

2018

CORPORATE SOCIAL RESPONSIBILITY REPORT





PREFACE

The People's Insurance Company (Group) of China Limited (hereinafter referred to as "PICC". "PICC Group", "People's Insurance", "the Group", "the Company", "PICC" and "We" herein all refer to PICC) releases the Corporate Social Responsibility Report on an annual basis to stakeholders, disclosing the information regarding the economic, environmental and social sustainable development of PICC. This report introduces the economic, environmental and social performance of PICC and its affiliates during the period from January 1, 2018 to December 31, 2018.

This report is compiled mainly based on the disclosure requirements of the core options of the GRI Standards (2016) of the Global Reporting Initiative (GRI), the Guidelines on the Disclosure of Environmental Information by Listed Companies of the Shanghai Stock Exchange, and the Environmental, Social and Governance Reporting Guide (HKEx ESG) of the Stock Exchange of Hong Kong Limited.

The financial data in the report is quoted from the financial report compiled according to the accounting standards for Chinese enterprises (audited by Deloitte Huayong Certified Public Accountants Co., Ltd. (Special General Partnership)) in the 2018 Annual Report of the People's Insurance Company (Group) of China Limited. Unless otherwise noted, all monetary figures in this report are presented in RMB (yuan). Other data is provided by PICC's operating departments and affiliates.

The Board of Directors and other directors of the Company undertake that the report is free from any misrepresentation, misleading statement or major omission, all information is authentic, and SGS is entrusted to conduct independent third-party examination to confirm the accuracy and reliability of all data.

This report is issued both in the print and online, with the latter available for lookup and download via the Company's website: <http://www.picc.com>.

Please contact us if you have any feedback:
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CHAIRMAN'S SPEECH

“ The year 2018 was an important year for PICC to usher in its journey in the new era. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we followed the general philosophy of seeking improvement with stability, implemented the new development concept, and advanced the "3411 Project" which aims at the transformation of PICC to high-quality development. Finally, we scored hard-won reform and development achievements amid the complicated and ever-changing external environment. We were committed to the mission of "People's Insurance serving the People" and shouldered relevant responsibilities, took serving the real economy and catering to people's demand for a better life as the starting points and goal of our development, and returned to the original mission of insurance for guarantee. We implemented the major guidelines and policies of the central government, worked to serve economic and social development, and firmly fulfilled our economic, political and social responsibility as a central state-owned financial enterprise. In fields of serving poverty alleviation campaign, rural revitalization, Healthy China and real economy, we constantly played our due part as a leading insurer, witnessed the mutual promotion of economic and social benefits, and promoted the development of the shareholders, customers, employees, society and environment in a coordinated manner.

”

We promoted the poverty alleviation campaign. We improved the working mechanism, developed special insurance products, started up the "Shenpinbao Insurance" project together with the Poverty Alleviation Office of the State Council, which was carried out in 58 poverty-stricken counties of 11 provinces; rolled out the first-ever dedicated "Government Insurance for Poverty Alleviation" in the insurance sector, providing RMB185.7 billion risk coverage; advanced poverty alleviation for designated counties, with an annual investment capital and funds higher than the total expenditure spent in the past 4 years; fulfilled the political commitment and dispatched over 1,100 poverty alleviation officer, some of them are honored as good cadres like "Jiao Yulu" in the new era.

We boosted rural vitalization. By consolidating the policy-oriented agricultural insurance, we constantly rolled out new products and services. We provided insurance for 770 million mu (about 51.33 million hectares) of crops, 1.19 billion mu (about 79.33 million hectares) of forests, and 180 million boars and breeding sows, providing RMB 2.2 trillion risk coverage for nearly 100 million peasants.

We served the development of the real economy. We served corporate technical transformation and upgrading by offering RMB 79.8 billion risk coverage; strengthened the work of "inclusive finance, and support for agriculture and small-sized enterprises", and helped "San Nong", small and micro enterprises and private economy "reduce costs", which has covered 30 provincial institutions and 162 prefecture-level cities, including 154 poverty-stricken counties.

We made innovation in green insurance and financing services to facilitate pollution prevention. We established the Lab for Innovation in Green Insurance Products, actively took part in the pilot run of environmental pollution liability insurance, and explored new green financing mode covering 31 provinces. Through our proactive endeavor in tech insurance and environmental pollution liability insurance, we played a pivotal role in the campaign of pollution control and technological innovation.

We participated in the establishment of the social security system to improve people's livelihoods. We underwrote 2,009 policy-oriented medical insurance projects of all levels for 740 million people in 315 prefecture-level cities of 30 provinces, of which 490 million covered with critical illness insurance. Successfully qualified as a legal person of annuity trustee and account management agency, PICC Pension participated in the development of China's elderly care system.

We served the "Belt and Road" strategy and supported Chinese enterprises and people to "go global". We offered RMB 11 trillion risk coverage for international business, with business footprint in over 150 countries and territories. We made positive innovation in insurance products and services, and rapidly promoted the construction of overseas service network with bridgehead effect gradually appearing.

We followed the regulatory requirements and tightened risk control. We implemented the arrangement of the China Banking and Insurance Regulatory Commission (CBIRC), met the requirement to renovate the chaotic insurance market, and abided by the rule of "Unify the Report and Practice" for auto insurance, playing our leading role in the sector. We improved systems and mechanisms, revised our basic risk management systems, perfected risk management information system, enhanced risk performance evaluation, and put in place the assessment model and standard system for the supervision and risk control over 99 provincial institutions. We enhanced key risk control, renewed issuance of mature subordinated debt of PICC and PICC Life to effectively guard against the cash flow risk; beefed up credit risk control, developed the unified credit rating system, strengthened counter-party management, established the "white list" of the banking and the securities sectors, and completed the all-round investigation.

Currently, the Chinese insurance sector is facing both challenges and opportunities from a complex landscape of overlapping macro-economic cycle, technical reform and a "new cycle" of the insurance sector. PICC will keep its mission in mind, take on responsibility, and better serve the

development of the real economy and cater to people's demand for a better life. We will thoroughly serve the rural vitalization strategy, advance the supply-side reform of agricultural insurance products and services, and constantly enhance the coverage of "San Nong" insurance. We will resolutely serve the poverty alleviation campaign, fulfill the task of poverty alleviation for designated counties, and improve the weakest link in building a moderately prosperous society. In line with the arrangement of the central authority, we will vigorously develop tech insurance to facilitate manufacturing industry. We will promote green insurance and participate in financing and investing in green projects to facilitate pollution prevention. We will make active innovation in insurance and investment mechanism, and support the development of small and micro enterprises in such fields as risk reduction, credit enhancement and capital attraction. We will seek to meet people's expectation and desire for coverage of sickness and pension by improving the social security system, and advancing the health care for senior citizens.

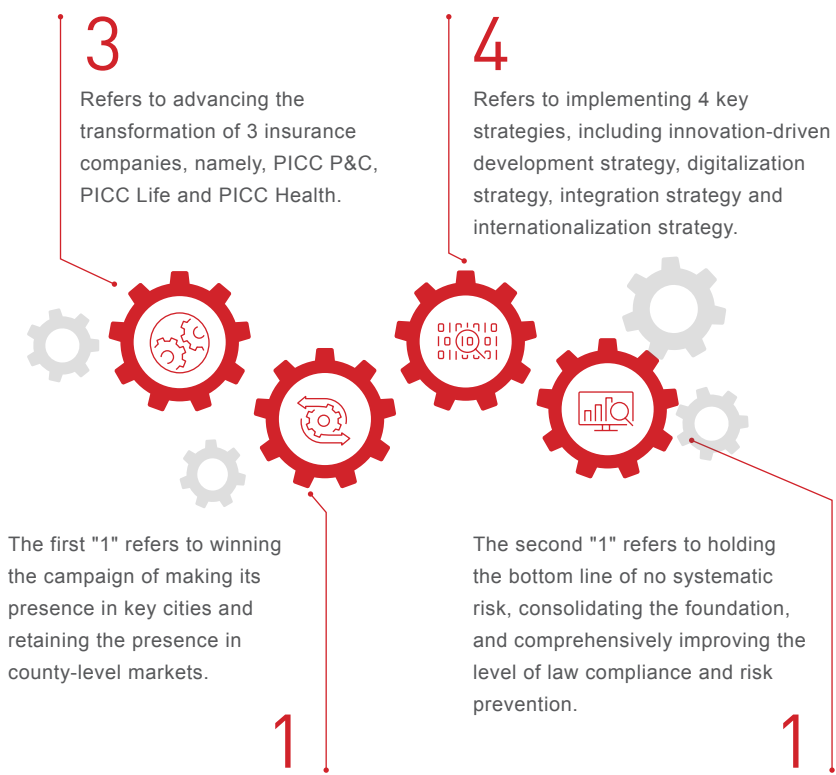
Only when we go the historical trend, adapting to changes, can we keep pace with our times. I believe with the dedication of the management and all staffs, and with the strong support of the customers and shareholders, we can surely brave challenges for a steadfast transformation to high-quality development, overcome external uncertainties by self-motivation, capitalize on the strategic opportunity of the insurance sector, serve to our shareholders, employees and society with superior services and strength!

The People's Insurance Company
(Group) of China Limited

Secretary of the Party Committee,
Chairman

PICC IN SUSTAINABLE DEVELOPMENT

DEVELOPMENT STRATEGY



ECONOMIC PERFORMANCE

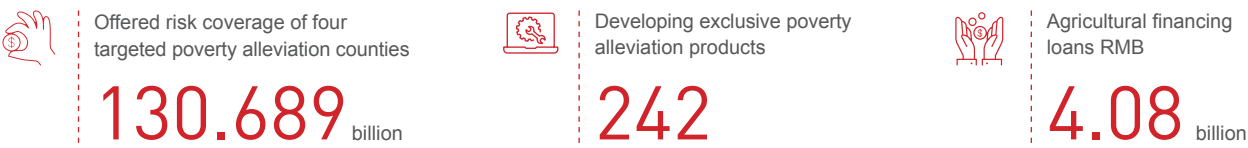
Insurance Business Income (RMB100 million)		Total Assets (RMB100 million)		Net Assets (RMB100 million)	
2018	4,986.11	2018	10,316.90	2018	2,054.26
2017	4,764.44	2017	9,879.73	2017	1,859.59
2016	4,398.13	2016	9,321.82	2016	1,701.52

Consolidated Net Profit (RMB100 million)		EPS (RMB)		Total Investment Assets (RMB100 million)	
2018	194.99	2018	0.32	2018	8,954.62
2017	237.69	2017	0.39	2017	8,534.00
2016	208.03	2016	0.34	2016	8,077.38

ROAE		ROI		Comprehensive Solvency Adequacy Ratio	
2018	9.4%	2018	4.9%	2018	309%
2017	12.7%	2017	6.0%	2017	299%
2016	11.9%	2016	5.8%	2016	284%

TARGETED POVERTY ALLEVIATION

Paying high attention to poverty alleviation, we gave full play to the unique function and role of insurance, and helped win the campaign of targeted poverty alleviation through industrial support, health coverage and livelihood assistance, among other means. In 2018, we provided exclusive assistance for 4 counties, including Ji'an, Le'an, Huachuan and Liuba, offered RMB130.689 billion risk coverage of all kinds, and underwrote Return-to-Poverty liability insurance for 91,203 people. Ji'an was the first county lifted out of poverty. We implemented the policy of supporting and bringing benefit to "San Nong", and developed special agricultural insurance products based on local conditions, creating a total of 242 dedicated poverty relief products in the field of agricultural insurance. We continued our efforts to strengthen the mutual supplement and connection among basic medical insurance, critical illness insurance, medical assistance, emergency medical assistance, commercial health insurance, and charitable relief, among other systems, with a view to addressing the issue of whom falling into or falling back into poverty because of illness. We joined hands with the Poverty Alleviation Office of the State Council to launch the "Shenpinbao Insurance" project, which was designed to provide a risk coverage package (such as the package for agricultural production, family life and accidents) , for areas hit extremely hard by poverty, including "three regions and three prefectures". We innovated the utilization of insurance fund, and piloted the financing project of "Supporting 'San Nong', small and micro business project, with the accumulated loan extended in this respect reaching RMB 4.08 billion.



GREEN FINANCE

In 2018, our environmental pollution liability insurance covered 31 provinces, autonomous regions and municipalities directly under the central government, providing RMB12.2 billion risk coverage for 6,648 enterprises. By initiating the equity and debt investment plan, we raised over RMB 20 billion capital for green projects in the field of green and energy-saving building materials, nuclear power and wind power construction, refuse disposal, circular economy, green agriculture, green transportation, and new energy vehicle.



COMPANY PROFILE

COMPANY PROFILE

The People's Insurance Company (Group) of China Limited, headquartered in PICC Building, No.88 West Chang'an Avenue, Xicheng District, Beijing, PRC, was founded on October 20, 1949. As the founder and pioneer of insurance business of new China, we own the brand of "PICC 中国人民保险". In 70 years of reform and development, PICC has always taken the following as its mission, namely "People's Insurance serving the People", and earnestly fulfilled its corporate social responsibility with an extensive network of outlets covering both urban and rural areas and all-round and high-quality insurance coverage and service, thus actively serving the economic and social development, rendering all-out support for national economy and people's livelihoods, and contributing to the glory of the national insurance business of new China. PICC has established itself as a large leading financial group in China offering a comprehensive range of insurance services and it ranked 117 among Global Fortune 500 companies in 2018.

PICC provides property & casualty insurance services in Chinese mainland and Hong Kong SAR under PICC Property and Casualty Company Limited ("PICC P&C", listed on the Hong Kong Stock Exchange, with the stock symbol 02328, the Company accounts for around 68.98% of stake) and the People's Insurance Company of China (Hong Kong) Limited ("PICC Hong Kong", the Company accounts for around 75% of stake), respectively; offers life and health insurance services through PICC Life Insurance Company Limited ("PICC Life", the Company accounts for 80% of the stake directly and indirectly) and PICC Health Insurance Company Limited ("PICC Health", the Company accounts for around 95.45% of stake directly and indirectly), respectively; manages the insurance fund in a centralized and professional manner through PICC Asset Management Company Limited ("PICC AMC", the Company holds 100% of the stake); makes investments focusing on real estate through PICC Investment Holding Co., Ltd. ("PICC Investment Holding", the Company holds 100% of the stake); relies on PICC Capital Investment Management Company Limited ("PICC Capital", the Company holds 100% of the stake) to make direct equity investment and debt investment with the insurance and non-insurance fund inside and outside the Group; assigns PICC Financial Services Company Limited ("PICC Financial Services", the Company holds 100% of the stake) as a specialized platform for PICC to step into the field of Internet finance; conducts specialized reinsurance businesses inside and outside PICC through PICC Reinsurance Company Limited ("PICC Reinsurance", the Company holds 100% of the stake directly and indirectly); engages in such business as enterprise annuity and occupational annuity through PICC Pension Company Limited ("PICC Pension", the Company holds 100% of the stake); conducts insurance brokerage, reinsurance brokerage and risk consultation business through Zhongsheng International Insurance Brokers Co., Ltd. ("Zhongsheng International", the Company holds 92.71% of the stake); and maps a strategic layout in banking, trust and other non-insurance financial sectors.

among Global Fortune 500 companies in 2018

117

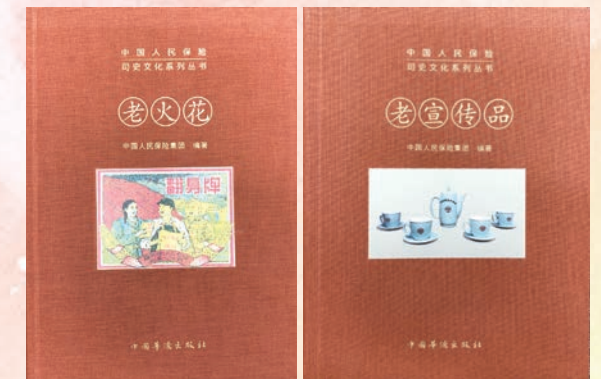


CORE VALUES

Committed to the mission of "People's Insurance serving the People", PICC is seeking to foster a corporate culture rooted in ethos, professionalism, innovation and righteousness, enshrine values of integrity, justice, belief-in-facts and honesty. While vigorously carrying forward its craftsmanship, PICC constantly improve the cohesiveness and guidance of corporate culture and enhance happiness and cohesion of the employees, so as to shape a healthy ecological environment for growth.



