



重慶銀行股份有限公司^{*} BANK OF CHONGQING CO., LTD.^{*}

*(A joint stock company incorporated in the People's
Republic of China with limited liability)*

(Stock code: 1963)



2016 Environmental, Social and Governance Report ESG

* Bank of Chongqing Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.

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ABOUT THIS REPORT

REPORTING THEME

This is the first Environmental, Social and Governance Report (“ESG Report” or “this Report”) of Bank of Chongqing Co., Ltd. (the “Bank of Chongqing” or the “Bank”). This Report mainly introduces the information on improvement of service quality, respect for employees, exploration of social responsibility and implementation of ecological environment value under the theme of “Building New Insights, Promoting New Steps, and Strongly Starting a New Journey of Transformation Development”.

REPORTING BOUNDARY

The reporting boundary of the information covered by this Report included the Bank of Chongqing and its branches.

REPORTING PERIOD

The reporting period of the information covered by this Report is from 1 January 2016 to 31 December 2016 unless otherwise stated. The reporting period is the same as the fiscal year defined by the Bank’s 2016 annual report.

REPORTING GUIDELINES

The Bank appoints CECEP Environmental Consulting Group Limited as an independent third-party consultant to disclose the environmental and social aspects of the Bank’s annual performance in accordance with the Appendix 27 “Environmental, Social and Governance Reporting Guide” (“ESG Reporting Guide”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Main Board Listing Rules”), Sustainability Reporting Guidelines (GRI4.0) issued by Global Reporting Initiative, and supplementary guidelines of financial services industry. Meanwhile, this Report satisfies the requirements of Opinions on Enhancing the Social Responsibilities of Banking and Financial Institutions issued by China Banking Regulatory Commission and Guidance on Corporate Social Responsibilities of China Banking and Financial Institutions issued by China Banking Association. Content of governance is presented separately in the 2016 Corporate Governance Report.

REPORTING LANGUAGE

This Report is written in Chinese and English versions. In case of any inconsistency or conflict, the Chinese version shall prevail.

GIVE US YOUR FEEDBACK

For any query and suggestion about this Report, it is welcomed to inform us through the following contact details:

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MESSAGE FROM THE MANAGEMENT

Rooted in Bayu and radiating to the Western China, the Bank of Chongqing takes “the Local Bank, the Bank for Small and Micro Enterprises and the Citizen’s Bank” as the development positioning. As an important financial force to serve the economy in Chongqing district, the Bank of Chongqing has gone through the ups and downs, consistently enhanced the comprehensive capability, achieved relatively high attention and recognition in all sectors of the community as well as domestic and foreign markets, all of which continuously increased the brand awareness and influence.

The Bank attaches great importance to the multi-channel communication with stakeholders; insists on meeting different needs of customers by creating professional and diverse products; respects for employee diversity and provides competitive compensation system and benefits as well as sound career prospects and training; commits to shareholders and investors for their maximized interests while satisfying the vision on sustainable development of the Bank. The Bank also maintains close communication with the government and regulators through earnest implementation of national policies and regulatory requirements, including active implementation of various regulatory policies, improvement of governance and operational transparency. At the same time, in order to realize the harmonious and sustainable development with the society, the Bank actively cares about and proactively participates in the construction of the people's livelihood community and regards putting back to the society as one of the important approaches to realize the value.

The Bank pays great attention to the environmental impacts aroused by its operations. Policies and strategies such as actively promoting green office, low carbon travel and so on are introduced to reduce energy consumption, greenhouse gas emission and atmospheric emissions. In order to achieve more prominent environmental performance, the Bank promotes energy conservation and resource recovery through various channels, so as to achieve the sustainable development between the Bank and

As a financial institution that is responsible for energy conservation and emission reduction, the Bank pays great attention to providing green financial services to enterprises and the community, so as to contribute to the comprehensive protection of the environment. The Bank actively promotes the "Green-credit Policy", focusing on loaning to the energy-efficient and environmental-friendly projects, and effectively implementing the financial philosophy of "Finance Serves People's Livelihood".

The fulfillment of social and environmental responsibilities is the mission of the Bank. The Bank will continue to create greater value for stakeholders, support charity and environmental protection, participate in people's livelihood improvement and contribute to the harmonious and sustainable development among economy, society and environment.

ABOUT US

Overview of the Bank

The Bank of Chongqing is the earliest local joint-stock commercial bank established in West China and the upper reach of the Yangtze River in 1996. According to the development strategy “Restructuring, Introduction of Strategic Investors and Going Public” of municipal government of Chongqing, the Bank was listed on the Main Board of the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) on 6 November 2013, becoming the first one of 146 urban commercial banks in mainland China that listed on the Hong Kong Stock Exchange. With supports from other parties in recent years, the Bank of Chongqing has developed into a “Small and Excellent” profitable commercial bank with good business structure, good asset quality, high profitability and great potentiality.

By the end of 2016, the total assets of the Bank had reached RMB 373.1 billion with a net increase of RMB 53.3 billion, increasing by 16.7%; the deposit balance of the Bank had reached RMB 229.594 billion with a net increase of RMB 30.295 billion, increasing by 15.2%; loan balance of the Bank had reached RMB 146.789 billion with a net increase of RMB 24.973 billion, increasing by 20.5%. The Bank of Chongqing was ranked 290th in the 2016 global banking authority magazine the Banker, up by 59 spots in a year and by 400 spots in 5 years. Meanwhile, the Banker and the internationally famous brand evaluation organizations Brand Finance issued the List of Top 500 of 2017 Global Bank Brand. The Bank of Chongqing was ranked Top 250 with a soaring of 87 spots. Besides, the H-share of the Bank of Chongqing has been selected into Morgan Stanley Global Small Cap Index (MSCI) and Hang Seng Corporate Sustainability Benchmark Index (HSSUSB), becoming the first urban commercial bank in Mainland China that has been selected into such indices. By the end of 2016, the Bank had 136 branches and 4,023 employees. The Bank outlets have covered all districts and counties in Chongqing and 20 branches and sub-branches have been established in Chengdu, Guiyang and Xi’an.

