster recovery drills.

At the same time, to prevent data leakage and reduce the risks related to the use of customer information, we formulated documents such as the "Customer Information Management Measures" and "Management Measures of External Use of Customer Data" to ensure the availability, confidentiality and completeness of customer information in the process of collection, preservation and use of customer information.

In 2016, the Company didn't receive any regulatory punishment due to violation of customer information management regulations.

## Intellectual Property Rights Protection

We strengthened the protection of intellectual property rights to safeguard the legitimate rights and interests of the Company's intellectual property rights. We formulated the "Comprehensive Management of Intellectual Property Rights", "IPR Emergency Management Plan", and "Trademark Management Measures", and registered trademarks such as "CPIC Pension", "CPIC Medical" and "CPIC Health". And the graphic trademark of "CPIC" was voted as a "Famous Shanghai Trademark" by the Shanghai Famous Trademark Appraisal Committee, which further improved the value of the Company's intellectual property.

In March 2016, CPIC and Shanghai Jiaotong University jointly developed the first Internet-based data collection and analysis system - the "Customer Data Mining System (2015 Version)". With features like the Internet-wide information acquisition and intelligent semantic perception technology, that system was

reviewed and approved by the China Copyright Protection Center, and granted a computer software copyright registration certificate.

## Responsible Investment

In our investment research, we pay close attention to the investee's record in environmental protection and social responsibility. We believe that investment return is linked to the investee's social responsibility performance because good CSR contributes to good image and support from the society. Therefore, we avoided investment in some highly profitable listed companies who happened to be heavy polluters.

In addition, we established a sophisticated credit risk system and developed policies such as the "Measures for Credit Rating Management" and "Credit Rating Due Diligence System". When doing credit rating, we consider not only a company's core competitiveness, governance, R&D and financial performance, but also its CSR performance. Our warning system for negative news enabled us to do risk monitoring on our investees.

### CPIC AMC

	2016	2015	2014
Number of alternative investment projects	70	68	59
Number of alternative investment projects with environmental benefits	6	4	4
Number of alternative investment projects with social benefits	35	36	34

### Changjiang Pension

	2016	2015	2014
Number of alternative investment projects	13	3	3
Number of alternative investment projects with environmental benefits	0	0	2
Number of alternative investment projects with social benefits	3	1	0

# Verification Statement

DNV·GL

## Verification Assurance Statement

### Scope and methodology

DNV GL-Management Service Group (hereinafter referred to as DNV GL) has been engaged by China Pacific Insurance (Group) Co., Ltd. (hereinafter referred to as CPIC) to conducted an independent verification for CPIC's "2016 CSR Report" (hereinafter referred to as the "Report") .

The verification was planned and conducted in accordance with the "DNV GL Sustainability Report Verification Rules", which is based on DNVGL's professional experience, as well as international best practice of verification such as the ISAE3000 International Standards for Verification Services, and GRI Sustainability Reporting Guidelines.

As part of the verification, in addition to verifying the contents disclosed in the Report, DNV GL also assessed the collection, recording, and summary of CPIC's specific social responsibility performance information data as per the reliability principle. Specific social responsibility information, product compliance and customer satisfaction information for 2016 disclosed in the Report.

Please refer to the Core Programs of GRI G4 for the performance information and data in the Report.

The financial data and information disclosed in the Report were taken from the CPIC Annual Report 2016 which was audited by a third-party. It's not within our scope of responsibility to verify the above-said data and information.

We have planned and implemented the relevant verification work to obtain the necessary evidence to provide a basis for our assurance. This verification is conducted following the "principle of compliance" of the "DNV GL Sustainability Report Verification Rules", and provides a limited level of assurance. A higher level of assurance will require additional on-site work and work at the group level to obtain further evidence to support our assurance.

### Responsibility of both parties

CPIC was responsible for the collection, analysis, summary and disclosure of the data used in the Report. DNV GL conducted the verification in accordance with the mutually agreed terms. This verification statement sets forth DNV GL's comments on the CPIC's 2016 CSR Report. The stakeholders of CPIC are the intended user of this verification statement.