PICC held the thematic exhibition titled "40th Anniversary of Reform and Opening-up & 69th Anniversary of the Founding of PICC" in Beijing in October 2018 where we recapped on our amazing business growth story and achievements.



PICC published and released the 3rd series of corporate history & culture publications, the Old Sparkles and Old Promotion Materials, demonstrating our profound and time-honored cultural inheritance.



DEVELOPMENT
STRATEGY

PICC puts forward the "3411 Project" concerning the transformation of PICC to high-quality development based on competition changes in the insurance sector and market cycle, and law of insurance development in the new era. Specifically:

3

"3" refers to advancing the transformation of 3 insurance companies. In the field of property & casualty insurance, we will seek to integrate policy-oriented business and commercial business, and converge the transformation in business model and technical reform, and try to "eliminate agents, reduce cost, optimize customer experience, and enhance customer loyalty ". When it comes to life insurance, we will thoroughly promote changes from extensive to intensive growth, from scale-driven to value-driven, and from focusing on bank insurance to focusing on individual insurance, and embark on the path to sustainable development with high-quality regular payment of insurance fee at the core. As for health insurance, we will deepen reform bravely and resolutely, and steer towards a professional and flat development path while following the principles of professionalism, capability, high efficiency and employ a flat company structure;

4

"4" refers to implementing 4 key strategies, including innovation-driven development, digitalization, integration and internationalization. Among them, digitalization serves as the foundation, innovation-driven offers the guarantee, integration serves as the key, and internationalization is an extension;

1

The first "1" refers to winning the campaign of making a presence in key cities and retaining the presence in county-level markets. For cities, we will work on organizational optimization, team motivation, efficiency improvement, supply innovation, and synergy enhancement, first in such key cities as Shanghai, Shenzhen, and Guangzhou to regain our position, reshape our image and deploy our services there. In this way, the formation of a new mode for tapping into city market will offer inclusive pattern and expertise for the transformation of PICC to high-quality development. As for counties, we will advance integrated network sharing and team building, seek to further integrate policy-support business and commercial business, make a good and flexible use of existing resources, thus reinforcing our dominant position in county-level markets;

1

The second "1" refers to holding the bottom line of no systematic risk, consolidating the foundation, and comprehensively improving legal compliance and risk prevention.

HONORS



PICC

- Ranked No. 117 on the 2018 Fortune Global 500 list
- Ranked on the list of 2018 Top 10 Chinese Charitable Insurers
- Ranked No. 29 on the 2018 Fortune China 500 list
- China Women's Development Foundation Gratitude for 30 Years of Support · Special Acknowledgement Award
- Gratitude for 15 Years of Support for "Mothers Health Express" · Special Partner Honor
- Excellent Organization Award of the Ziguangge Magazine of the Association of Ideological and Political Work of China Financial Institutions and the State Organs Work Committee of the CPC
- Organization Award of the Seminar on the Innovation and Development Theory of Internal Audit in the New Era

PICC AMC

- 2018 Most Competitive Insurance Asset Management Company
- 2018 Best Brand-Building Insurance Asset Management Company
- Annual Outstanding Insurance Asset Management Company in Comprehensive Strength and Charitable Contributions
- "Jinlicai" Annual Asset Management TOP Award
- Annual "Outstanding Economic Contribution Award" for Enterprise with Outstanding Economic Contribution of Pudong New Area
- 2018 Most Popular LP for Equity Investment Institutions

PICC Life

- 2018 Top 10 Chinese Customer Experience Award
- 2018 17 Excellent Customer Service Center Awards of the China Financial Call Center Development League
- 2018 International Pioneer Financial Institution, and 2018 Pioneer Enterprise in Poverty Alleviation
- 2018 Top 10 Chinese Life Insurers for Market Competitiveness
- 2018 Outstanding Life Insurer of Asia
- 2018 Excellent Chinese Enterprise Award for CSR
- "Respect the Elderly" Honor Bestowed by the National Committee for the Elderly
- "Best Partner" of the China Youth Development Foundation
- Most Trustworthy Insurer

PICC Pension

- 2018 Outstanding Contribution Award for Financial and Technological Innovation -- Award for Contribution to Development and Innovation

PICC Hong Kong

- Approved to become the member of the Hong Kong Chinese Enterprises Charitable Foundation

PICC P&C

- 2018 Ark Award for Chinese Insurers with High-quality Development
- 40th Anniversary of Reform and Opening-up · Excellent P&C Insurer
- 2018 Pioneer Enterprise in Poverty Alleviation
- 2018 Excellent Insurance Guarantee Brand
- 2018 Outstanding P&C Insurer
- 2018 Best P&C Insurer of Asia
- Rated at AA for services by the CBIRC in 2018, the highest rating among all insurers
- 2018 Top 30 Chinese Best Employers
- Honored as "Chinese Workers Pioneer", "Chinese Model Family of Staff", "Chinese Model Home of Staff" and "Chinese Outstanding Trade Union" by the All China Federation of Trade Unions

PICC Health

- CSR Award -- Annual Enterprise Award
- Annual Best Health Insurer
- Excellent Activity Award and Award of Poverty Eradication via Insurance in the Publicity Grand Competition of the Insurance Industry of the Insurance Association of China
- Most Influential Insurance Product, Best Internet Insurance Product, Most Innovative Insurance Product, and Best Health Insurance Product

PICC Capital

- Silver Medal Innovation Award on Tools and Solutions from the Insurance Asset Management of China

PICC Financial Services

- Pioneer Entity in Internet Practice
- Excellent Innovative Insurance Product Award
- 2018 Outstanding Product Innovation Contribution Award in the Financial Industry



China Women's Development Foundation "Gratitude for 30 Years of Support Special Acknowledgement" Trophy










SOCIAL RESPONSIBILITY MANAGEMENT

COMMUNICATION WITH STAKEHOLDERS

Our stakeholders include shareholders, employees, customers, suppliers, partners, peers of the insurance sector, securities exchanges, government, society, non-governmental organizations (NGOs), natural environment, etc. In accordance with extent of influence the party receives from PICC as well as the degree of interdependence, we have defined the key stakeholders and the degree and range of their participation in corporate governance, management and decision-making.

High attention is paid to the participation of stakeholders and the means of communication and dialogue mechanisms have been improved continually. In 2018, we incessantly improved the stakeholder participation mechanism, by disclosing on new media platforms such as the official website, Weibo and WeChat, what is new in corporate governance and operation while ensuring routine business communication, so as to make communication more convenient and timely. Also, we collected opinions from stakeholders to enhance communication and feedback.

Participation from Key Stakeholders

Key stakeholders	Expectations of stakeholders	Participation and response
 Shareholders and investors	Stable value growth Sound financial management Perfect corporate governance and operation Clean business environment Comprehensive risk management (including environment, society and governance)	Respond to information disclosure requirements of shareholders and investors Shareholders' Meeting Annual report and announcements Earnings release conference Exchanges with investors
 Customers	Diversified insurance products Quality and convenient services Protection of customer rights and interests Protection of customer privacy	Customer Day Customer symposiums and return visits Special investigations of satisfaction degree News outlets such as Weibo and WeChat Telephone hotline Company website and e-shop
 Employees	Training and career development opportunities Rights of democratic participation Occupational health and safety Harmonious working atmosphere Satisfactory company benefits	Workers' Congress and the labor union Employee symposiums Career development plan Performance management Face-to-face and online training Mutual help and care activities
 Partners	Clean business environment Win-win partnership	Strategic cooperation agreements Standards & evaluations Industry associations
 Government and regulatory authorities	Legitimate business operations To shoulder the due social responsibility of a central state-owned enterprise and listed company in response to national strategies To contribute to industrial development and communications	Supporting industry associations and societies by participating in study and discussion on major issues and policies Returning to the original mission of insurance to provide guarantee for the society and making reports at regular intervals
 Society and public	To improve people' s livelihoods To advance social governance Charitable activities	Undertaking people's livelihoods-related projects initiated by the government Volunteer activities Charitable donation and targeted poverty alleviation
 Natural environment	Green operation Protect the environment	Product innovation Green insurance Green investment Energy saving and emission reduction Green public-service activities

DETERMINATION OF MATERIAL TOPICS

Through participation from the stakeholders, consultation with external experts and discussion with internal members, we defined the concrete sustainability topics in the wake of a comprehensive analysis of two dimensions: "influence on stakeholder assessments and decisions" and "significance of economic, social and environmental impacts".

List of Material Topics



The topic "supply chain management" covers PICC's procurement and supply chain, while other topics cover PICC 's headquarters and affiliates. For some topics failing to cover the whole scope, the actual boundary of disclosure will be indicated.

FOR SHAREHOLDERS STRENGTHEN GOVERNANCE, IMPROVE PERFORMANCE

14 CORPORATE GOVERNANCE

15 ECONOMIC PERFORMANCE

16 INFORMATION DISCLOSURE

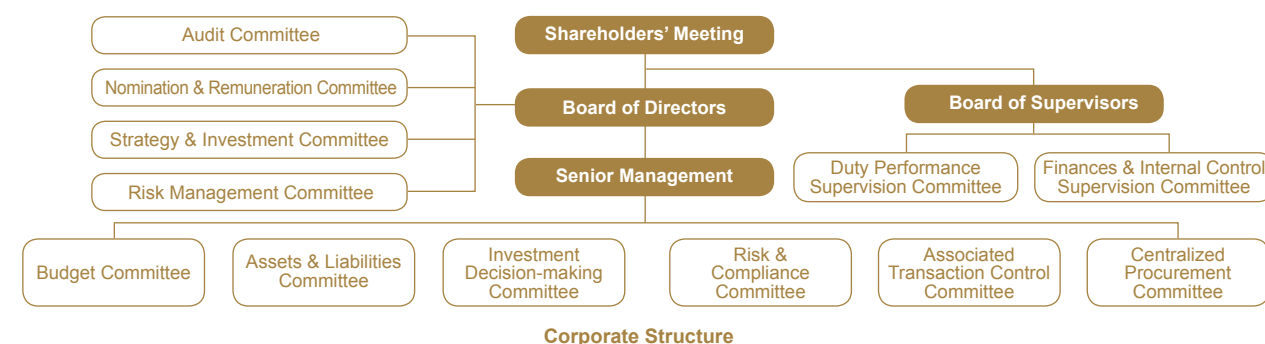
16 RISK AND COMPLIANCE MANAGEMENT



PICC 601319

CORPORATE GOVERNANCE

In strict compliance with relevant laws including the *Company Law of the People's Republic of China* and the *Insurance Law of the People's Republic of China*, related regulatory rules such as the *Guiding Opinions on Regulating the Governance Structure of Insurance Companies (for Trial Implementation)*, and the requirements of rules such as the listing rules issued by Shanghai Stock Exchange and Hong Kong Stock Exchange, the Company's Articles of Incorporation, we continuously bettered the corporate governance structure, raised the level of corporate governance to ensure the Company's sound and steady development, and endeavored to increase shareholder value. The Shareholders' Meeting, the Board of Directors, the Board of Supervisors and the Senior Management independently performed their rights and responsibilities in accordance with the Company's Articles of Incorporation, and engaged in lawful and legitimate decision-making and operation. As the highest organ of corporate power, the Shareholders' Meeting is held once annually, with interim meetings as and when needed. The Board of Directors is in charge of the Company's decision-making and responsible to the Shareholders' Meeting according to the Company's Articles of Incorporation. The Board of Directors convenes at least four regular meetings each year, with interim ones as and when needed.

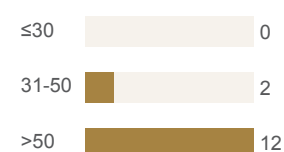


Relevant information on the composition of the Board of Directors

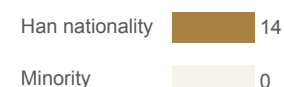
By Gender (number of staff)



By Age (number of staff)



By ethnic nationality (number of staff)



The Board of Directors consists of four professional committees, namely, the Audit Committee, the Nomination & Remuneration Committee, the Strategy & Investment Committee and the Risk Management Committee. Each committee expresses opinions and suggestions to the Board of Directors on issues within the scope of their respective responsibility. Meanwhile each committee has its own working rules that specify relevant responsibilities and operation procedures.

As the Company's supervisory body, the Board of Supervisors is responsible to the Shareholders' Meeting. According to the Articles of Incorporation, the Board of Supervisors shall hold a regular meeting every six months, with interim ones as and when needed. The Board of Supervisors is responsible for assuming supervisory responsibilities and strengthening supervision on duty performance of directors and senior managers and on the Company's finances, internal control and major risks by law. The Board of Supervisors manages two professional committees, including the Finances & Internal Control Committee and the Duty Performance Supervision Committee. Each committee expresses opinions and suggestions to the Board of Supervisors on issues within the scope of their respective responsibility. Meanwhile each committee has its own working rules that specify relevant responsibilities and operation procedures.

Decisions of the Board of Directors are implemented by the Senior Management which controls six professional committees, including the Budget Committee, the Assets & Liabilities Committee, the Investment Decision-making Committee, the Risk & Compliance Committee, the Associated Transaction Control Committee and the Centralized Procurement Committee.

Each governance and management committee has fully incorporated the ideas of sustainable development into the decision-making and operation process, e.g. strategy formation, investment decision-making, risk management and compliance management, with the aim of seeking a continued improvement in the Company's management performance in terms of environment, society and governance on the premise of smooth business operation and solid financial earnings.