The Bank will adhere to its strategic transformation target of “professionalism, comprehensive management and Internet financing” and strive to implement the upgrading of operation and customer structure, and constantly improve its ability of sustainable development. The Bank has a competitive advantage in small and micro business, corporate business, personal business, inter-bank financing and other services, and will improve its specialty management and service standards and actively expand its business scope, diversify business types and create a new source of growth to the extent permitted by national policies and regulations. By adopting an analytical approach to the regional and macro-economic financial situation, the forecast ability and initiative of operations management will be enhanced. By continuing to develop a comprehensive risk management system, and striving to realize healthy, rapid and sustainable development objectives, we aim at generating more returns for our shareholders and investors.

Social responsibility concept

Bank of Chongqing is committed to responsible operation, integrates the core “Five Haves” values of “Having Dreams, Having Spirit, Having Love, Having Principles and Having Responsibilities” with social responsibility concept organically, constantly enhances the content of social responsibility, actively explores the characteristic social responsibility practice corresponding to Bank’s actual situation, and achieves the value sharing among enterprises, society and environment.

Bank of Chongqing focuses on the daily management of social responsibility, identifies the Corporate Culture and Public Relations Department of Bank of Chongqing as social responsibility management institute which is responsible for the daily management of social responsibility work.

Recognitions and awards

- The Bank was honored by China Enterprise Confederation as the “Enterprise with AAA Rating of Credit”;
- The Bank was selected in the first batch of the “Shenzhen-Hong Kong Stock Connect” list;
- The Bank was selected for the second time into “Hang Seng Corporate Sustainability Benchmark Index”;
- The Bank ranked the 290th on the list of the top 1,000 global banks in 2016 published by the Banker, a British magazine, up by 59 spots from the previous year;
- The Head Office, Beibei Sub-branch, Longtousi Sub-branch, Business Department of Chengdu Branch, Zunyi Sub-branch of Guiyang Branch and Economic & Technological Development Zone Sub-branch of Xi’an Branch of the Bank were honored by China Banking Association as the “Top 1000 Demonstration Units of Civilized and Standardized Service in China Banking Industry in 2016”;
- The Bank was honored by China Research Institute of Enterprise Culture as the top 10 demonstration organizations in enterprise culture innovation in “the era of Internet +”;
- The Bank was honored by Chinese Society of Ideological and Political Work in the Financial Industry as “an Outstanding Entity of the National Financial System on Ideological and Political Work”;
- The Bank was awarded by Chongqing Municipal Federation of Trade Unions with “May Day Labor Award in Chongqing”;
- The party committee of Liangjiang Branch of the Bank was honored by the Chinese Communist Party of Chongqing Municipal as the “Outstanding Grassroots Party Organization in Chongqing”.

Key performance table

	Performance Index	2016	Unit
Economic performance	Total Asset	373,103,734	(thousands of RMB)
	Net Profit	3,502,167	(thousands of RMB)
	Shareholder's Equity	21,292,995	(thousands of RMB)
	Tax	2,416,623	(thousands of RMB)
	Capital Adequacy Ratio	11.79	(%)
	Agriculture-Related Loan Balance	275.59	(RMB 0.1 billion)
	Loan Balance for Small and Micro-Sized-Businesses	590.26	(RMB 0.1 billion)
Social responsibility	Total Banking Outlets	136	(quantity)
	Charity Donation	13,688	(thousands of RMB)
	Customer Satisfaction Degree	94.85	(score)
	Total Employees	4,023	(quantity)
	Proportion of Women Employees	56.33	(%)
	Proportion of Women Managers	24.68	(%)
	Annual Training Times of Employees	7.20	(times)
	Social Contribution Value of Each Share	4.70	(RMB)
Environmental responsibility	Green Credit Balance	68.32	(RMB 0.1 billion)
	Total water consumption of head office	1.89	(ten thousand tonnes)
	Total electricity consumption of head office	203.66	(kWh)

Total assets of RMB

373.1

 billion

Women employees accounting for

56.33%

 of employees

Charity donation of RMB

13.69

 million

Green credit balance of RMB

6,832

 million

STAKEHOLDERS

ENGAGEMENT

The Bank attaches great importance to the opinions of stakeholders and uses diversified means of communication and platform to establish close relationship with different stakeholders. The Bank keeps listening to their needs, and considers appropriate feedback about the business, so as to consistently improve the service quality of the Bank and fulfill the social and environmental responsibilities. The main stakeholders of the Bank include customers, employees, shareholders and investors, community, and the government and regulators.

Main Stakeholders	Expectations and Appeals	Communication and Responses
Customers	Providing multiple financial products and services. Offering complete, authentic and accurate information about products and services. Guaranteeing the information security for customers. Protecting the personal and property safety of customers.	Innovating financial products. Providing convenient and fast financial services. Releasing timely announcement with authentic and accurate content. Providing convenient and fast financial services. Asking customers for opinions and suggestions. Improving security of the banking outlets.
Employees	Providing reasonable salaries and treatment. Offering comfortable working environment. Establishing a smooth communication mechanism. Providing proper room for improvement.	Adhering to the principle of equal pay for equal work. Guaranteeing the health and safety of employees. Organizing recreational and sports activities. Regularly communicating with employees. Providing on-the-job training. Offering multiple channels for promotion.
Shareholders and Investors	Standardizing the corporate governance. Raising the shareholders' returns. Increasing the profitability. Maintaining sustainable development.	Formulating and implementing development strategies. Improving corporate management. Enhancing risk prevention. Advancing the social responsibility management.
Community	Organizing public welfare. Caring for disadvantaged groups. Publicizing financial knowledge.	Actively participating in donations. Helping disadvantaged groups. Developing financial education. Organizing volunteer services.
The Government and Regulators	Obeying national laws and regulations and industrial standards rules. Guaranteeing the capital security for the bank. Competing fairly in accordance with laws. Serving the local economic development. Operating according to laws and regulations. Intensifying risk control. Safeguarding the financial stability.	Responding to the national call and implementing the supervising policies. Improving the performance on operation and management. Participating in formulating industrial standards and rules. Supporting the development of real economy.