Except for this Verification Statement, DNV GL was not involved in the preparation of any contents or data of the Report. The verification is based on the premises that the data and information provided by CPIC are complete and reliable. In the verification process, DNV GL reviewed a lot of positive and negative comments on CPIC through a variety of public channels in order to maintain neutrality of the verification. Thus, DNV will not be held responsible for any decisions made by any person or entity based on this Verification Statement.

### Verification scope

The verification team, composed of a number of experts on sustainable development and verification experts, has conducted on-site verification work at CPIC's headquarters and its branches, and the scope of our verification includes the following:

- Review the social responsibility issues disclosed in the Report which affect CPIC and are of concern to its stakeholders;
- Review CPIC's "stakeholder participation" management method and practices, such as the customer satisfaction survey;
- Review the information on social responsibility performance management disclosed by CPIC in accordance with relevant reporting principles;
- Interview CSR management related managers and responsible persons for key positions to review the relevant social responsibility management activities;
- Visit CPIC headquarters to review the Company's management process and system for social responsibility performance information, and the internal implementation of its CSR management strategy;
- Review the supporting evidence of performance information and data disclosed in the Report based on the prioritization of CPIC CSR substantive issues;
- Do sampling verification of the generation, collection and management of the qualitative and quantitative data disclosed in the Report;
- Review the Report's compliance with the GRI G4 Core Programs.

### Verification conclusion

Based on the verification work we carried out, there is nothing that makes us think that the Report is not properly stated in accordance with the reporting principles. In terms of the reliability of the performance information and data, there is nothing that makes us think THE performance information and data are not correctly obtained from various segments, or that they are intentionally made up.

## DNV-GL

In the context of this verification, nothing has made us believe that this Report does not comply with the relevant GRI G4 requirements. For example, the following never happened with CPIC:

- Standard disclosure items: relevant information on "standard disclosure items" disclosed in the Report, including the reasons for undisclosed items, was not disclosed in compliance with the disclosure requirements of the GRI G4 Core Program.
- Specific standard disclosure items: relevant information on "specific standard disclosure items" disclosed in the "Report", including the management methods and performance information of the substantive issues, was not disclosed in compliance with the disclosure requirements of the GRI G4 Core Program.

### Verification recommendations

The following recommendations are extracted from the Verification Report DNV GL submitted to CPIC management. However, the recommendations do not affect our conclusion on this Report, and are consistent with CPIC's existing management objectives.

- It is better for CPIC to further broaden and deepen the disclosure of the information and data on its sustainable development performance to ensure that the content and performance information disclosed in the Report matches the boundaries and scope of the report;
- It is better for CPIC to disclose more of its sustainability performance indicators in its CSR Report as per the GRI Disclosure Guidelines for Financial Service Sector;
- It is better for CPIC to disclose more information on how it assesses its suppliers' sustainability performance.

### GRI G4 Principles

**Substantiality:** Excellent. CPIC has established an internal process for determining the substantive issues. The Report revealed CPIC's background of sustainable development and the substantive issues determined by the above-said process, as well as the management mechanism for and performance results of those substantive issues. CPIC displayed those key sustainability performance information with adequate transparency.

**Stakeholder inclusiveness:** Excellent. CPIC has established a relatively complete multiple-channel stakeholder participation mechanism, and stakeholder requirements have been integrated in CPIC's management activities, which influenced the formulation of the sustainability policies and goals. CPIC disclosed the process of its stakeholder participation and the main issues they were concerned with in the Report.

**Responsiveness:** Excellent. To enhance responsiveness, CPIC developed sustainable development policies, objectives and tasks, improved its corporate governance structures, management systems and processes, and built a response mechanism for stakeholders' participation in concerned issues. The Report explained how CPIC communicated with stakeholders on a wide range of CSR issues and CPIC'S response to the substantive issues concerned by main stakeholders (esp. the 21 key CSR issues identified by CPIC) in terms of commitment, responsibility and performance with historical data of the last 3 years and detailed narrative description. The information disclosed in the Report is based on the identification and analysis of all the substantive issues affecting Pacific Insurance's sustainable development strategy.