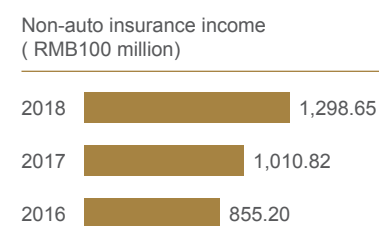
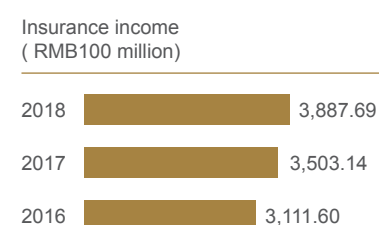
In 2018, at group level



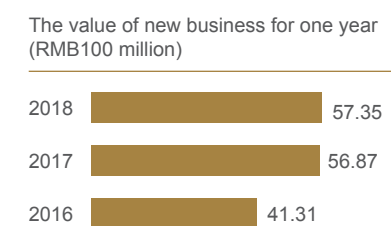
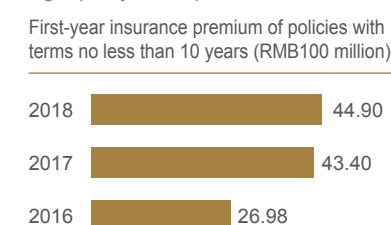
ECONOMIC PERFORMANCE

The year 2018 was a milestone on PICC's new journey in the new era. Over the past year, we adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Guided by the spirit and stuck to the general principle of pursuing progress while ensuring stability, we put the new development concept into practice, and pushed ahead with the "3411 Project" aimed at PICC's transformation toward high-quality development. Amid a complicated and ever-changing external environment, we managed to score impressive achievements in reform and development by keeping a good momentum of steady growth. First of all, our business grew steadily. In 2018, PICC's operating income reached RMB 503.799 billion, surpassing the target of RMB 500 billion; the insurance business income increased by 4.7% year on year to RMB 498.611 billion, with the growth rate higher than that of the overall market. Secondly, the quality of development increased constantly. PICC earned a total profit of RMB 27.868 billion with a combined net profit of RMB19.499 billion. Thirdly, transformative development was further pushed. PICC continued to optimize and improve the direction and path towards high-quality development, and clearly proposed and firmly implemented the "3411 Project", with a variety of core projects associated with the overall plan already started up. Some deep-rooted conflicts and problems gradually began to be solved. The whole Group saw its main insurance business generates an accumulated gross premium of RMB12.94 billion through business collaboration.

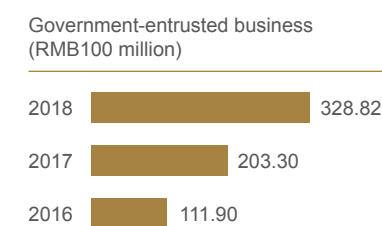
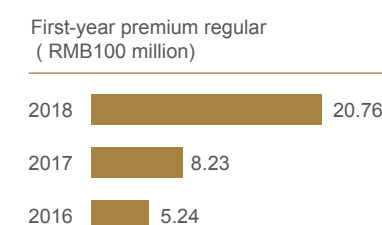
PICC P&C: Maintained a relatively swift growth in business, and continued to dominate the market



PICC Life: Continued to optimize business structure and yielded initial achievements in transformation toward high-quality development



PICC Health: Continued to deepen business transformation and achieved a relatively rapid growth in emerging business



PICC officially made its A-shares stock market debut and became China's fifth financial insurance company that had its stocks listed on both the A-shares and H-shares market. Ying Yong, Deputy Secretary of CPC Shanghai Municipal Party Committee and Mayor of Shanghai, and Miao Jianmin, Party Committee Secretary and Chairman of the Group, struck the gong together during the listing ceremony.



On behalf of PICC, Bai Tao, Deputy-Secretary of the Party Committee and President of PICC signed the Listing Agreement with the representative of the Shanghai Stock Exchange

INFORMATION DISCLOSURE

We laid down *Measures for the Administration of Information Disclosure*, *Measures for the Administration of Internal Reporting on Major Information*, and *Measures for the Administration of Information Disclosure Delay and Exemption*, for the regulation of information disclosure systems.

- Specifying issues involved in PICC’s information disclosure work, including major contents, duties of related parties, procedures of registration, registration and disclosure, and disciplinary requirements, etc;
- Defining the institution and personnel responsible for information disclosure, and coordinate the setting up PICC’s information disclosure team;
- Establishing the mechanism for communication and cooperation with related affiliates, related departments of the Group, domestic and overseas legal consulting teams, and the secretarial team of PICC Hong Kong;
- Compiling the *Document on Standardizing Major Information Reporting and Disclosure Procedures* to raise continually the management level of the standardized procedures of information disclosure;
- Proactively participating in information disclosure training sessions organized by regulatory authorities and organizations in the sector to follow the latest regulatory dynamics and improve professional skills;
- Issuing performance information, regular reports and announcements on a series of major issues on time and disclosing the sensitive stock price related information to shareholders in a legitimate way;
- Coordinating the implementation of provisions that come into effect recently and disclosing related information based on the latest revisions on information disclosure as specified by the listing rules of the Hong Kong Stock Exchange and Shanghai Stock Exchange to ensure the contents disclosed in the Company’s regular reports comply with requirements of the listing rules.

RISK AND COMPLIANCE MANAGEMENT

We took tangible actions to attain the target of the central authority in safeguarding financial security, consolidated the foundation for risk prevention, and drove the transformation towards high-quality development, in strict compliance with the requirements of standards relating to risk management and internal control, such as the *Insurance Law of the People’s Republic of China*, the *Measures for the Compliance Management of Insurance Companies*, the *Guidelines for the Risk Management of Insurance Companies (for Trial Implementation)*, the China Risk Oriented Solvency System (C-ROSS) regulations rules, the *Basic Norms for the Internal Control of Enterprises* and supporting guidelines, the *Basic Rules for the Internal Control of Insurance Companies*, and listing rules adopted by the Shanghai Stock Exchange and Hong Kong Stock Exchange.

The Board of Directors takes the responsibility for the Company’s risk management. Under the Board of Directors is the Risk Management Committee, supported by a risk management architecture. Vertically, the architecture involves the Board of Directors, the Management and operating departments, and covers PICC’s business segments and branches at all levels; horizontally, the “three lines of defense” for risk management cooperate with each other while work according to the division of responsibilities.

We consolidated the foundation for our compliance management in line with the requirements for suppressing the chaos of the insurance market by way of organizing and conducting compliance inspection work and preventing illegitimate fund-raising in a thorough manner, strengthening the promotion of and training on regulation compliance, optimizing and improving the compliance appraisal systems, reinforcing the dynamic monitoring of compliance risk, and firmly holding on to the bottom line for avoiding system risk.

We continued to enhance the building of the risk management and internal control system by proposing the general goal for promoting the integrated risk management system based on the ISO 31000 international standard and with reference to advanced international experience, and making great efforts to advance the “three unifications” (unified risk appetite, unified risk measurement and unified internal control system).

In 2018, we revised PICC ’s basic risk management rules, formulated working rules of the Risk & Compliance Committee, optimized the regular meeting mechanism, and leveraged PICC ’s risk management and control mechanism in a unified and coordinated manner. We devoted greater efforts in risk-related work including dynamic monitoring, evaluation, early warning, response and reporting, exerted greater management efforts and control over key risks, put liquidity risk management in place, and strengthened credit risk prevention and control. We compiled the annual written Risk Appetite Statement while built the routine operation mechanism for risk appetite, which covers risk appetite formulation & update, transmission & execution, monitoring & assessment, and review & adjustment. We further incorporated risk appetite into branches and business units to ensure the system be implemented to play a role in risk control. We kept conducting non-regulatory capital measurement and analysis and set up the annual “risk capital budget” to better leverage the non-regulatory capital. We made constant efforts to improve functions of PICC’s risk management and internal control system and boost the informatization of risk management. We decentralized the internal control system deeper into the grassroots level, put key posts under stricter internal control management, and initiated the Group-wide internal control assessment and audit. We took a solid step in promoting the implementation and pilot run of the tiered audit supervision mechanism, and built the assessment model and standard system for supervision and risk prevention and control across 99 provincial institutions.

We remained resolute in carrying out the instructions of the central government and followed the general requirements on Party-building in the new era. We continued to support the CPC leadership, strengthened the Party-building, implemented the policies and decisions from the CPC Central Committee in all aspects, and shouldered our economic, political and social responsibilities as a financial enterprise under central government control. By holding the Group-level meetings on Party-building and releasing the *Opinions on Pushing PICC’s Transformation towards High-quality Development under the CPC Leadership and Enhanced Party-building*, We deployed PICC’s Party-building work across the board; we launched the 2018 training courses targeted at grass-root Party branch secretaries, with 114 attendees; we explored the new means of “Internet + Party-building” in an active move to set up the “PICC Party-building Cloud”. The theoretical study team of PICC’s Party Committee played an exemplary role in this respect, and encouraged coordination between the upper and lower levels.



In September 2018, PICC Group had organized a work meeting focused on higher-quality Party-building and improve the organization of PICC in the new era.

We were persistent in fostering a clean political climate and enforcing strict discipline, in the meantime, kept a close eye on promoting the building of an ethical Party and carried out anti-corruption work. Throughout 2018, 224 anti-corruption rules and 58 revisions were introduced into the system; inspection tours were carried out 1,173 times and 2,541 opinions and suggestions were given. We created regular a system to guard against the issues of “four forms of decadence” (formalism, bureaucratism, hedonism and extravagance) which might occur during holidays, and also repeatedly emphasized the importance of obeying the Party discipline during holidays by means of anti-corruption animations, messages, conferences, banners etc. To be specific, the whole system sent out 884,000 messages to warn against corruption. As an innovation in fostering the anti-corruption culture, PICC’s discipline inspection committee piloted the WeChat official account “Corruption-free PICC” and made full use of the “Internet + discipline inspection and supervision” to advocate the anti-corruption culture. In the whole system, 16,426 discipline inspectors and supervisors (person times) attended various training activities last year; a total of 5,363 anti-corruption education sessions were carried out, covering 585,000 employees (person times).



Anti-corruption Training in PICC and Some of Its Affiliates in 2018

	PICC Group	PICC AMC	PICC Investment Holding	PICC Capital	PICC Financial Services	PICC Reinsurance	PICC Pension
Ratio of employees who attended the anti-corruption training	100%	100%	100%	100%	100%	100%	100%

FOR CUSTOMERS

HIGH QUALITY TRANSFORMATION, CUSTOMER SATISFACTION

20 INNOVATING SERVICE SYSTEM

22 OPTIMIZING CUSTOMER EXPERIENCES

24 STRENGTHENING CUSTOMER COMPLAINT
MANAGEMENT

25 PROTECTING CUSTOMER PRIVACY



INNOVATING SERVICE SYSTEM

In pursuit of high-quality innovation-driven development in a customer-centered way, we improved our service system and delivered better customer experiences to better cater to their needs for integrated insurance & financial services.



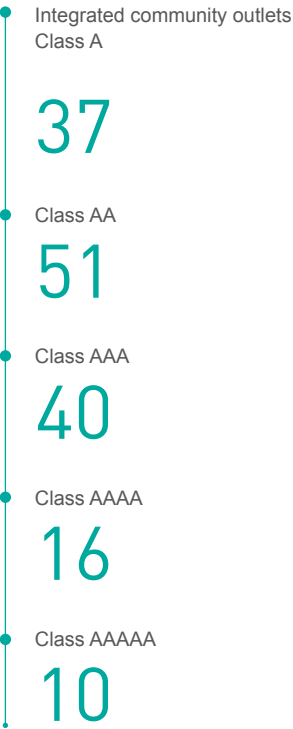
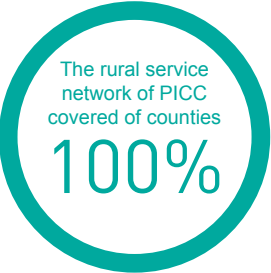
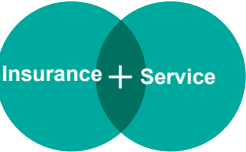
On June 28, 2018, Party Committee Secretary and Chairman of PICC Miao Jianmin, together with the representatives of the customer, the partner the media and the employees, announced the launch of the innovation-driven development strategy.

We explored a variety of “Insurance +” application models and extended the financial service chain. We started up the innovation-driven development strategy theme under the name of “New Era, New PICC, New Development”, with the goal of making the Company’s operation smarter and provide our services online and on a platform. We fully upgraded our insurance products, vigorously developed “Insurance + Service”, and transformed our insurance service model with a shift from providing simple compensation to planning comprehensive risk solutions. We also dabbled in practices of the cross-sector industrial chain integration and planned four ecosystems (consumer life, car owner, healthcare & pension, San Nong) to create related service chains. Through digital reinvention, we attempted to cultivate key capabilities to bring all-channel experiences, intelligent analysis and an ecosystem for a nonstop “customer-centered” innovation and revolution.

We introduced the “Smart PICC” strategy and deepened technological innovation. The “Smart PICC” digitalization strategy mainly relies on digital technologies. By giving full play to the leading role of new technologies such as artificial intelligence, Big Data and cloud computing, we were able to drive operation transformations and business model innovations, gain a full understanding and insight of customers, return to the inherent role of insurance and continuously improve the service system through technological innovation.

We devoted ourselves to becoming the most considerate insurance service expert for our customers through increasingly improved service systems. We put in place perfect mechanisms to set standards for product manuals/brochures and strictly followed information disclosure rules for insurance products. Meanwhile we explored a Big Data-based product recommendation system so that customers can select the products and services that can perfectly satisfy their needs. All of PICC’s affiliates also designed a series of service management regimes and established the service quality assessment system to deliver thoughtful and considerate services to customers.

We expanded the coverage of the sharing-oriented rural service network based on unified standards, and continued the building of integrated community outlets. By 2018, the rural service network of PICC covered 100% of counties, 98% of towns and 54% of administrative villages across China. Therefore, the grassroots-level service system with “outlets and agents in every town” basically came into shape. PICC P&C opened 617 outlets in 32 provincial branches, among which 391 were integrated community outlets with a 75% coverage rate. In 2018, a total of 331 integrated community outlets had gone through examinations, with 37 outlets rated as Class A, 51 as Class AA, 40 as Class AAA, 16 as Class AAAA, and 10 as Class AAAAA.



PICC E-Marketing

“PICC E-Marketing” adopts digitalized mobile Internet technology to provide a one-stop mobile support tool for the salesmen. The tool is designed to assist salespersons in delivering more professional and comprehensive services to cater to the needs of customers for comprehensive insurance, and giving an impetus to the supply-side reform in insurance business. “PICC E-Marketing” comes as PICC’s first sales support tool that has put property & casualty insurance, health insurance and life insurance into an integral system. By logging into “PICC E-Marketing”, salespersons can sell various types of PICC’s insurance products targeting individual customers. In 2018, PICC fully unfolded the “PICC E-Marketing” promotion, with the number of marketable insurance products exceeding 160, and the total number of users reaching 202,000 with effective policies surpassing 2,007,000.

With the number of marketable insurance products exceeding

160

The total number of users reaching

202,000

With effective policies surpassing

2,007,000

Unified access

Development of the mobile version of the PICC E-Marketing tool was prioritized to create a unified APP, available in both IOS and Android versions, so that salespersons can log in using their own job number through the unified access.

Integrated sales

The core business systems of P&C, health and life insurance affiliates were integrated, with functions such as product quotation, reinsurance/ insurance application, underwriting submission, policy issuance and payment.