EXCELLENT SERVICES AND QUALITY IMPROVEMENT

Satisfying the distinctive needs of different customer groups with diversified products

Driven by innovation, the Bank of Chongqing conforms to the changes of both internal and external environment as well as customer behaviors, makes products innovation in response to the demands of customers and develops the Internet personal consumer finance. The Bank has made innovations to deposit, loans and card products.

For small and micro-sized enterprises, the Bank insists on the goal to be “the Largest Service Provider of Small and Micro-sized Finance in the Western Area”, striving to help develop financial services for small and micro-sized enterprises with regard to their business management, marketing promotion, resource allocation and other aspects. By the end of 2016, the national standardized small and micro-sized loan balance was RMB 59.026 billion with an increase of RMB 11.4 billion compared with that on beginning of 2016, which accounted for 43.4% of total new loans of the whole Bank. The loan growth rate was 23.96%, which was 2.78 percentage points higher than the average loan growth rate of the whole Bank. Besides, the number of loan customers reached 21,122, which was 1,072 more than that on beginning of 2016. The Bank has effectively improved the ability to serve small and micro-sized enterprises. In addition, driven by the big data, the Bank seeks for a breakthrough in innovation and achieves online processes including application, review, and disbursement based on the scoring system of big data model, which opens the “Big Data Age” of small and micro-sized loan and effectively solves financing problem of the small and micro-sized enterprises.

The development and expansion of direct banking business demonstrate the Bank's most innovative and substantial step towards the Internet finance sector. Direct banking relies on the Internet channel and provides remote interfaces to business including bank account opening, deposit, transfer, purchase of funds and so on through the website, mobile phones and so on.

Comprehensively enhance the civilization norms to enhance customer service quality

The Bank has been accelerating self-development and establishing brand image by continuously enhancing the service standard and improving service quality. Extending the single telephone channel to online channels, WeChat, video and other remote channels, the Bank communicates with customers through texts, voice, images, videos and other multi-media forms. At the same time, the Bank has established full media interactive customer service system and set up clear cross-channel service standards. Based on the integration of industrial information and resources, the establishment of three-dimensional customer classification and customer behavior prediction model, the Bank is committed to providing customers with accurate “One Strategy for One Customer” and interactive exclusive services. In 2016, under the thematic philosophy of “Building New Insights, Promoting New Steps, and Strongly Starting a New Journey of Transformation Development” raised by the head office, the Bank has made concerted efforts to enhance the consensus on service and strengthen the quality of customer service.

1. Strengthen the mindset through learning and training

To enhance the overall quality of civilized services, the Bank strengthens the service and consumer protection awareness, mobilizes the full participation and concerted effort through the normalized learning and training. Bank outlets have established morning meeting and weekly meeting system, in which employees studied regulatory materials and the rules and regulations of the Bank, and standardized service through body gesture, language and process. With learning and training, not only do the employees realize the importance of strengthening the consumer rights protection and enhancing the awareness of civilized and standardized services, but also the Bank takes it as practical guidance to enhance the civilized standards for bank outlets.

2. Standardize service of bank outlets

In order to realize the new concept of quality service development, the Bank continues to promote the standardization of service language and service process. In line with the practical situation of the Bank and employment of external consulting company, relevant departments and branches of the Bank have participated in the writing and revising the “Service Quality Management Manual of the Bank of Chongqing” (the “Manual”) with more than 40 drafts and 60,000 words in total, which issued more than 500 copies. Through the establishment of differentiated service management system with the principles of “Specialization, Professionalism, Informationization and Humanization”, the Bank has established guidelines for employees to continuously improve the service standards. Externally, the Manual fully displays the service concept of the Bank of Chongqing and creates a good brand image.

3. Inspection and assessment revealed practical results

Scientific inspection and supervision and assessment mechanism are necessary to improve service quality. Based on the practical situation, the Bank continues to analyze, summarize and optimize the service management and assessment mechanism, so as to inspire the enthusiasm of employees.

Based on Assessment System on Civilized Normative Service of Bank Outlets in China’s Banking Industry (CBSS10002.0) and combined with practical circumstances, the Bank revised the standards of unannounced inspection, off-site monitoring and inspection, and announced inspection. The inspection and supervision mechanism of the Bank is divided into regular inspection and special inspection.

Sampling survey was conducted by an independent consulting company twice a year to investigate the customer satisfaction with services and products of the Bank. According to the results of customers satisfaction survey, during the reporting period, the overall satisfaction score of the Bank of Chongqing was 94.85, while the overall satisfaction score of competitors was 93.33. The satisfaction rate of the Bank of Chongqing was 1.52 higher than the overall satisfaction score, and the score keeps improving. According to the performance of the indicators, satisfaction scores were all above 93, which indicated that satisfactory level was reached.