**Completeness:** Good. We believe that, within the Report scope and boundaries defined by CPIC, the Report did not miss any information that may affect stakeholder's decision-making, or any key CSR issue that may affect the assessment of CPIC's CSR performance within the reporting period.

**Accuracy:** Excellent. CPIC has established a sound social responsibility performance information management process. Information and data on key CSR issues are accurately presented in the Report. In accordance with the verification requirement of the "compliance principle", we believe that the data and information presented in the report are accurate and detailed enough.

**Neutrality:** Good. We believe that the overall tone of the Report is neutral with balanced information disclosure. The importance attached to each issue disclosed in the Report is basically in direct proportion to its substance.

**Sustainable development background:** Good. From the verification team's point of view, we believe that the performance presented in the Report is related to CPIC's business background. In the Report, CPIC discussed its sustainability performance through the overall context of the industry and regional environment and the constraints and needs of social resource.

### DNV GL-Management Service Group

  
Wu Di  
Head of the verification team

  
Approved by David Hsieh  
Sustainability Manager (China)

Shanghai, 2017 March.

## HKSE ESG Indexes

### Disclosure items

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A1.1	55,56	B1.1	56-57,62-64	B5- Standard disclosure	53
A1.2	54	B1.2	57-58	B5.1	53
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A1.6	53-55	B2.1	60	B6- Standard disclosure	14-16,65-66
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A2.1	53-54	<b>Level B3: Development and training</b>		B6.3	66
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## About This Report

This report is the 9th CSR report released by China Pacific Insurance (Group) Co., Ltd. The report provides a paper version and online version; you can browse or download this report at [www.sse.com.cn](http://www.sse.com.cn) or [www.cpic.com.cn](http://www.cpic.com.cn).

### Reporting period

The reporting period is from January 1, 2016 to December 31, 2016. Unless otherwise specified, the data and cases in this report were disclosed from CPIC Group and its wholly-owned subsidiaries, holding subsidiaries, and branch offices.

### Compiling criteria

This report adopted the new version of the "Environmental, Social and Governance Reporting Guide" issued by HKSE, and the "Sustainability Reporting Guidelines" (G4) and the FSSS of the Global Reporting Initiative (GRI), drawing reference on the "Core Programs" for disclosure.

At the same time, this report also referred to the "Guidance on Social Responsibility"(ISO26000) released by the International Organization for Standardization in November 2010, the "Reporting Guidelines for Corporate Social Responsibility" issued by the Shanghai Stock Exchange, and the "Material and Quantitative Indicators Guideline for CSR Report(MQI)" jointly issued by Syn Tao and infzm.com.

### Indicator and information gathering

Indicators disclosed in this report are highly relevant to corporate social responsibility issues, and the data and cases in this report were collected from the CPIC Group and its subsidiaries and branch offices. These channels include:

- Group's internal data collecting system and related statistical reports
- CSR best practices gathered on a daily basis
- Qualitative and quantitative information collection forms based on reporting framework
- Interviews and field studies conducted inside the Group, its subsidiaries and branch offices during the report preparation
- Analysis and consolidation of stakeholders' concerns.

### Revision to information contained in previous reports

The Pacific Insurance Online Services Technology Co., Ltd. (CPIC Online) was established in February 2012. After the exploration of the "Internet +" insurance, CPIC re-positioned CPIC Online in 2016, assigning its telephone and online marketing function to CPIC P/C and CPIC Life, and its online platform and big data function to "Digital CPIC". As a result, there is no disclosure of information about this online company in this year's CSR report.

### Report Verification

We engaged DNV GL to conduct independent third-party verification for this report. The verification results showed that the report scored very high on substantiality, inclusiveness, responsiveness, and accuracy, and high on completeness, neutrality, and sustainable development. For details of the verification, please see the "Verification Statement" on page 67 to 68 of this report.

## Contact us

### Dear Reader:

Thank you for reading the "CPIC CSR Report 2016". If you have any comment or suggestion, please feel free to contact us. Your feedback will be highly appreciated and help us improve the management of our CSR.

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Thank you!

Editorial Team of CPIC CSR Report 2016  
March, 2017



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