Product catalogue

Product catalogue was created to showcase a brief introduction to products available for sale, and customers can skip from the “product profile” section to the “product sales” section.

Customer inquiry

PICC’s unified customer information platform can help salespersons gain a full access to customer information.

Performance inquiry

Information on historical performance of salespersons can be accessed and displayed for their convenience.

Education & training

Salespersons can study or download training material directly though the mobile phone APP.

OPTIMIZING
CUSTOMER
EXPERIENCES

We offered one-stop solutions combining online and offline channels and created a complete customer feedback mechanism. We opened the national service hotline to deliver services like claim settlement and rescue. We ran platforms such as PICC official website, APP, WeChat official account, PICC auto insurance hotline and V-Alliance, and promoted the integration of “PICC” APP. We also worked out the preliminary plan for establishing PICC’s integrated e-commerce portal, continually upgraded “PICC V-Alliance”, developed online and offline service network with collaborative innovation, and optimized channel layout, offering customers a rapid and convenient access to insurance consulting services and barrier-free communications.

“PICC”APP

CASE

“PICC”APP officially debuted for trial operation on December 28, 2018. Through a deep integration of service functions provided by all affiliates, “PICC” APP allowed the use a series of key integrated functions, including unified log-in, unified customer center, unified policy management, integrated sales, integrated services, integrated claim & reporting, etc. This has effectively saved users from the long-lasting pain of not being able to obtain consistent and one-stop service caused by disconnected APP of PICC affiliates.

We relied on technological means to meet customer demands and provide more professional and quality services. PICC P&C expanded its online claim service, and built the “Strategy Pyramid for Provision of Whole-hearted Services” by introducing nationally-unified public platforms such as parts & components price, nationwide claim settlement, anti-fraud data and third-party service resources, optimizing automatic claim, one-click claim and other online claim settlement models, and establishing the online claim assistance mechanism for upgraded claim management. PICC Health developed the artificial intelligence manager assistant, with a comprehensive upgrade in the health record function. Electronic health records had been prepared for 10.95 million customers to design personalized health risk solutions for them. PICC Financial Services innovated the application of the intelligent image investigation tool that was connected to the WeChat platform. By doing so, the time spent in investigating and determining the loss of 70% small-amount claims was reduced from 30-50 minutes to about 5 minutes, a significant increase in efficiency.

PICC “Whole-Hearted Service”

CASE

As for claim settlement, PICC P&C upgraded its “Whole-hearted Services” by introducing “Coordinated Actions between the Police and Insurance Company” in 336 cities, offering featured services such as “PICC on the Road” and “Around the Clock Claim Settlement”. By integrating into the “12123 System” of the traffic police, a new model was launched to “speed up the processing and claim settlement”.



PICC P&C Nanjing Branch lauched the “Nanjing Model” for transformation towards high-quality development with service at the core.



In May 2018, PICC P&C Shijiazhuang Branch and Hebei Municipal Traffic Management Bureau jointly launched the new service named “Serving the Public through Coordinated Action of Police and Insurance Companies”.

Rate of policies delivered within 15 days increased by percentage points

9.10

Success rate of customer call back during the cooling-off period increased by percentage points

2.25

Time gap between claim and application-payment decreased by days

0.16

Time gap between claim and confirmation-payment decreased by days

14.51

Conservation time limit decreased by days

0.06

Rate of timely reinsurance handling increased by percentage points

2.48

We never ceased strengthening quality management and of delivering better customer experiences. We organized a range of Customer Day activities under the theme of “New Era, New Life” to draw more attention from customers and offer them more satisfying experiences. PICC P&C, PICC Health and PICC Life enhanced their communications with customers and exchanged ideas with them through a series of lectures on health and other thematic activities, including “Inclusive Pinzhenbao Insurance to Support San Nong”, a charitable education campaign named “Using Insurance to Build Chinese Dream”, a social security program named “Centered around the People and Using Insurance to Safeguard the Public”, and a public-service program named “Love Policy”, the upgrade of critical illness product services, as well as “Attention on Health Brings A Smooth Life”. We kept exerting stricter control over customer service quality by improvements in key indicators concerning customer service quality evaluation. For instance, PICC Life released relevant appraisal systems, including the *2018 Service Quality Evaluation Indicators and Scoring Standards Applicable to Performance Appraisal in Branches and Measures for the Administration of Comprehensive Evaluation on Service Quality in PICC Life Provincial Branches*. These systems based performance appraisal on the rate of policies that can be delivered within 15 days, the success rate of call back during the cooling-off period, time gap between claim application and payment, time gap between claim confirmation-payment, conservation time limit, complaints per RMB 100 million premiums, complaints per 10,000 policies, and rate of timely complaint handling. In 2018, for PICC Life, rate of policies that can be delivered within 15 days increased by 9.10 percentage points, the success rate of customer call back during the cooling-off period rose 2.25 percentage points, the time gap between claim application-payment and that for claim confirmation-payment were reduced by 0.16 and 14.51 days, respectively, the conservation time limit was reduced by 0.06 day, and the rate of timely reinsurance handling was up by 2.48 percentage points, compared with the same period of the last year.



In June 2018, PICC P&C Shenzhen Branch carried out the charitable activity to “Escort Gaokao Examinees”.



STRENGTHENING
CUSTOMER
COMPLAINT
MANAGEMENT

We incessantly strengthened the management of insurance consumer complaints. We stipulated the *Interim Measures of PICC Group for the Management of Insurance Consumer Complaints*, in a bid to handle insurance consumer complaints in a lawful, fair, equitable, convenient and quick manner, under the principles of “problem solving first, handling based on division of labor and cooperation, in-situ complaint settlement and prevention of complaints from the source”. We made greater efforts to manage insurance consumer complaints, paid attention to the notifications of the regulator’s complaint appraisal results, and took into account complaints per RMB100 million premiums, complaints per 10,000 policies and put-through rate of customer service hotline when appraising the affiliates.

We put ourselves in the shoes of customers to properly handle complaints with a mechanism that responds to insurance consumer complaints more quickly. Under the customer complaint mechanism, each affiliate established its customer complaint channel to take relevant complaint information, cope with specific complaints and keep communication and contact with customers.

PICC Financial Services' customer complaint handling mechanismCASE

In response to customer complaints concerning the payment business, PICC Financial Services laid down the *Measures for the Administration of the Customer Support Center on the Maibaofu Platform*, in an effort to ensure consultation requests and complaints from customers are effectively handled under defined procedures, guarantee customers' access to consulting services with respect to giving explanations on customer service agreement terms, customer privacy policies, etc, and continually boost the efficiency and quality of customer service and complaint handling mechanisms. Aibaokeji, the insurance technology business unit of PICC Financial Services, has set up complaint handling channels such as hotline and mailbox, designating customer service personnel to follow up on and handle complaints, as part of its customer complaint handling mechanism.

Number of Insurance Consumer Complaints

Item	Complaints per RMB100 million premiums (case/RMB100 million)			Complaints per 10,000 policie (case/10,000 policies)		
	2016	2017	2018	2016	2017	2018
Year						
PICC P&C	0.77	3.35	2.41	0.02	0.08	0.03
Industry ranking	50	56	68	52	57	68
P&C insurance industry average	1.08	4.65	4.14	0.01	0.03	0.02
PICC Life	0.65	2.66	1.84	0.33	1.37	0.73
Ranking	18	14	30	14	9	30
PICC Health	0.40	3.05	11.14	0.62	1.84	0.73
Ranking	28	11	2	7	4	31
Personal insurance industry average	0.43	1.69	1.52	0.12	0.47	0.36

Note: The 2018 data shown in the table is taken from the *Notice of the General Office of the China Banking and Insurance Regulatory Commission on Insurance Consumer Complaints in 2018 (Y.B.J.F. (2019) No.42)*.

PROTECTING
CUSTOMER
PRIVACY

We took moves to meet the requirements of relevant laws and regulations including the *Cybersecurity Law of the People's Republic of China* to realize the safe storage of customer information. In 2018, each affiliate basically completed work on provisions to add customer information authorization in main business documents and updating privacy policies on the online platform. Firstly, the system has made a unified deployment for adding the electronic document on authorization provisions as part of the online link during the synchronized switch between old and new business documents; secondly, relevant IT systems were improved and successively put to use; thirdly, the system recorded the customer information authorization results so as to effectively protect customer privacy by law.

Information Security System of PICC PensionCASE

PICC Pension created a complete information security system and drew up management regimes to manage security, setting up system directory management, domain name management and the like; implemented graded information protection assessment and records to ensure safe system operation; compiled the list and information of system security components and created the security ledger; defined procedures and standards concerning safe project implementation to put the project's overall risk under control; set up the security emergency response organization and conducted response drills to ensure the effectiveness of the emergency mechanism; finished data backup to prepare for an all-round disaster recovery. In 2018, graded information protection recording was done for all the 24 systems, of which 20 systems submitted for graded protection assessment passed, laying a solid foundation for the company to operate its information system in a safe and stable way.

FOR SOCIETY

PEOPLE'S INSURANCE, SERVING THE PEOPLE

28 ASSIST IN TARGETED POVERTY ALLEVIATION

32 SUPPORTING RURAL REVITALIZATION

34 SERVE THE REAL ECONOMY

37 SERVE FOR THE WELLBEING AND HEALTH
OF THE PEOPLE

40 MODERNIZE SOCIAL GOVERNANCE

42 COMMITTED TO CHARITY



ASSIST IN TARGETED POVERTY ALLEVIATION



launched the “Shenpinbao Insurance” project provinces

22

Counties

334

Villages

35,862

ENHANCE TOP-LEVEL DESIGN AND IMPROVE WORKING MECHANISM

2018 was a big year for us as we made sweeping efforts to fight against poverty. In strict compliance with the spirit of the National Poverty Reduction and Development Conference and the requirements of the State Council Leading Group Office of Poverty Alleviation and Development and the CBIRC, the Company formulated and issued the guiding opinions on facilitating the 2018 poverty alleviation through insurance and the scheme for targeted poverty alleviation, where the work priorities were made clear and the tasks for rectifying Party conduct in poverty reduction process were set. PICC P&C successfully signed the cooperation agreement with the poverty alleviation office of all provinces (autonomous regions and municipalities directly under the central government) in a move to incorporate insurance into the local poverty alleviation plan. Besides, PICC P&C and the Poverty Alleviation Office of the State Council jointly released the *Implementation Plan for Insurance-based Poverty Alleviation to Support Industries in Poverty-stricken Areas*, and launched the “Shenpinbao Insurance” project in 35,862 villages of 334 counties in the Poverty-stricken areas across 22 provinces (autonomous regions and municipalities directly under the central government) in central and western China, which provided comprehensive insurance guarantee for agricultural production, family life and accidents. Under this project, the general poverty alleviation insurance business has seen a rate reduction of 10-30% in addition to original 20% cuts in 58 poverty-stricken counties in 11 provinces.

INVEST MORE IN TARGETED POVERTY ALLEVIATION AND DELIVER MORE TANGIBLE POVERTY ALLEVIATION RESULTS

PICC has phased in targeted poverty alleviation work in Ji'an County and Le'an County of Jiangxi province, Huachuan County of Heilongjiang province and Liuba County of Shaanxi province since 2002. Over the past 17 years, PICC donated nearly RMB 90 million for poverty relief. In 2018, PICC injected funds of RMB 40,235,700 into 80 poverty-reducing projects which cover areas such as industrial development, health, education and infrastructure; spent RMB 14,191,300 for poverty alleviation, invested RMB 34,665,900 in purchasing agricultural products (including sales of agricultural products), provided low-interest insurance financing amounting to RMB 54.90 million, and paid RMB 45,092,100 for insurance claims (excluding auto insurance). For the four counties, PICC promised RMB130.689 billion as protection against all kinds of risks and insured 91,203 persons in the form of Return-to-Poverty Liability Insurance to prevent those already lifted out of poverty from returning back to poverty due to any disasters, diseases, education difficulties and accidents. Through these efforts, PICC has fueled the poverty alleviation endeavor in these counties, among which Ji'an has taken the lead in getting rid of poverty.



In August 2018, Party Committee Secretary and Chairman of the Group, Miao Jianmin, led a team to a county where PICC solely undertakes the targeted poverty alleviation -- Huachuan County, Jiamusi City, Heilongjiang Province, to inspect and survey this county's poverty alleviation and visited a poor household to ask about any income rise.



In August, 2018, Party Committee Deputy-Secretary and President of PICC Bai Tao browsed through poverty alleviation files at the government of Liuba County.

INNOVATE POVERTY RELIEF PATTERNS AND BOOST POVERTY RELIEF MOMENTUM

Focused on “Insurance-led targeted poverty alleviation”, we made a comprehensive response to China's “five-batch” poverty alleviation program (through industrial development, relocation, eco-compensation, education and social security) aimed at key groups and tasks involved in poverty alleviation, targeting at people in poverty in multiple-tiers. Based on the advantages in resources and characteristics of different sectors in poverty-stricken areas, we continually enriched and diversified dedicated poverty alleviation products and services, so as to tackle real difficulties for the poor.

We further strengthened product development and policies towards meeting the sectorial development needs of the poverty-stricken areas in order to improve their development conditions. In light of the guarantee for agricultural production against natural disasters, we took innovative measures to develop and promote agricultural insurance products involving “meat, egg, milk, poultry, tea, fungus, fruit and vegetable” tailored to local conditions. For example, we rolled out the flue-cured tobacco planting insurance across Yunnan province, launched Tibetan sheep, Tibetan pig and other special poultry insurance in Tibet, cow insurance in Inner Mongolia, and the agricultural facility insurance in Shaanxi province, with a view to eliminating poverty and Return-to-Poverty caused by disasters and price fluctuations. So far, we have developed 242 dedicated poverty alleviation products under the agricultural insurance. Besides, we proactively responded to market risks hindering industrial development and created new agricultural insurance products such as revenue insurance, weather index insurance and “insurance + futures”, in a move to transform these products from “cost guarantee” to “price, revenue and quality guarantee”. In this way, we designed 26 local poverty alleviation product portfolios, represented by “Eight Insurance Models” (e.g. “Fupinbao insurance” and “Tehuibao insurance”), thus injecting fresh momentum and effectiveness into poverty alleviation supported by featured industries.

We pioneered the “insurance + financing” model by extending the financial service chain while developing featured agricultural insurance, and creating the means of operation which combines “government support + financing-backed San Nong + insurance guarantee”. Innovative models and patterns such as “targeted poverty alleviation through cooperatives” and “Zhengrongbao” financing-backed poverty alleviation” were formed to help build mechanisms for poverty alleviation and prevent the return to poverty. By the end of 2018, PICC had promised a fund of RMB 800 million to the four poverty-stricken counties, with a balance of RMB 54.90 million and average interest rate of 5%, covering 5,706 person-times (households) living in poverty.