4. Benchmarking bank outlets achieved historical breakthroughs

Driven by the service standardization of bank outlets, the Bank has achieved excellent performances in services. During the reporting period, there were 6 branches which were rewarded as the “National Top 1,000 Excellent Branches” (business department of head office, Long Touse Sub-branch, Beibei Sub-branch, Zunyi Sub-branch of Guiyang Branch, Jingkaiku Sub-branch of Xi’an Branch, and Chengdu Branch), 6 branches that were rewarded as “Top 100 Excellent Branches in Chongqing”, and also 6 persons who were rewarded as Personal Excellence Award. Business department of head office ranked as the No.1 in the “National Top 1000 Excellent Branches” contest, and other two branches also ranked as the top-tier, achieving the historical breakthroughs in the number of branches rewarded.

5. Continuously standardize retail marketing activities

The Bank strictly abides by the Law of the People's Republic of China on Commercial Banks and the relevant provisions on the retail business formulated by the People's Bank of China and the China Banking Regulatory Commission, and the Bank formulated the Management Measures on the Retail Business of the Bank of Chongqing, which is used to standardize the retail marketing activities of the branches, to clarify the entry criteria of the partners, as well as to restrict the behavior and process, to improve the planning and management level and to promote the legality of marketing activities.

At the same time, in order to standardize the advertising and business announcements of the Bank, the Bank has formulated the Management Approaches on the Advertising and Business Promotion and Publication of the Bank of Chongqing to save the cost of advertising, to enhance the role of advertising in the Bank's product marketing and brand building, and to promote the healthy and orderly development of enterprise culture construction. The Bank strictly abides by the laws and regulations on advertisement such as the Advertising Law of the People's Republic of China and puts an end to the use of false and misleading statements in the promotion and transaction process of products and services.

During the reporting period, there was no solid information showing that the Bank did not comply with the above-mentioned relevant laws and regulations relating to advertising and marketing.



CASE STUDY

In the morning of 24 September 2016, the service etiquette competition was launched in the conference room on the 19th floor of the head office. Total 15 teams composed by more than 150 employees of different service positions from 49 branches exhibited a brilliant ritual feast to audience and guests. The event was divided into three categories: service etiquette display, scenario analogy and extra round of English and sign language, which showed the richness in humanized culture, distinctive personalization as well as the integrated and professional service.



Customer complaint handling and approaches

The Bank conscientiously abides by the Law of the People's Republic of China on Guarding State Secrets and the Implementation Measures for the Law of the People's Republic of China on Guarding State Secrets, and formulates the Management Measures on Customer Complaints of the Bank of Chongqing (2015) and Customer Complaint Handling Procedure of the Bank of Chongqing (2015) based on the current situation of the Bank.

The Bank adheres to the principle of "Giving Priority to Customers and Being Fair, Transparent, Reasonable and Efficient" in customer complaint handling. Complaints handling should be people-oriented, and protect the legitimate rights and interests of customers according to the law. The Bank deals with all complaints fairly and treats similar cases equally in principle. Complaints handling process should be highly transparent, and be equal and just to both parties. Complaints handling should also be efficient and fast, and be customer satisfaction-centered. During the reporting period, the number of complaints received by the Bank was 344, of which 20 were proved valid; total 554 suggestions were received; and 18 recognitions were received. Regarding the time of processing, 95% of the complaints were completed within 5 working days and 100% of the complaints were closed within 15 working days. Customers satisfaction with the results of the complaint achieved more than 96%. The number of complaints and suggestions handled by the Bank maintains decreasing.

Customer rights and privacy protection

The Bank guides the branches to proactively, standardly, continuously and systematically carry out the public education work of financial knowledge, earnestly fulfilling the obligations that regarding customer rights protection as priority, continuously improving the level of financial knowledge of the public and promoting the cultural construction of consumer rights protection. Based on the Management Approaches on the Customer Rights Protection Work of the Bank of Chongqing, the Bank has formulated the Long-term Mechanism for the Implementation of Financial Knowledge Education to the Public of the Bank of Chongqing. By disseminating financial knowledge and cultivating the financial awareness and financial characteristics of the public, the Bank can prevent and resolve potential contradictions, build harmonious financial consumer environment, improve customer satisfaction and loyalty and promote healthy and sustainable development of the Bank.

Strengthening the construction of confidential work system is an important part of implementation of confidential work. Combined with the practical situation of the Bank and business development needs, and according to the principle of “Secrets Shall be Secured and Controlled, Information Shall be Conveniently Accessible, and Work Efficiency Shall be Improved”, the Bank has developed 13 “Management Systems of Confidential Work”, 13 “Confidential Work Duties” and a “Rule of Procedures of Confidential Working Group”. The work of security and confidentiality shall be regulated from three aspects including people, items and issues. The Bank has summarized a Compilation of Management Approaches on the Confidentiality of the Bank of Chongqing, which guides and standardizes the management work in terms of national secrets, trading secrets of department, working secrets and personal privacy information. In order to make confidentiality supervision and inspection work institutionalized, regularized and standardized, as well as to improve the management level of confidentiality, it is stipulated in the Management Approaches on Confidentiality Supervision and Inspection of the Bank of Chongqing that confidentiality-related information shall be supervised and inspected at least once every quarter, and secrets-related information shall be supervised and inspected at least once each year. Self-examination should be conducted by both departments and individuals in advance.

During the reporting period, there was no solid information indicating that the Bank did not comply with the above laws relating to confidentiality.



CASE STUDY

On 15 March 2016, the Bank actively organized all branches to vigorously carry out the publicity activities of consumer rights on the theme of “Rights, Responsibilities and Risks”. The Bank's two publicity stations of financial knowledge and financial laws systems, Chongda Branch and Renmin Road Branch, provided rich, entertaining and educational financial knowledge education activities to the local residents.