"Insurance + Industry" poverty alleviation in Ji'an, Jiangxi

CASE



PICC personnel and the poor households were harvesting "Jinggangshan honey pomelo" at the industrial cooperative garden funded by PICC

We started a variety of poverty alleviation programs such as "poverty alleviation through featured industries, insurance, educational support, finance and public service campaigns". In collaboration with Ji'an county government, we adopted the "insurance + industry" poverty alleviation model, and improved the financial poverty alleviation mechanism driven by guaranteed loans, loan interest subsidies, industry-specific rewards and industrial insurance, aiming at eliminating the difficult points of industry-backed poverty relief. For poor households, we established some dedicated cooperatives offering one mu of Jinggang honey pomelo and one mu of Hengjiang grape, one chicken coop, and one job opportunity for each household. With more e-commerce sales channel available, we eased the poor's fears over risks, and motivated them to "be brave to get rid of poverty". In addition, we enhanced the self-driven development capability of the poor areas.



Insurance-backed poverty alleviation in Linzhi, Tibet

CASE

In Linzhi, Tibet, we devoted ourselves to meet Mainling county's needs in fields such as agricultural insurance, critical illness insurance, insurance involving people's livelihoods and industrial poverty relief, and on this basis, introduced a model to sell Poverty Alleviation Revenue insurance, providing risk coverage amounting to RMB 7,854,000 for 2,040 locals who had already got rid of poverty. This model aimed at guiding the poverty alleviation policy towards building a demonstration county through reductions of burden and links, promotion of innovation, as well as provision of medical treatment and assistance. By case taking via Wechat, this model enables the direct reporting by farmers and herdsmen and handling by the Company. Relevant personnel can then check the case file saved on the computer and provide guidance by telephone, thus delivering much more convenient and timely services.



PICC's grassroots-level poverty alleviation person-in-charge braved the rain to the poor household for an on-site survey of the household's needs for poverty relief assistance



Leaders to make contributions to local poverty alleviation.

1,100

PARTNER WITH THE COMMUNITY TO CREATE A NEW ENVIRONMENT OF POVERTY ALLEVIATION

We actively fostered a partnership with local governments and enterprises and brought new means to targeted poverty alleviation through "Internet + insurance + poverty alleviation + public service". Based on the long-term practice in offering assistance, our poverty reduction program targeted at poor households and people recorded in the filing system. Further, combined with the advantages of the insurance industry and ourselves, we optimized the allocation of poverty alleviation resources, enhanced "government + insurance" cooperation and developed stronger insurance guidance, and explored useful patterns of insurance-backed poverty alleviation, finally yielding sound results.

With our charitable donations favoring areas and people living in poverty, we insisted in selecting highly competent leaders to take charge of poverty alleviation programs and strengthened the leading role of Party-building. We assigned young cadres from provincial branches to take a temporary post in poverty-stricken areas and assist local people in getting rid of poverty and becoming better off. We have altogether assigned over 1,100 leaders to make contributions to local poverty alleviation.



In August 2018, Lin Fan, Party Committee Deputy-Secretary and Chairman of the Board of Supervisors of the Group, donated RMB 4.27 million as poverty alleviation funds to Ji'an County on behalf of the Group

Return-to-Poverty Liability Insurance

CASE

By debuting "Return-to-Poverty liability insurance" in Le'an County, Jiangxi province, PICC provided a guarantee totaling over RMB 500 million for poor households that had got rid of poverty and were recorded in the filing system. We also set a good example for "attitude change and education support" in poverty alleviation efforts, with substantial donations to support-the-student projects. Across the county, we built a five-tiered medical security system featuring "basic medical insurance + critical illness insurance + supplementary critical illness insurance + assistance from department of civil affairs (social assistance) + micro commercial medical insurance".



PICC poverty alleviation person-in-charge was explaining the cooperative poverty alleviation project to poor households at an "attitude-change + educational support" poverty alleviation class

SUPPORTING RURAL REVITALIZATION

Provided insurance for crops
770 million mu

Forest
1.19 billion mu

Live pigs and breeding sows
180 million

Offering insurance worth RMB
2.2 trillion for nearly

PROVIDING INNOVATIVE RURAL INSURANCE PRODUCTS

We responded actively to the *Strategic Plan for Rural Revitalization (2018-2022)*, played a leading role in the insurance sector, consolidated the dominant position of policy-oriented rural insurance, continued providing innovative products and services, and established a new landscape for "Comprehensive Rural Insurance" while lending full support to the strategy of rural revitalization. We had set up a vertical system where central government policies played a leading role, and those for carrying out local government policies, the commercial and innovative insurances served as supplements. We developed a large variety of agricultural product insurance for vegetables, fruit, agricultural facilities and special farming based on characteristics of the local resources and agricultural development plans of the regions. In 2018, we provided insurance for about 770 million mu of crops, which accounted for more than 30% of the country, contributing greatly to China's grain production; and about 1.19 billion mu of forest, 180 million live pigs and breeding sows, offering insurance worth RMB 2.2 trillion for nearly 100 million farmers.

We expanded the service scope of our insurances; created index insurance, yield insurance and comprehensive insurance for industrialized agricultural production; set up a comprehensive agricultural insurance service system which covered "both the sky and the ground"; and developed the innovative agricultural insurance business mode of "image-based claim settlement", lending strong support to the modernization of agriculture. By the end of 2018, PICC P&C had established 7,676 "San Nong" sales branches in counties and towns across the country, 26,100 agricultural insurance service stations, and 309,800 service points, covering 55% of administrative villages across the country. In 2018, we provided quick claim settlement and offered reliable services during major disasters such as Typhoon Rumbia, Super Typhoon Mangkhut and African Swine fever, offering an important source of funds for the recovering of agricultural production after disasters while implementing incentive agricultural policies of the central government, an effort which had won wide recognition from agricultural enterprises and farmers.

PROVIDING A LARGE VARIETY OF FINANCIAL SERVICES

We pioneered an innovative agricultural insurance for fund financing, meeting financing needs of farmers and agricultural enterprises, and providing a large variety of insurance services. The new agricultural cooperative finance provides small-scale financing for small farmers and new agricultural businesses, providing credit support and a better interaction between poverty alleviation and financing support.



"San Nong" sales branches

7,676

Agricultural insurance service stations

26,100

Service points

309,800

Mutual support insurance for nori production

CASE

We signed the insurance agreement for porphyra yezoensis production with the Jiangsu Fishery Mutual Support Insurance Association in Nantong Jiangsu. In the first phase of the program, we provided insurance worthy of RMB 3.655 million for a nori production area of 20,000 mu and 9 nori production enterprises in Haian and Rudong (nicknamed as home of nori), offering great support for nori producers as a disaster relief so that they could recover production in time.



PICC mutual support insurance for nori production

SUPPORT THE BUILDING OF A BEAUTIFUL COUNTRYSIDE

We made active efforts to tackle rural environmental pollution and build a beautiful countryside. We played an active role in the management of rural environmental pollution risks and incorporated environmental pollution risks into the general farming and breeding insurance, namely the environmental pollution caused by natural disasters and accidents in fields such as crop farming, breeding, agricultural product processing and forestry. We explored ways to use insurance tools to upgrade agricultural production and focused on green agriculture to accelerate the development of green agricultural insurance products, thus giving support to environmental friendly and clean agricultural production. We established a link mechanism between agricultural insurance and agricultural pollution prevention to promote clean production, recycle agricultural waste, create ecological industry models and establish a veterinary health traceability system that covers the entire chain which includes breeding, transportation and slaughter. We participated in the building of a mechanism for improving the living environment the rural people, developed and rolled out rural biogas digester insurance, guided rural residents to use clean energy and not to burn the straw, promoted policy-guided forest insurance to facilitate ecological protection and recovery.



In May 2018, PICC directors visited and conducted a survey at the Branch of Yuelinya Village, Xishan Town, Langzhong City, Sichuan Province, the purpose of which is to help build a beautiful countryside

the new "direct investment of insurance fund + joint insurance" model in Longhua

CASE

We unveiled the innovative model of direct investment of "direct investment of insurance fund + joint insurance + government underwriting" model in Longhua of Hebei province, to provide financing and insurance services for cattle raising, addressing difficulties in financing, lower down financing costs and reduce operating risks. With these services, we connected "last mile" for poverty alleviation in Longhua by means of providing insurance for cattle raising. This innovative model has been highly recognized by the Animal Husbandry Department of the Ministry of Agriculture and Rural Affairs. The Ministry of Agriculture and Rural Affairs and PICC P&C jointly launched a special promotion meeting in support of the application of this model in 28 poverty-stricken counties near Beijing and Tianjin.



PICC "direct investment of insurance fund + joint insurance" model supports beef cattle production

SERVE THE REAL ECONOMY



The program had offered loans of RMB

22.6 billion

Serving micro-and-small enterprises and individuals

290,000

ACTIVELY "SUPPORT AGRICULTURE AND SMALL AND MICRO BUSINESSES"

We handed down a series of documents, including the *Notice on Giving Further Financing Support to Agriculture and Small and Micro Businesses*, to guide our subsidiaries to support agriculture as well as small and micro businesses.

We continued implementing the pilot agriculture and small and micro business financing program to provide high-quality financing and insurance services for San Nong (ie. agriculture, rural areas and farmers), small and micro businesses and the private sector. Since its approval by China Banking and Insurance Regulatory Commission in 2015, we launched the pilot agriculture and small and micro business financing program with a trial amount of RMB 25 billion to offer financial support for agriculture, rural areas and farmers as well as small and micro businesses. Through three years' exploration, we have developed three service models: financing for agricultural support, financing for small and micro enterprises and financing by way of external support. By the end of 2018, the program had offered loans of RMB 22.6 billion, serving 290,000 small and micro enterprises and individuals. The financing for agricultural support amounted to RMB 4.08 billion and served more than 4,400 farmers; financing for small and micro enterprises amounted to RMB 260 million; and financing by way of external support totaled RMB 18.6 billion.

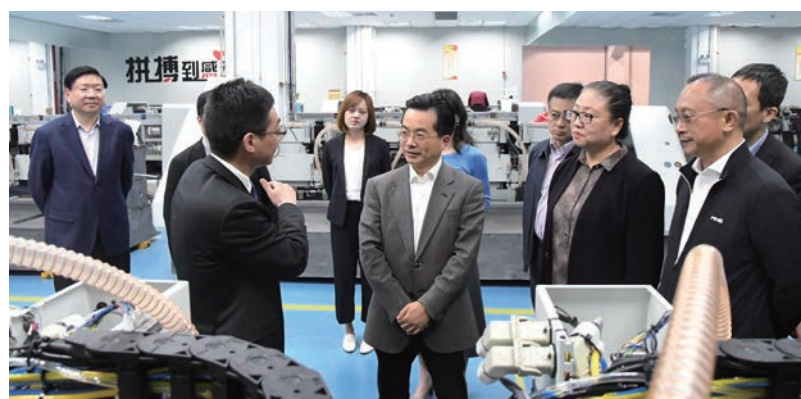
We developed an innovative e-commerce poverty alleviation model-- Pin Zhen Bao, which employed inclusive finance to provide financial support, prevent production risk, implement quality control and expand sales channels for farmers in poverty-stricken areas.

We unveiled the share pledge product. In 2018, PICC AMC launched the share pledge product of RMB 30 billion to provide financing support for high-quality publicly listed companies and private companies facing temporary liquidity risks for reasons of share pledge, with a view to helping enterprises mitigate operating risks.

Suzhou science and technology insurance investment fund

CASE

PICC Capital set up the Suzhou science and technology insurance investment fund in 2016 to make use of credit and guarantee insurance to meet the increased credit needs of enterprises. In addition, it established a risk sharing system based on government policies to integrate investment, financing and insurance, thus solving financing difficulties and lowering financing costs for micro-and-small enterprises. As of 2018, the fund has provided more than RMB 360 million for technology companies and invested in 91 companies in Suzhou. Currently, the company seeks to adopt the Suzhou model in localities such as Wuhan Donghu Hi-tech Zone and Beijing Zhongguancun Science & Technology Zone.



Miao Jianmin, Secretary of the Party Committee and Chairman of PICC, visited Suzhou to investigate on the science and technology insurance investment fund

Pledge of warehouse receipt project in Ningde

CASE

For the pledge of warehouse receipt project in Ningde, the borrower pledged the warehouse receipt (crops) in an effort to enhance its credit for the financing project, provide a guarantee for the financing risk so as to obtain more fund; in addition, by the way of purchasing the insurance, the borrower can offset risks and ensure a sustainable and healthy business development. The service model has brought in a new idea for agricultural financing.



Ningde general agricultural insurance

GUARANTEE EMERGING STRATEGIC INDUSTRIES AND KEY PROJECTS

We had made institutional arrangements for the scientific innovation of new and high-tech enterprises as well as for the risk control and sharing of key projects. In the field of environmental protection, we promoted the development of environmental protection by developing product quality and safety insurance for new energy power generation equipment such as nuclear power, wind power and solar photovoltaic power generation equipment, in the meanwhile we had provided comprehensive risk protection for clean production. In the field of technological innovation, we supported technological transformation and upgrade by providing insurance for the first set of key technical equipment and for the use of the first batch of new materials. In 2018, we undertook the insurance for 8,316 sets of key technical equipment with a guarantee of RMB 46 billion, and insurance for 963 pieces of new materials with an insurance amount of RMB 14.5 billion. In major engineering projects, we are the leading insurance provider of the all risks and third-party liability insurance for the project of the Hong Kong-Zhuhai-Macao Bridge, undertaking 50% of the insurance.



Insurance for sets of key technical equipment

8,316



Materials with an insurance amount

963



The leading insurance provider for the Hong Kong-Zhuhai-Macao Bridge



PICC P&C won the comprehensive insurance bid by an overwhelming advantage, serving as the leading insurance company for provision of key equipment to CSIC 982 platform

Offer the first insurance policy for rocket made by the Chinese private sector

CASE

PICC P&C provided the third-party liability insurance for the OS-X series rocket engine independently developed and manufactured by a private space technology company with an insured amount of RMB 20 million. It was the first piece of insurance business issued for rocket equipment produced by a private Chinese company and it is also the first insurance policy for the aerospace sector in Chongqing.



Businesses in countries along the "Belt and Road"

52

Sent overseas working groups to countries

12

SUPPORT THE "BELT AND ROAD" INITIATIVE

We continued supporting the national strategy of "going global" and helping the real economy expand globally. We developed tailored solutions and provided efficient and reliable insurance services for Chinese enterprises and individuals. With our property insurance, personal insurance, reinsurance and investment products, we focused our services in areas where Chinese enterprises have intensive insurance needs along the "Belt and Road". PICC P&C has carried out businesses in 52 countries along the "Belt and Road" and sent overseas working groups to 12 countries, providing services along the "Belt and Road" in areas where Chinese enterprises have intensive insurance needs and served a series of major overseas engineering projects. We designed and developed the innovative "Belt and Road" collective accident medical insurance exclusively designed for overseas employees, overseas security insurance for corporate personnel and other featured products. In addition to insurances for accidental injuries, disability and other major risks, the PICC's products also provide guarantees for emergency transportation for medical treatment, overseas emergency rescue and terrorist attack protection, all of which intend to provide prompt and timely medical assistance and financial compensation for overseas personnel. PICC Health provided special insurance plans for personnels of 60 Chinese enterprises designated to more than 30 countries and regions including Russia, Pakistan, Indonesia, Vietnam and Burma.

Pakistan Nuclear Power Project in Karachi

CASE

PICC insured the largest nuclear power project under construction in Pakistan, the Pakistan Nuclear Power K2/K3 Project in Karachi, as the chief insurer. The project is a demonstration project for the risk arrangement of nuclear power, designed to serve for the strategy of "going global". Based on insurance needs, PICC focused on key areas and vulnerabilities to strengthen insurance for engineering, cargo transportation and other products and services, providing risk management and risk protection for the stable operation of the project.



Pakistan Nuclear Power Project in Karachi

SERVE FOR THE WELLBEING AND HEALTH OF THE PEOPLE



Medical insurance programs

2,009



Provinces

30

Cities

315

People

740 million

SERVE FOR THE WELLBEING OF THE PEOPLE

Centered around people's wellbeing, We have built up a multi-faceted comprehensive insurance chain that covers "basic medical insurance, critical illness insurance, medical rescue and medical care". In 2018, PICC provided 2,009 policy-guided medical insurance programs at various levels for 740 million people in 315 cities of 30 provinces. 329 of these programs were designed for critical illness that covered a population of 490 million, and they substantially reduced the medical treatment expenses of the patients; 547 medical rescue programs were targeted at more than 35 million people in 152 cities of 26 provinces.



A PICC poverty alleviation cadre delivered critical disease insurance policy to a low-income family in Liuba County

We played an active role in implementing the national pension policies and focused on promoting long-term nursing insurance. We participated in the national pilot for the long-term nursing insurance system and developed 58 service specifications such as that for disability rating. PICC Health provided long-term nursing insurance in cities like Qingdao, Guangzhou and Taicang, providing in-hospital nursing, care at nursing facilities, home care and community-based care for the disabled elderly. PICC Pension obtained the operating license for offering income tax deferred retirement insurances and tried the sales of three income tax deferred retirement insurances in Shanghai, Fujian and Suzhou Industrial Park. PICC Life Insurance has set up the pension products development platform. PICC Capital has set up the retirement and health investment fund of RMB 3 billion to invest in PE.



Developed service specifications such

58



Health investment fund of to invest in PE RMB

3 billion

Qingdao long-term care insurance

CASE

PICC Health launched the long-term care program, the first of its kind in China, Qingdao, in 2015. After years of stable operation, it has served more than 2.7 million people and benefited 144,700 person-times. The project has developed the professional disability-rating standard for long-term care insurance, which can effectively support the design of a long-term care insurance system, formulation of programs and establishment of appraisal standards. It has developed an actuarial system for long-term care insurance with independent intellectual property rights. The system has been put into operation in provinces such as Shandong, Zhejiang, Xinjiang and Beijing. A standard system was established to cover the whole process of long-term care and a set of long-term care insurance service programs with PICC's characteristics had been put into operation.



Provided various health management services

80.34

million person-times



Registered users of the "Healthy People" App reached

2.39

million



Electronic health records had been prepared for customers

10,950

thousand

PROMOTE HEALTH INSURANCE

We actively provided a large variety of health insurance products for customers to offer them protection in aspects, and have built an online and offline health management service system to take care of our customers around the clock. In 2018, we provided various health management services 80.34 million person-times. The number of registered users of the "Healthy People" App reached 2.39 million. The health management service has been improved continuously.

- the following services: outpatient appointment for experts, accompanied consultation, online consultation, drug distribution, health assessment, remote consultation, health records and other services, the purpose of which is to optimize the allocation of high-quality health care resources. The total number of services provided totaled 2.437 million person-times in 2018.
- Comprehensive Enterprise Health Management Plan was provided to corporate customers; social security contributions, account inquiries, intelligent review, fast payment and other online services as well as health management value-added services for insurers were provided through "Medical Insurance on Hand" App; an open public service platform that integrates "social security, commercial insurance and health management services" was set up.
- Medical science promotion platform was established, online special health lectures was provided through "Healthy People" App and health.people.com.cn, health information and science knowledge were pushed to people according to customer needs, offering services of 3.11 million person-times in 2018.



PICC P&C and PICC Health Xi'an Branch signed the strategic cooperation agreement with Xi'an Family Doctor Call Center in May 2018

Mobile Security

CASE

PICC Health provided the "Mobile Social Security" service to participants of social security scheme to turn in security contributions online, conduct account inquiry, intelligent review and fast claim settlement as well as health management services such as real-time health service appointment. Besides, it also built an open public service platform that integrates "social security, commercial insurance and health management services". The services have been put into operation in cities including Xinyu in Jiangxi and Zhanjiang in Guangdong to facilitate the construction of healthy cities and smart health insurance services.

We made great efforts to promote medical insurance business and commercial health insurance, continued to improve the interaction among systems of critical disease insurance, medical rescue, emergency rescue, long-term care insurance, commercial health insurance and charity. We helped prevent low-income populations from returning to poverty due to illness by general and special insurance products and services. In terms of universal insurance products and services, we provided the innovative rural cooperative medical system, urban resident medical insurance and management services and critical illness insurance services for low-income population. In terms of special insurance products and services, we provided insurance services such as supplementary critical illness medical insurance and medical rescue insurance for the needy to allocate more poverty alleviation resources to patients with serious illness, heavier economic burden and dare treatment needs.



PICC poverty alleviation cadre visited a low-income illness-stricken family in Huachuan County



MODERNIZE SOCIAL GOVERNANCE



PICC provided liability insurance of RMB

67 trillion



Provided general security insurance for more than

54 million

The coverage of which is worth more than RMB

1.5 trillion

RISK MANAGEMENT INNOVATION

We played an active role in the innovation of social governance, dispersed risks of remedy for civil damage, innovated risk management services and modernized the national governance system. To innovate social governance, we have optimized the product system in various fields including production safety, government remedy, law enforcement, healthcare, elevator safety, transportation, campus safety and environmental protection. We created innovative business development models and insurance products, resolved social disputes and constructed a co-governance system. PICC provided liability insurance of RMB 67 trillion in 2018.

We developed a general public security insurance system. We upgraded the general public security insurance system from the following four perspectives: "social stability", "public security", "co-governance and sharing", and "improvements of people's wellbeing" in 31 provinces, autonomous regions and municipalities directly under the central government. In 2018, we provided general security insurance for more than 54 million customers, the coverage of which is worth more than RMB1.5 trillion.

Guizhou centralized medical insurance program

CASE

Guizhou centralized medical insurance program proposed front-end insurance services, shortened the processing and settlement process, and actively solved disputes to protect the rights and interests of parties in disputes and improve the efficiency of claim settlement. About 92.5% of the disputes were solved through negotiations, showing the positive role of insurance in solving medical disputes. The program was highly evaluated by the national health care governing body, ranking No.1 across the country in terms of the speed and coverage of insurance provision at provincial level, coverage of county-level medical institutions, insurance coverage rate of additional insurance, and participation rate of primary health care institutions.



PICC P&C Ningbo Branch and Ningbo Jiangbei People's Court at the Enforcement Insurance Program Signing Ceremony in January 2018

DISASTER PREVENTION AND ALLEVIATION

We made continuous efforts to build the disaster prevention and alleviation system. We introduced insurance into the disaster prevention and alleviation system, proposed proactive risk prevention, optimize before-, during- and after-disaster damage management system, and boosted society's resistance capability to natural disasters. We carried out disaster relief, investigation and claims settlement work; cooperated with government meteorological and water conservancy departments; and built an integrated service system by means of satellite remote sensing, drones, mobile surveying equipment and other scientific and technological means, to carry out weather forecasting, disaster and risk warning to achieve predictive prevention of disaster risks and necessary manual interventions, and provide risk management support for the construction of smart cities and agricultural production and operation. We innovated agricultural meteorological index insurance to improve farmers' ability to respond to climate risks and restore production.



PICC's employees rescued the people in Guangyuan, Sichuan during the heavy rain in July 2018

Strategic meteorological cooperation

CASE

PICC and China Meteorological Administration signed a strategic cooperation framework agreement to cooperate at multi-level extensive researches in the fields of weather forecasting, disaster weather warning, geological hazard forecasting, policy-guided agro-meteorological hazard insurance, meteorological information and data sharing, and development and application of weather indicator insurance. The parties will adhere to the principle of "resource sharing, collaborative innovation, cooperation and benefits sharing", strengthen the use of meteorological monitoring forecast and early warning, strengthen cross-industry cooperation, promote innovation and development, promote the construction of a standard system in meteorological insurance, and explore new mechanisms for cooperation in insurance-meteorological services.



PICC and China Meteorological Administration signed the strategic cooperation framework agreement



Offering insurance coverage of over RMB

266.5 billion



Families

6.06 million

As the executive body and leading insurer of the China Urban and Rural Residential Building Earthquake and Devastating Disaster Insurance Community, we actively pushed forward the development of earthquake insurance for residential building and insurance for force majeure events, responded to the calls of the Party Central Committee and State Council, and promoted the construction of the devastating disaster insurance system. Over the past two years, the insurance system has been gradually optimized and the devastating disaster insurance system has taken shape. The coverage rate has increased substantially, offering insurance coverage of over RMB 266.5 billion for 6.06 million families. In addition, we actively participated in local disaster insurance programs. The devastating disaster insurance has been launched in various cities and provinces including Ningbo, Sichuan, Hebei, Guangdong, Hunan and Xiamen, playing an active role in developing local disaster management and modernizing the governance system and capabilities.

Guangdong devastating disaster insurance

CASE

The Guangdong disaster index insurance focuses on major disasters such as typhoons and heavy rainfall, and uses the indicators of catastrophes such as continuous rainfall and typhoon level as the basis for compensation. When the above indicators reach a certain threshold, insurance claims can be settled quickly and accurately to facilitate risk management and fund the post-disaster reconstruction. It is also an effective way for local governments to respond to major natural disaster risks by modern financial approach. At 17:00 on September 16, 2018, Super Typhoon No.22 "Mangkhut" landed in Taishan and Jiangmen, Guangdong. On September 17, the triggering of devastating disaster indicators was confirmed in Yangjiang and Maoming. In the afternoon of September 18, PICC P&C Guangdong Branch paid a total of RMB 75 million to the Municipal Finance Bureaus of Yangjiang and Maoming as compensation for the catastrophe index insurance triggered by Super Typhoon No.22 "Mangkhut", to fund the disaster relief and post-disaster reconstruction. The entire process, from the determination of the compensation value to the actual payment, took less than 24 hours, an effort which received high recognition from government officials in Maoming and Yangjiang. In 2018, PICC P&C Guangdong Branch promptly paid insurance compensations of RMB 228 million for multiple disasters which included the heavy rain brought by Typhoon "Ewiniar" and "Mangkhut", torrential rain in Maoming on August 6 and heavy rain in east Guangdong on August 26. The insurance played key roles in helping local governments carry out rescue and post-disaster reconstruction, and received wide recognition from local governments for its high efficiency.



PICC rescue team in Super Typhoon "Mangkhut"



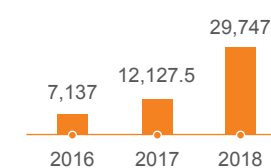
In June 2018, plantation of banana in Guangdong was seriously damaged by typhoon. PICC P&C Guangdong Zhanjiang Branch paid policy-guided compensations to the owners of banana in just three days.

COMMITTED TO CHARITY

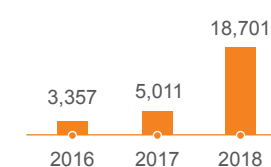
We place great importance on charity. In 2008, we initiated the PICC Charity Foundation, which was renamed as the China PICC Charity Foundation (the "Foundation") in 2014. The Foundation adheres to the mission of "Serving People by Insurance" to make unremitting efforts in improving the wellbeing of the public and building a harmonious society. The Foundation upholds the Constitution, laws, regulations and national policies, acts in line with the core values of socialism and abides by the social morality, actively gives out donations, provides medical assistance, carries out poverty alleviation and environmental protection, and other charitable projects to fulfill its corporate social responsibility through a professional charity platform. In 2018, through cooperation with the China Population Welfare Foundation, the Foundation launched the charitable project of

PICC P&C volunteer activities for public welfare

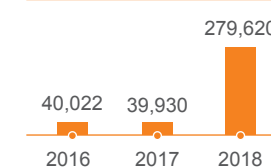
Service time (hour)



Number of participants (person)



Number of beneficiaries (person)



Note:

- ♦ The volunteer service data of PICC P&C includes that of the Youth League committee volunteers and that of e-business center volunteers.

"Caring for the Elderly – PICC Yellow Bracelet Campaign" to donate yellow bracelets to old patients with Alzheimer's disease in Linxiazhou, Gansu and Liangshanzhou, Sichuan (two national poverty-stricken areas); and donated a total of RMB 12 million to Huachuan county in Heilongjiang, Liuba county in Shaanxi and Le'an county in Jiangxi for education and health care.

In addition to the targeted charitable projects, the subsidiaries of PICC have sponsored charity activities and volunteered in charitable projects.

Charitable donation by the Foundation and subsidiaries of PICC (RMB 10,000)

	2016	2017	2018
Foundation	674.49	723.31	1,255
PICC P&C	4,557.08	8,468.5	9,707.61
PICC AMC	606.584	400	751.8
PICC Health	-	-	47.2
PICC Life	376.68	680.42	942.84
PICC Investment Holding	201	201.97	466.18
PICC Capital	-	100	200
PICC Reinsurance	-	0.47	0.69
PICC Hong Kong	6.832	7.416	2.196

Notes:

- ♦ "-" indicates no historic data available.
- ♦ The data of PICC P&C indicates the amount of donation (excluding sponsorship); the data of PICC Health in 2018 indicates the charity investment data of the Headquarters of PICC Life, PICC Investment Holding and PICC Capital, which includes poverty alleviation donations. PICC Reinsurance was established in 2017. The data in 2017 and 2018 indicate its charitable donations.
- ♦ PICC Hong Kong participated the "Charity Running" sponsored by the United Nations Children's Fund in 2016, 2017 and 2018. The donation includes those donated by PICC Hong Kong and its employees. The statistical unit is 10,000 HK dollars.



Employees of PICC P&C Sichuan Guangyuan Cangxi Sub-branch helped low-income farmers planting rice in Xingqiao village, Xin'guan county



PICC volunteers visited the elderly at a nursing home in a poverty-stricken village before the Mid-Autumn festival

Library for the Hope Project

CASE

In 2017 and 2018, PICC Life Insurance, in cooperation with the China Youth Development Foundation, donated to the PICC-Hope Project Library, offering sponsorship for 100 Hope Project libraries for 100 primary schools in poverty-stricken counties and districts in the following provinces: Fujian, Jiangxi, Guangdong, Hunan, Guangxi, Guizhou, Sichuan, Yunnan, Qinghai and Gansu. To date, donation have been provided to 200 libraries. In the meantime, the company gives an insurance donation every year. In 2018, the company donated insurance policies for the students of five primary schools with a total insurance coverage of RMB 77 million.