In addition, in order to enhance the financial awareness and financial management of urban and rural residents and strengthen the popularization of financial knowledge, the Bank has taken the responsibility to disseminate financial knowledge to local farmers. The Bank continues to promote financial knowledge to consumers, focusing on the targeted and impartial services to consumers, revealing the risks and harmfulness of illegal fund-raising, and guiding depositors and consumers to stay away from and resist illegal fund-raising. Meanwhile, the publicity activities also promote the Bank's distinctive businesses, making the brands of financial products and service more popular among customers.



EMPLOYEES CARING AND COLLABORATIVE GROWTH

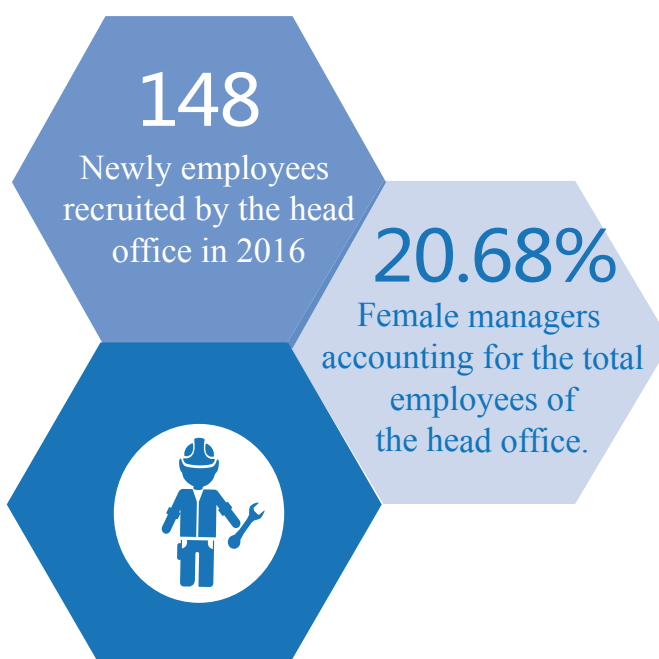
Equal opportunities and employment

The Bank strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other relevant laws and regulations, and formulated the Management Measures on Labor Contracts of the Bank of Chongqing, the Management Measures on the Recruitment of Employees in the Bank of Chongqing, and the Regulations for Employees' Departure Procedures of the Bank of Chongqing based on practical situation.

Regardless of gender, age, nationality, physical defects and so on, all employees in the Bank have access to respectful and equal opportunities regarding employment and career development. Current contractual employees of the Bank are mainly recruited through social recruitment to introduce people with work experience, and through campus recruitment to introduce graduates who have a college degree or above and recognized by and signed a tripartite agreement with major colleges and universities. Therefore, there is no employment of child labor and forced labor. At the same time, the Bank is very cautious with the termination of labor contracts with employees, ensuring that the relevant procedures are legally compliant and equitable. In order to standardize the employee's dismissal procedures and prevent the risks arising from the employee's dismissal, the Bank carries out the steps and procedures for handling the employee's resignation from the Bank in accordance with the provisions of the Regulations for Employees' Resignation Procedures of the Bank of Chongqing, taking good care of the relevant documents to avoid the risk of employees' dismissal as much as possible.

Through rigorous and equitable recruitment, the Bank can attract and retain talents and strengthen the construction of employees. During the reporting period, the Bank has organized more than 40 job fairs, interviewed 600 candidates, and recruited 148 employees.

During the reporting period, there was no solid information indicating that the Bank did not comply with the relevant labor laws and regulations mentioned above.



Salary and benefits

To further enhance the Bank's competitive advantage and establish scientific and reasonable incentive and restrictive mechanism, according to the relevant state laws, regulations and industry regulatory requirements and combined with the Bank's practical situation, the Management Measures on Remuneration of the Bank of Chongqing and Management Measures on Employees' Salary Adjustment of the Bank of Chongqing are developed.

The Bank follows four principles in remuneration management. The principle of that salary shall be determined by position: determine the level of salary based on the relative value of positions to ensure that the income level of employees matches with job contribution, and to fully reflect the internal equality of remuneration incentives. The principle of guidance: distinguish position obligations to determine the percentage of fixed salary and performance, and insist that the performance pay matches with performance appraisal results. The principle of scientific incentives: set a scientific, rational, highly feasible remuneration classification, promotion and adjustment rules, to maximize the incentive role of remuneration for employees. The principle of moderate flexibility: fully provide career development opportunities for employees with no limit, and increase the incentive efforts to important and outstanding people, in order to attract and retain talents.

The Management Measures on Labor Contracts of the Bank of Chongqing scientifically standardizes employees' working hours. During the contract period, employees can enjoy the basic endowment insurance, basic medical insurance, housing provident fund, unemployment insurance, employment injury insurance, maternity insurance and so on according to law. The Management Measures on the Regulations of Leave of Employees in the Bank of Chongqing stipulates that employees are entitled with paid annual leave, work leave, maternity leave, nursing leave, marriage leave, funeral leave and family leave. In addition, employees who are sick or injured due to work shall enjoy medical leave. Employees injured at work can also benefit from national and local work injury regulations. During the contract period, the labor insurance treatment and other welfare benefits during the period of pregnancy, maternity leave and lactation shall be carried out according to the relevant provisions of the State or the administrative measures formulated by the Bank according to law. At the same time, the Management Measures on Employees' Major Disease Subsidy of the Bank of Chongqing has been developed to help employees with critical illness get better treatment, so that they are free from economic worries.

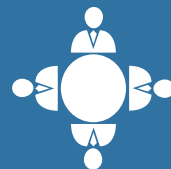
During the reporting period, there was no solid information showing that the Bank violated the number of working hours and labor legislation.