FOR PARTNERS

CO - WIN,
CO - DEVELOPMENT

46 SUPPLY CHAIN MANAGEMENT

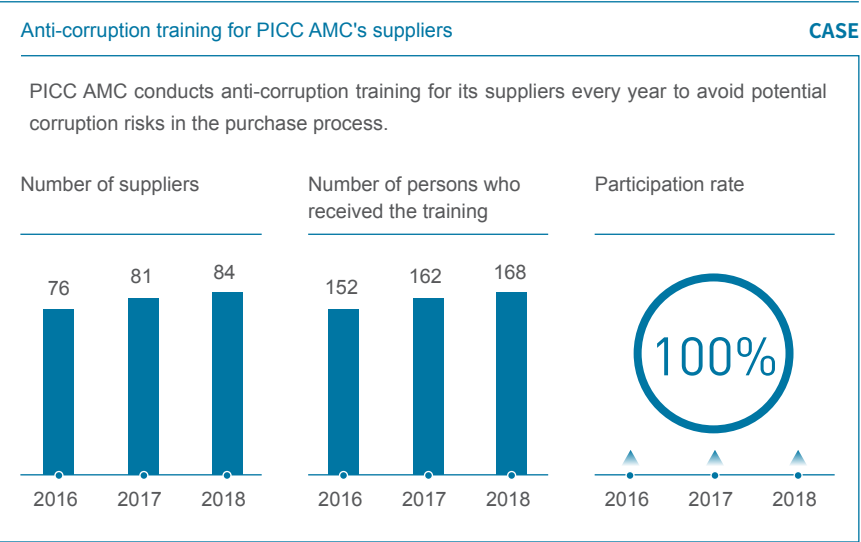
46 PARTNERSHIP

48 MULTILATERAL ACADEMIC COOPERATION



SUPPLY CHAIN MANAGEMENT

We regulated management of the centralized procurement, formulated the *PICC Supplier Management Regulations* and integrated the management of supplier's social responsibility into the centralized procurement management and suppliers' code of conduct. In terms of bidding management, we selected suppliers for bulk purchases and services through tendering and competitive negotiations. In the process of reviewing the qualifications of potential suppliers, we focused on indicators such as environmental and social risks, and took into consideration the compliance status of environmental protection, respect for human rights, protection of occupational health and safety, the prohibition of child labor and prohibition of forced labor. In terms of the suppliers' code of conduct, we addressed requirements for ensuring the quality of products and services, respect for intellectual property rights, compliance with business ethics, adherence to environmental regulations and the performance of social responsibility.



PARTNERSHIP

We strengthened our partnerships and promoted cooperation with government agencies, large domestic and international enterprise groups, insurance intermediaries, banks, hospitals and major customers to jointly realize the mission "People's Insurance Serving the People".

To broaden the scope of strategic cooperation, we contacted more than 40 institutions in 2018 and held meetings with government officials from 26 provinces, autonomous regions and municipalities directly under the central government and executives from 19 banks and corporate clients. We signed strategic cooperation agreements with 22 government agencies and 17 key customers including government agencies of Tianjin, Shanxi, Xinjiang and entities like Industrial and Commercial Bank of China, China Mobile and Aerospace Hi-Tech Holding Group.

To implement the strategy of Healthy China, we cooperated with medical institutions to provide convenient services. PICC Life cooperated with the fast-track service providers for critical illness to provide the Fast-track Service for Critical Illness to customers in more than 600 AAA hospitals, including speedy outpatient appointments, quick arrangement for inpatient and operation services. PICC Health strengthened the sharing of health care resources and established partnerships with 6,415 medical institutions, 440,000 doctors (including 260,000 doctors at the deputy director level) and 150,000 pharmacies. We built 37 health management centers, 107 VIP clinics (commercial insurance centers) in well-known hospitals and have a health management team of 2,149 members.



Established partnerships with medical institutions

6,415

Doctors

440,000

Pharmacies

150,000

To improve the insurance service capability, we cooperated with professional insurance intermediaries in various ways and established an intermediary business management mechanism in accordance with the *Insurance Law of the People's Republic of China*, *Regulations on Professional Insurance Agencies*, *Regulations on Insurance Brokers*, *Interim Measures for the Administration of Part-time Insurance Agents* and *Punishment Measures of Illegal Conducts of Intermediary Business of Insurance Companies* and other laws and regulations. By the end of 2018, PICC P&C had cooperated with 451 insurance broker companies and 1,354 professional agencies. PICC Life's collective insurance business had cooperated with 398 intermediaries, including 276 professional agencies and 122 broker companies.

Strategic cooperation on "new automobile insurance with chip service" CASE

PICC and the Industrial and Commercial Bank of China entered into a strategic cooperation on "new automobile insurance with chip service" to launch the driver service platform named "Zhi Xing Tian Xia" through the sharing of new technologies and a new service model, thus developing a new banking and insurance service mode. Through the organic integration of automobile insurance products, financial products and automobile services, "Zhi Xing Tian Xia" provides a reliable, convenient and cost-effective one-stop solution of comprehensive services. This cooperation marked the two parties' strategic aim to welcome the technology revolution, bring innovation to the financial service ecosystem and better meet customers' needs in the Internet era.



In July 2018, PICC and ICBC sealed the "new automobile insurance with chip service" strategic cooperation and released the "Zhi Xing Tian Xia" service platform.

MULTILATERAL
ACADEMIC
COOPERATION

We actively participated in communication and cooperation with peers home and abroad, continued tracking the global industry development dynamics and latest policy trends, and studied various standards and hot issues based on our advantages.

In terms of basic research, as a member of the Green Finance Standard Working Group under National Technical Committee on Finance Standardization and the executive director of the Green Finance Committee of the China Finance Association, PICC has been undertaking the initiative of the People's Bank of China, CBIRC and Ministry of Housing and Urban-Rural Development on research and verification of the green-insurance-related basic issues such as terminology manual for green finance, preparation of green finance standard, conducting of green building development research, and provision of green insurance for nuclear power; participated in the service standardization project seminar organized by China Banking and Insurance Regulatory Commission, taking advantage of our expertise to formulate the standard for property insurance claim settlement as the leader in the property insurance settlement standardization project.

In risk management research, PICC strengthened the cooperation with the academic community to jointly conduct research on environmental risk assessment standards with Tsinghua University and other institutions, established a service platform for handling environmental risks, provided the online assessment of environmental risks and remote assessment of environmental risks by experts to help enterprises improve their risk management capability and provide basis for government decision-making on environmental management; conducted research on risks associated with new energy vehicles with the CIRC Auto Technology Institute and CIITC; partnered with G7 Network Limited, a logistics data service provider, to jointly study the risk reduction management of commercial trucks and help the truck fleets reduce the rate of accidents based on big data about insurance and logistics. The *Dao* series research reports of PICC P&C have been conducting research on the risks, disasters, major reforms and policies that have been of great concern to the society for many years with a view to helping the society manage risks by insurance.

In terms of financial technology applications, PICC and its subsidiaries have signed strategic cooperation agreements with IBM, Huawei, Ant Financial Services, Neusoft and NetEase. Through investigations on and visits to many technology companies, we have conducted in-depth research on the effects of applications, the real value as well as potential risks of financial technologies in the insurance industry and proposed policy recommendations on how to further promote the application of financial technologies and enhance capabilities on risk prevention and control.



Some of the industry organizations that PICC has joined in (in no particular order)

Association	Membership
China Maritime Law Association	Chairman
Association of Corporate Counsel	Member
Federation of Afro-Asian Insurers and Reinsurers	Member
International Health Insurance Association	Member
International Union of Marine Insurance	Member
The International Union of Credit & Investment Insurers	Member
The International Credit Insurance & Surety Association	Member
China Financial Standardization Technical Committee	Member
Green Finance Committee of the China Finance Association	Standing director
Insurance Asset Management Association of China	Member
China Health Economics Association	Member
The Insurance Association of China	Vice chairman
China Association of Education Technology	Deputy director
China Institute of Internal Audit	Council member
China Trademark Association	Standing director
The Insurance Society of China	Vice chairman
China Association of Actuaries	Member
Banking Accounting Society of China	Standing council member
China Road Traffic Safety Association	Member
China Association for Public Safety	Vice chairman
Shanghai Institute of Marine Insurance	Chairman
China Cash Forest Association	Vice chairman
China Animal Agriculture Association	Member
China International Contractors Association	Member
Chinese Society of Educational Development Strategy Committee of Lifelong Learning Research	Standing council member
Hong Kong Chinese Enterprise Charity Foundation	Member
"Belt and Road" Insurance Communication Promotion Platform	Member
China Labor Security Council	Member
Rural Society Insurance Committee of China Social Insurance Association	Member
Securities Association of China	Member
Asset Management Association of China	Member



FOR EMPLOYEES

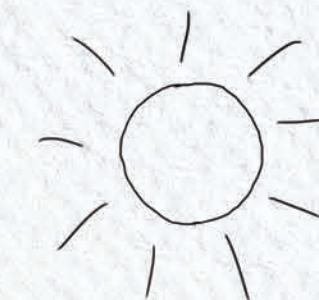
CARE FOR EMPLOYEES, PEOPLE ORIENTED

54 TALENT TRAINING

56 PROTECT THE RIGHTS AND INTERESTS

57 HEALTH AND SAFETY

58 CARE FOR EMPLOYEES



We fully respect employees' value and contribution, seek to improve our nurture and incentive systems, and help employees improve their occupational skills. We have established a harmonious labor relationship and set up fair benefit and security system for the employees. Regarding employee's health and safety as the first priority, we have created a secure working environment for the employees. We have been trying to enhance employees' sense of happiness.

Number of employees (Unit:Person)

Type	2016	2017	2018
On-the-job employees	172,569	188,229	198,457
Designated external employees	32,001	27,133	18,636
Sales employees	646,197	780,585	818,256

Note:

- ◆ "On-the-job employees" are employees who have signed labor contracts with the group or subsidiaries.

Gender composition of on-the-job employees (Unit:Person)

Gender	2016	2017	2018
Male	87,239	94,364	100,081
Female	85,330	93,865	98,376

Age composition of on-the-job employees (Unit:Person)

Age	2016	2017	2018
<31 years	60,953	64,532	67,220
31-50 years	92,718	104,178	112,174
>50 years	18,898	19,519	19,063

Academic achievement of on-the-job employees (Unit:Person)

Academic degree	2016	2017	2018
Post Graduate	7,583	7,905	8,720
Bachelor's degree	87,450	98,978	107,961
College diploma	61,229	65,287	66,658
Other	16,307	16,059	15,118

Change in the number of on-the-job employees (Unit:Person)

Type	2016	2017	2018
Newly recruited	33,261	30,911	27,942
Resigned	8,334	11,549	12,976
Dismissed	285	294	347
Retired	1,657	1,892	2,065
Other	1,155	1,516	1,785

Employment and turnover rate

	2016	2017	2018
Employment rate	19.27%	16.42%	14.08%
Turn over rate	5.95%	7.30%	7.75%

Notes:

- ◆ Employment rate = newly recruited employee number / number of contracted employees on December 31 of the current year;
- ◆ Turnover rate = number of lost employees / number of contracted employees on December 31 of the current year; number of lost employee = resigned + dismissed + retired employee number

TALENT
TRAINING

We continuously optimize our training system for personnel, strengthen education and training management, improve the quality of human resources and strive to cultivate a high-quality leadership team that is loyal, honest and responsible, providing sufficient talents that can guarantee the transformation to high-quality development.

We have formulated "three systems" for human resources management to fully mobilize and inspire the initiative and creativity of the management team. We have formulated the *Interim Measures for the Management of Personnel System*; allocated human resources in a scientific and rational manner; formulated the *Management Measures for Rotation of Posts*, encouraging employees to work in different subsidiary companies and different posts so as to enhance the overall quality and capability of these workers; and regulated the *Job Category Management Measures* and established career development path for employees.

We fully implemented the spirit of the National Work Conference on Leadership Education and Training, implemented the *2018-2022 National Leadership Education and Training Plan* and implemented the "3411 Project" in conjunction with the various arrangements for the PICC's 13th Five-Year Talent Development Plan and Education and Training Development Plan, continued to improve the system of talent training, strengthen the building of the talent team, coordinated guidance on training and planning, integrated training resources and opened a new horizon for talent training. Based on the new situation and new requirements, we enriched contents of training, innovated training methods, promoted the building of a learning-oriented organization, strengthened the internal sharing of teachers and coursewares, held group education and training summits and promoted the construction of talent training bases and online training platforms. In accordance with the *Interim Measures for the Interim Measures for the Training Management of the PICC* and the *Management Measures for PICC to Encourage Employees to Participate in the Professional Qualification Examinations*, we organized and arranged employees to participate in professional training organized by various internal and external companies and encouraged employees of various business segments to participate in international and domestic professional qualification training and examinations to enhance overall capability and competitiveness of our employees.

Average training time for the employees each year in hours

	Male	Female
PICC	34.5	21.7
PICC P&C	36.8	36.8
PICC AMC	26.90	27.27
PICC Health Insurance	104	104
PICC Life Insurance	100	100
PICC Investment Holding	36.2	31.9
PICC Capital	38	38
PICC Financial Services	> 110	> 110
PICC Reinsurance	50	50
PICC Pension	51	51
PICC Hong Kong	16	16
Zhongsheng International	13	13



The first education and training summit of PICC was held in Beijing. Lin Fan, deputy secretary of the Party Committee and Supervisor of PICC presented awards to excellent workers in education and training.

Leadership Project

CASE

Categorized into management leadership class and young leadership class, the "Leadership Project" is the first long-term management leadership-training program developed by the PICC. The program aims at training the backup management staff, putting strategic priority to the development and selection of young management staff, improving trainees' creativity to adapt to the new requirements for the transformation of the PICC to high-quality development, and ensuring the quality of PICC's human resources.



Training class of PICC "Leadership Project"

PROTECT THE RIGHTS AND INTERESTS

To build a harmonious employment relationship, PICC set up a democratic corporate management system based on the Workers' Congress to provide employees with good benefits and create a sense of belonging.

We abide by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, and established a relatively complete employment system based on recruitment, training and development, rewards and punishments, vacation and attendance, remuneration and benefits. We strictly abide by the applicable regulations on working hours, wages and benefits, working conditions, occupational health and safety, and labor relations. We provide equal opportunities for employees, and safeguard against any discrimination against race, region, gender, disability, or nationality. The use of child labor is strictly prohibited. We insist in the principle of "equal pay for equal work" to ensure that male and female employees enjoy fair treatment in salary, training and promotion. We strictly implemented the recruitment and entry procedures and employed no child labor. In 2018, no underage workers were reported among our employees. The requirements on limits of minimum notice period, which have major impacts on employees, stipulated in policies and employment contracts in force comply with those in the *Labor Contract Law of the People's Republic of China*.

We focus on workers' right to know, participate, express and supervise, and constantly improve the rules of the Workers' Congress. Major issues involving the interests of employees are reviewed by the Workers' Congress. We have strengthened standardized management on the Workers' Congress, given full play to the functions of the Workers' Congress and organized the fourth member congress of the third session of the Workers' Congress and the eleventh and twelfth meeting of the Workers' Congress of the second session. We have promoted the implementation of the democratic management system to adapt to the new development of the company, and established and improved the system and operational procedures for the Workers' Congress on various levels. We have approved and guided subsidiaries to convene the Workers' Congress and made clear requirements for convening meetings. Four units of PICC won the title as the "National Outstanding Workers' Congress of the Financial Industry".