Career development and training

To develop employees' multiple career development channels, to fully stimulate the enthusiasm and creativity of employees, to strengthen the management of talent in various fields of business and echelon construction and to form a dynamic employee career development mechanism, the Management Measures on the Career Development of Employees in the Bank of Chongqing is developed with the combination of the Bank's practical situation. Employee promotion management follows following principles: "fair, open, equitable, scientific, and standardized"; "employee's ability is matched with performance"; "the recruitment of intermediate positions (and above) should go through knowledge testing review".

At the same time, in order to meet the needs of personnel nurturing and training development in a new development situation, to further optimize the classified training system and to continuously improve the overall quality of the employees, the Bank has formulated the Management Measures on Training of the Bank of Chongqing, branches at all levels provide employees with necessary organizational management support for learning and training in accordance with the Management Measures on Training of the Bank of Chongqing.

In 2016, the Bank focused on service business and talent training, and continuously carried out the classified training activities. As for service business, the Bank held 54 training courses in total for the business key personnel. For front-line employees of bank outlets, the Bank held two rounds of "Training in the Bank Outlets" programs with 7 sessions in total. The Bank also held "Five Have" training camps for new employees. As for personnel cultivation, the Bank carried out 5 sessions of "Three Themes" study tour of the university training courses, 4 sessions of "Economic and Financial Forum", 25 sessions of "Functional Table" self-selective classroom lectures and other trainings for the middle- and high-level management staff. For potential management staff, the Bank carried out the "Management Goes to the Basic Positions" training programs. For management trainees, the Bank launched the second "Star Starting Point" training program. All training activities are fully relied on the Bank's two learning platforms: E-learning and M-learning, which provide on-demand learning environment at any time and any place.



54Times

Number of training that
backbones participated in of
the head office in 2016



7.2Times

In 2016, average number of
trainings that employees
participated in

EMPLOYEES CARING AND COLLABORATIVE GROWTH



Figure 1. Training for Front-line Employees



Figure 2. Economic and Financial Forum



Figure 3. Professional Qualification Training

Occupational health and safety

In accordance with the Emergency Response Law of the People's Republic of China and the Fire Protection Law of the People's Republic of China, the Bank formulated the Management Measures on Fire Safety of the Bank of Chongqing and the Temporary Provisions on the Safety and Security Issues of the Bank of Chongqing, to prevent fire and reduce damages caused as well as to ensure the safety of employees and properties. The Bank also deploys management and emergency procedures for all kinds of emergencies, to carry out emergency management work in a timely and effective manner.

During the reporting period, there was no solid information showing that the Bank violated occupational safety legislation.



CASE STUDY

On 24 May 2016, the head office of the Bank invited Instructor Mr. Tang from the Fire-Control Training Center of Chongqing to carry out special training on fire-control knowledge under the theme of "Treasure Life, Focus on Fire Protection, Stay Away From Fire". The head office paid great attention to the fire training and drill. During the training and drill, the employees were enthusiastic and the training was successful. Through training and drill, employees' awareness of fire control was raised, and their ability of detecting fire hazards and dealing with emergencies were enhanced, laying a solid foundation for the healthy development of the business department.



ANTI-CORRUPTION, CLEAN GOVERNMENT, AND HARMONI- OUS SOCIETY

Actively practice social responsibility, and vigorously support the public welfare undertakings

The Bank advocates contributing to the society and practicing social responsibility. On one hand, the Bank actively responds to the national campaign of “to take targeted measures in poverty alleviation”, which calls for the promotion of poverty-alleviation financial products, the innovation in implementation approaches, the optimization of credit direction structure and the construction of local poverty-alleviation financial system with accuracy, inclusiveness and universality. On the other hand, the Bank actively participates in social welfare undertakings and takes the initiative to explore and promote charity culture. To better support the employees who are financially insufficient, the Bank encourages all employees to actively participate in charity activities and set up the “Charity Fund of the Bank of Chongqing” (the “Fund”). The slogan of the Fund is “Selfless Dedication, Caring and Mutual Assistance”. The Fund is founded mainly to support employees with financial difficulties, to organize a series of charity activities, to enhance staff cohesion, to create good corporate culture and warm working atmosphere, so as to enhance the credibility of the Bank of Chongqing.



CASE STUDY

The Bank of Chongqing has branches in the involved 18 poverty counties of Chongqing. Relying on the network coverage to strengthen poverty alleviation effect and field visit, the Bank finds the direction and focus of poverty alleviation development to promote the construction of financial poverty alleviation demonstration site.

Step 1: take Pengshui county as the early stage of the pilot. Invest credit loans of RMB 1.5 billion accumulatively in 2015-2017 in the village construction and industrial support of Pengshui poverty country.

Step 2: gradually take the same “Poverty Alleviation Plan of Pengshui Country” in Qianjiang area and Shizhu country, and conduct a comprehensive promotion to other 15 poverty counties.

Step 3: by strengthening financial poverty alleviation efforts, the Bank increases the financial resources investment, optimizes financing structure, explores the new road and mode of financial poverty alleviation, promotes the depth development of inclusive finance, accelerates the pace of poverty reduction and alleviation in poverty areas, and ensures that the poor areas build a well-off society in an all-round way synchronously with the city.

Strengthen anti-money laundering work, and improve the construction of anti-corruption

As a financial institution, The Bank stands on the forefront of anti-money laundering and therefore needs taking anti-money laundering as a long-term important task. The Bank actively fulfills its obligations and responsibilities in anti-money laundering, enhances the awareness of anti-money laundering, so as to reduce financial risks and legal risks and contribute to the maintenance of market security.

In order to assess the risk of money laundering and terrorist financing, to reasonably determine the risk level of client's engagement in money laundering and to improve the effectiveness of the Bank's efforts in fighting money laundering and terrorist financing, the Bank strictly abides by the Anti-Money Laundering Law of the People's republic of China, the Anti-Money Laundering Provisions for Financial Institutions, the Management Measures on Customer Identification and Customer Identity and Transaction Record of Financial Institutions, Management Measures on Large Transactions and Suspicious Transactions of Financial Institutions and Management Measures on Reporting of Suspicious Transactions Reported by Financial Institutions, and other relevant provisions. Based on the aforementioned laws, the Bank formulated a detailed Management Measures on Anti-Money Laundering and Anti-Terrorism Financing of the Bank of Chongqing and the relevant rules.

In order to better fulfill the anti-money laundering obligations and enhance the anti-money laundering awareness and working ability of employees, the Bank has formulated the Management Measures on Managing and Advertising of Anti-Money Laundering of the Bank of Chongqing. The Bank continuously organized anti-money laundering staffs and counter staffs to participate in anti-money laundering training, in order to make the staff understand the importance of anti-money laundering work in financial institutions and to master relevant anti-money laundering laws and regulations, internal control system, operational procedures, control measures and other related professional knowledge and skills, through which their ability of anti-money laundering could be improved. Meanwhile, the Bank established a long-term anti-money laundering promotion mechanism, incorporated anti-money laundering advertisement into the daily work of different departments and continuously announced the significance of anti-money laundering work, basic concepts and knowledge, so as to enhance the anti-money laundering awareness of employees and clients.

The Bank complies with and executes

The Anti-Money Laundering Law of the People's Republic of China

The Anti-Money Laundering Provisions for Financial Institutions

Management Measures on Customer Identity and Customer Identity and Transaction Record Management of Financial Institutions

Management Measures on Large Transactions and Suspicious Transactions of Financial Institutions

Management Measures on Reporting of Suspicious Transactions Reported by Financial Institutions

The Guidelines on Several Norms on Clean Government for Leaders as Members of the Communist

Several Provisions on the Cleaner Practices of State-owned Enterprise Leaders

The Guidelines on Professional Conduct of Employees in Banking and Financial Institutions

The Bank actively promotes anti-corruption work and strengthens the anti-corruption awareness of employees through organizing of the Party building activities and educational activities. The Bank strictly abides by the Guidelines on Several Norms on Clean Government for Leaders as Members of the Communist, Several Provisions on the Cleaner Practices of State-owned Enterprise Leaders and the Guidelines on Professional Conduct of Employees in Banking and Financial Institutions. At the same time, the Bank has formulated the Regulations on the Clean Practice of Employees of the Bank of Chongqing to promote the employees' compliance with professional ethics, to strictly regulate the behavior of employees, to educate and guide employees to be self-disciplined, to increase employee's professional quality and moral level, to prevent moral hazards and commercial bribery, so as to maintain financial security and social reputations.

During the reporting period, there was no solid information showing that the employees of the Bank were involved in bribery, extortion, fraud or money laundering.



CASE STUDY

To further enhance the work of building clean government and combating corruption, to strengthen the awareness of employees to reject illegal conducts and to enhance the awareness of self-discipline, the Bank organized a field visit for all staff on 4 November 2016. Through visiting the Yudu prison and listening to the prisoners' confession, the staffs received a profound warning education. At the same time, the Nanping Branch launched the "Two Studies, One Action" program to strengthen the Party spirit of cadre employees and promote the development of "Five Have" culture in order to help cadre employees to establish a correct view on life, values and interests.

ENERGY SAVING, ENVIRONMENTAL PROTECTION, AND GREEN OFFICE

The Bank conscientiously abides by the Environmental Protection Law of the People's Republic of China and actively explores the ways to integrate environmental and social factors into relevant business, such as green office and green-credit policy, so as to achieve the collaborative sustainable development with the society and the environment.

Use resources reasonably to reduce emissions

In view of carbon emissions and air pollutants, the Bank promotes green travel. According to the practical situation of the Bank, the Bank formulated the Official Vehicle Management Approaches of the Bank of Chongqing (Revised). In order to improve the efficiency of vehicles, employees are required to take carpool for off-site work. At the same time, the Bank encourages employees to use public transport or legal car service. The purchase of business vehicles follows the principle of “Domestic Manufacturing, Business Secured, Economic and Safe, and Energy Conservation and Environmental Protection”. In addition, electric vehicle parking spaces with charging facilities installation were reserved in the new building with a proportion of 10% of the total parking spaces. Meanwhile, the operating process of office materials distribution has also been set up, which means office materials of all branches will be collectively distributed weekly to reduce the frequency of vehicle usage.

As for office supplies and disposal, all replaced lights and electronic equipment are recycled by the suppliers. In 2016, the head office building replaced and recovered over 300 lamps, including 200 light bulbs and 100 downlights. In 2016, the total amount of paper purchased by the head office was 15 tonnes. The head office arranged the waste recycling company to do the recycling work at least once a week and the total amount of the recycled paper was about 5.2 tonnes in the whole year. In the meantime, the Bank has established office automatic system to promote electronic and paperless office and to reduce the paper files and the number of documents printed.

ENERGY SAVING, ENVIRONMENTAL PROTECTION, AND GREEN OFFICE

1.Direct energy consumption		
Purchased electricity consumption in total	2,036,600	<i>kWh</i>
Purchased electricity consumption intensity	102.35	<i>kWh/m²</i>
2. Water consumption and intensity		
Water consumption in total	18,900	<i>tonnes</i>
Water consumption intensity	0.95	<i>t/m²</i>
3. Hazardous waste recycled		
Lamps recycled by the head office	300	<i>number</i>
4.Non-hazardous waste recycled		
Paper waste recycled by the head office	5.2	<i>tonnes</i>

In addition, the canteen of the Bank has installed energy-saving fume purification facilities to reduce oily fume emissions. The Bank limited and reduced the use of disposable supplies and excessive packaging supplies, and carried out anti-waste actions, which was aimed to guide employees to develop good habits of cherishing and saving food. Food waste from canteen is recovered by the city sanitation management department. Meals of the Bank follow the principle of frugality, which clearly stipulates that official meals cannot provide shark fin, bird's nest and other high-level dishes or protected wild animals.

The Bank strictly prohibited energy waste from long-lighting and other office appliances stand-by during non-office hours. Office equipment and lighting facilities of all departments can only be turned on when necessary and the specific staff assigned should check and turn off the lights and office equipment in the office area after work. Meanwhile, tips are posted on the lighting switches and also in the toilets to encourage employees to conserve electricity and water. At the same time, the head office building regulates that air conditioning should be set at the temperature of 26 degrees or above in summer while at 20 degrees or below in winter. The Bank does not have any problem in obtaining water. In 2016, the total electricity consumption of the head office was 2,036,600 kWh and the total water consumption was 18,900 tonnes. Based on the total gross floor area of head office building which is 19,898 square meters, the power consumption intensity is 102.35 kWh / square meter and water usage intensity is 0.95 tonnes / square meter.

To further reduce the energy consumption of the office, the head office adopted the contract energy management mode to implement energy-saving transformation for the existing building and LED lights replacement, which achieved significant energy saving effect.

During the reporting period, there were no solid document indicating that the Bank did not comply with the above environmental laws.

ENERGY SAVING, ENVIRONMENTAL PROTECTION, AND GREEN OFFICE

Supply chain management

To standardize the centralized purchase, improve purchase efficiency, decrease purchase risk and make full use of the support and service, the Bank has formulated the Management Measures on Centralized Purchasing of the Bank of Chongqing according to relevant national regulations and regulations formulated by the Bank, which stipulates that the purchase center should focus on the supplying ability of suppliers and regularly audit suppliers in terms of financial situation, operating conditions, market performance, major changes in company and legal disputes and so on. At the same time, the Bank also takes the suppliers' performance in compliance of environmental and social laws and regulations into consideration.

Promote green financial services

As a financial services organization, apart from the impact of operations on the environment, the Bank pays more attention to the provision of green financial services for enterprises and the community, so as to protect and improve the ecological environment. The Bank incorporates the concept of "Green-credit Policy" into credit policy formulation, business management and process optimization. According to the requirements of the "Green Credit Guidance", the Bank continuously improves the credit guidance system in the process of developing "Green-credit Policy", laying a solid foundation for further implementation.

In 2016, the Bank's green credit balance was RMB 5.614 billion. At the same time, the Bank strictly restricts the funds for industries of "high pollution and high energy consumption" and industries with overcapacity, increases the loans to energy-saving and environment-friendly projects, and vigorously supports to transform economy from "High Carbon" to "Low Carbon". On one hand, the Bank takes "Reduction" measures to restrict loans; on the other hand, "Expansion" measure is also adopted, which highlights the credit support for energy-saving, emission reducing and environmental protection projects. In particular, environmental-friendly equipment, new energy-saving and environmental-friendly building materials, energy-saving and emission reduction technology transformation for traditional industries are all the key projects, which effectively promotes the national industrial policies. Meanwhile, the Bank is more concerned about the positive influences of the environmental protection projects on people's livelihood. For example, the Bank will continue to support the projects such as environmental protection relocation projects, municipal waste disposal and comprehensive sewage treatment of large-scale enterprises, so as to earnestly implement the financial philosophy of "Finance Serves People's Livelihood".

APPENDIX 1: CONTENT INDICIES

OF ESG REPORTING GUIDE

A. Environmental			
Items	Descriptions		Reference Pages
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste		P 20-21
Recommended Disclosures	A1.1	The types of emissions and respective emissions data	/
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	/
	A1.3	Total hazardous waste produced and, where appropriate, intensity	P 20
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	P 20
	A1.5	Description of measures to mitigate emissions and results achieved	P 20-21
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	P 20
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources		P 20-21
Recommended Disclosures	A2.1	Direct and / or indirect energy consumption by type in total and intensity	P 21
	A2.2	Water consumption in total and intensity	P 21
	A2.3	Description of energy use efficiency initiatives and results achieved	P 21
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	P 21
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not Applicable
Aspect A3: Environmental and Natural Resources			
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources		P 20-22
Recommended Disclosure	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	P 20-22

B. Social			
Items	Descriptions		Reference Pages
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare		P.13-14
Recommended Disclosures	B1.1	Total workforce by gender, employment type, age group and geographical region	P.6
	B1.2	Employee turnover rate by gender, age group and geographical region	/
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards		P.16
Recommended Disclosures	B2.1	Number and rate of work-related fatalities	/
	B2.2	Lost days due to work injury	/
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	/
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities		P.15-16
Recommended Disclosures	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	P.15
	B3.2	The average training hours completed per employee by gender and employee category	P.15
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour		P.13
Recommended Disclosures	B4.1	Description of measures to review employment practices to avoid child and forced labour	P.13
	B4.2	Description of steps taken to eliminate such practices when discovered	P.13
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain		P.22
Recommended Disclosures	B5.1	Number of Suppliers by geographical region	/
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	P.22

Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		P.8-12
Recommended Disclosures	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not Applicable
	B6.2	Number of products and service related complaints received and how they are dealt with	P.11
	B6.3	Description of practices relating to observing and protecting intellectual property rights	/
	B6.4	Description of quality assurance process and recall procedures	Not Applicable
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	P.11-12
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering		P.18-19
Recommended Disclosures	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	P.19
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	P.18-19
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests		P.17
Recommended Disclosures	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	P.17
	B8.2	Resources contributed (e.g. money or time) to the focus area	P.17



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