We provide outstanding benefits and compensation for on-the-job employees. In addition to the social insurance and housing fund, we have purchased commercial medical insurance and provided employer-sponsored pension plans for employees. The trade unions of headquarters and subsidiaries have actively promoted the construction of a collective contract system, which covers employee benefits, salary, occupational health and safety. 50% of the staff signed the collective contract of PICC Health. In addition, we continued strengthening the protection in interests of female employees and set up a special contract system designed to report interests of female employees.

Number of employees taken childcare leave in 2018

Employees entitled to childcare leave	Employees taking childcare leave	Employees returned from childcare leave	Employees on the job 12 months after returning from childcare leave	The return rate of employees after childcare leave	The retention rate of employees after childcare leave
3,515	273	245	235	90%	96%

- Notes:
- ◆ The data covers the headquarters of PICC and head offices of the subsidiaries.
 - ◆ Return rate after childcare leave = employees returned after childcare leave in reported period/employees enjoyed childcare leave.
 - ◆ Retention rate of employees enjoyed childcare leave = Employees on job 12 months after returning from childcare leave/employees returned from childcare leave in reported period.

HEALTH AND SAFETY

PICC has complied with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the Law of the People's Republic of China on Safe Production* and other laws and regulations to provide employees with a healthy and safe working environment, and provide various types of safeguard measures and services including national statutory labor insurance and supplementary labor insurance.

We paid great attention to the physical health of our employees. The Trade Union of the group organizes annual physical examination for employees and sends the examination results to doctors for analysis. We held health lectures for employees to transfer health knowledge. We took active measures to prevent and control diseases and guided employees to take influenza vaccines.

Hiking

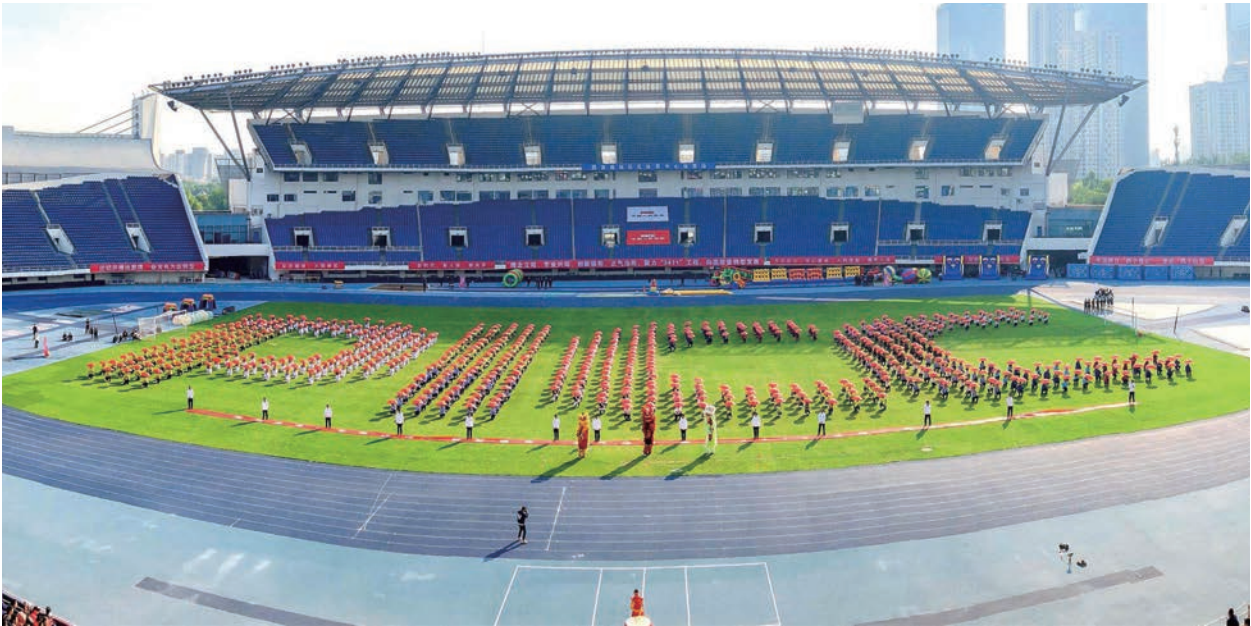
CASE

The trade union of PICC Life launched a five-month-long "walking everyday" event, which both the management and employees participated actively in. The walking program not only promoted communication amongst employees, strengthened PICC's corporate culture, but also promoted a healthy work and living philosophy that is green, low-carbon and environmentally friendly.

CARE FOR
EMPLOYEES

We uphold the spirit of model workers and craftsmen, create new cultural activities for employees, and encourage the management and employees to participate in the "3411 Project", thus contributing to the transformation to high-quality development. We organized the work skill and insurance technical skill competition named "Contributing to Development in New Era as Owners of PICC" for employees, namely PICC Life marketing and management skills Competition. One hundred outstanding employees were recognized and identified as examples for all employees, in order to guide front line staff to do their jobs better and contribute to the building of a new PICC era. 10 outstanding units and 18 model employees were awarded across the Group. PICC won 1 Pioneer prize of the National Trade Union, 1 National Finance Sector Wuyi (May 1st) Labor Award, 10 medals and 2 Pioneer prizes, 1 nomination as Morality Model in the National Finance Sector (2nd Session), which fully demonstrate the good spirit of the staff. The headquarter employee games was held in Beijing to strengthen the cohesion of the Group. 12 teams of more than 3,000 employees from PICC and its subsidiaries took part in the games.

We continued promoting the employee care program. We established the *Management Measures for the Employee Case Foundation of PICC*, set the annual birth celebration day of PICC as the "Employee Care Day" and organized employees to participate in charitable activities. We delivered extra care to employees in trouble and took all measures to solve their problems. We paid care visit during the New Year and Spring Festival and offered them help with Care Foundation in 2018. During the two Festivals, the management and Trade Union of PICC and trade unions of its subsidiaries visited more than 20,400 front-line employees and 4,080 needy employees. We paid visits to officers working at villages in Xinjiang and Tibet. In addition, to serve retired aged cadres, we released the *Guide on Further Strengthening and Improving the Service Management of Retired Employees of PICC*.



2018 Employee Games held in Beijing



Miao Jianmin, Secretary of the Party Committee and Chairman of the PICC, visited retired employees of PICC

Entertainment center for the retired

CASE

On February 8, 2018, the PICC inaugurated the entertainment center for the retired. Miao Jianmin, Secretary of the Party Committee and Chairman of the PICC, and Qin Daofu, former senior executive of PICC, jointly inaugurated the center. Some of the management team of PICC and people in charge related departments as well as more than 80 retired employees attended the inauguration ceremony. Some of the employees sang during the ceremony to show their respect for the retired executives.



Entertainment center for the retired



FOR ENVIRONMENT

GREEN FINANCE, SUSTAINABLE DEVELOPMENT

62 GREEN INSURANCE

64 GREEN INVESTMENT

65 GREEN OPERATIONS

PICC

GREEN INSURANCE

PREVENT ENVIRONMENTAL POLLUTION

We take full advantage of insurance to make traditional industries green and prevent environmental pollution. We actively involved in the pilot run of environment pollution liability insurance to help enterprises improve pollution treatment and environmental management. While providing traditional risk protection, we also conducted environmental risk assessments and inspections for enterprises before and during insurance scheme. As a pioneer in this sector, we formulated environmental risk assessment standards for 12 sub-sectors to promote the standardization of environmental pollution liability insurance risk assessment. Underpinned by technology, we created an Internet+environmental pollution liability insurance based on an environmental safety information cloud platform to enhance environmental risk emergency response capabilities and support government environmental risk monitoring. In 2018, the environmental pollution liability insurance covered 31 provinces, autonomous regions and municipalities directly under the central government, providing RMB 12.2 billion of risk coverage for 6,648 enterprises.

Huzhou mode of “insurance + service + supervision + credit”

CASE

We established a cooperation mechanism with Zhejiang Huzhou Office of Finance, Environmental Protection Bureau and Insurance Industry Association to jointly develop a new model for environmental pollution liability insurance featuring “insurance+service+supervision+credit”. By the end of 2018, the total insurance coverage reached RMB 270 million. We conducted site surveys and assessments on environmental risks for 161 enterprises to analyze and summarize the eight categories of problems, helped enterprises identify 1,615 hidden problems and made 1,803 environmental safety related recommendations, assisted related authorities to supervise and urge enterprises to rectify their problems.

Production safety and environmental pollution liability insurance

CASE

We rolled out the production safety and environmental pollution liability insurance in Quzhou, Zhejiang. By the end of 2018, the insurance covered 135 enterprises with a total insurance value of RMB 12 billion. Through the “An Huan Yun” service platform, government supervisors, enterprise customers, third-party risk control service agencies and insurance companies are organically linked to provide professional services such as safety inspection and safety training for enterprises. The compensation function of traditional insurance has been transformed and extended to the “compensation+process management” mode, blazing new trails for insurance's participation in the safe production and environmental risk management.

PROTECTING ENVIRONMENT

We support the development of green agriculture and use insurance to solve environmental problems in rural areas. We promote the integration of production and life systems, advocate simple and modest, green and low-carbon lifestyles and meet the growing needs of the people for a beautiful environment.

- Actively participate in the construction of a nationwide tracing platform to follow the quality and safety of agricultural products put brand quality under control and establish agricultural product quality assurance insurance and liability insurance for “three products and one indication” (pollution-free, green, organic products and geographical indication) , establish a catalogue of high-quality and safe agricultural products, ensuring the quality and safety of agricultural products from the source of production.
- Explore the design of insurance products for green buildings to ensure that the energy conservation indicators of green building and environmental protection indicators are met in the actual construction process.
- Take the lead in drafting provision template for the new energy automobile insurance, introduce electronic insurance policies for auto insurance, study UBI and mileage based insurance as well as shared auto insurance and advocate the concept of green travel.
- Unveil the first drug recycling liability insurance across the country, use “Internet+” technology to recycle expired drugs and reduce the cost of recycling, while in the meantime, resolve the environmental pollution issue caused by the difficulty in recycling of expired drugs and the dump of expired drug at will.



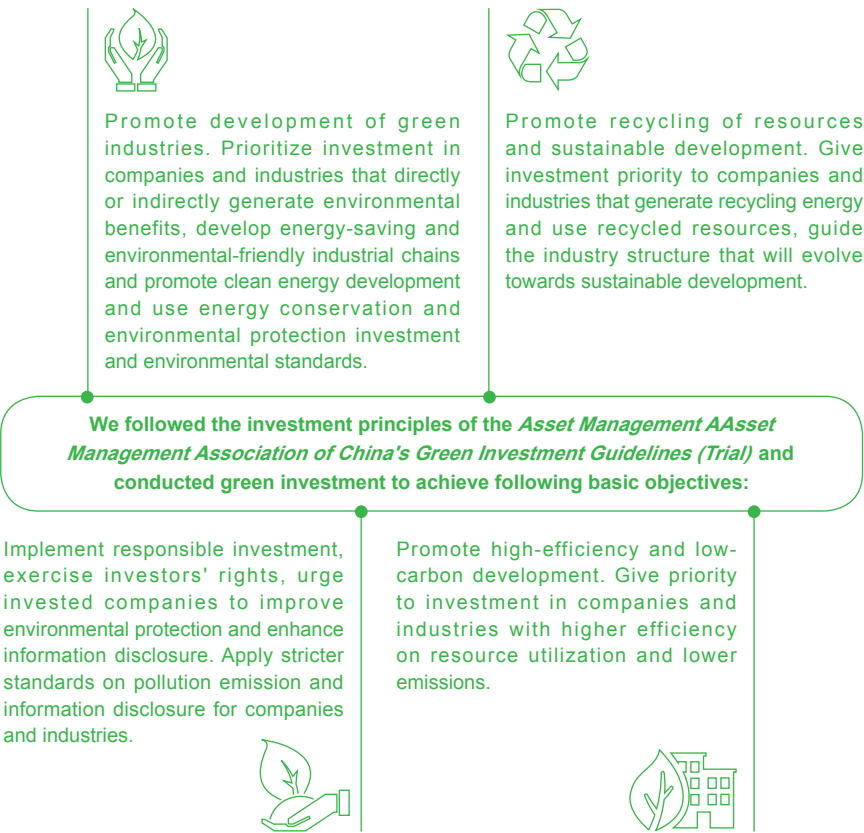
PICC P&C launched the Innovative Drug Replacement Liability Insurance project in Huadu District, Guangzhou and established the first innovative drug recycling insurance station in the Guangzhou Green Finance Reform Innovation Pilot Zone.

We made a strong presence in constructing the environmental protection system. We implemented the spirit of the State Council's executive meeting on setting up a green finance reform and innovation pilot zones in five provinces, signing a strategic cooperation agreement with Zhejiang government on the construction of a green financial reform and innovation pilot zone, and established five green insurance product innovation labs for the research and development of green insurance products and services with local characteristics in Gui'an New District, Ganjiang New District, Huzhou, Quzhou and Huadu Guangzhou. We actively participated in the research of green finance in China and undertook the responsibility to conduct basic research in green finance for several times, jointly published the *2017 China Enterprise Environmental Risk Report: Perspectives on Environmental Pollution Liability Insurance* together with the Environmental College of Tsinghua University and carried out joint research with science and technology associations and environment assessment agencies, broadening the ideas of green insurance innovation.



GREEN INVESTMENT

We have developed the principles and objectives of green investment, fully considered the impacts of investment projects on the environment when making investment decisions, reduced the allocation of resources to sectors that are over-productive, backward and polluting, while guided social capital to invest in clean and green industries.



New energy vehicles and other green industry projects exceeded RMB 20 billion

Equity and other asset management products has reached more than RMB 10 billion

By changing the financing cost and availability of different types of projects, we provide guidance on the flow of funds allocation, narrow the fund gap in the field of ecology and facilitate the structure transformation in the fields of industry, energy and transportation towards a green one. By developing the equity and debt investment plans, the accumulated financing for green energy-saving building materials, development of nuclear and wind power, garbage disposal, circular economy, green agriculture, green transportation, new energy vehicles and other green industry projects exceeded RMB 20 billion. Insurance investment in green bonds, equity and other asset management products has reached more than RMB 10 billion.

Debt investment project of Shaanxi Nonferrous Group for promotion of a circular economy CASE

PICC Capital actively explored investment fields and channels in green finance. The debt investment project of Shaanxi Nonferrous Group for promotion of a circular economy has been registered by the regulatory body. The project to be invested in is a benchmark project in Shaanxi Province for implementing the central government's plan to optimize industrial landscape, adjust the industrial structure and develop the circular economy. The company has a package of recycling technologies including waste smelting technology and waste-heat utilization technology, and has created the model of "reduced production, recycling and resource-oriented development", and has developed a green economy with closed-loop material flow of "resource-product-consumption-resource recycling".

GREEN OPERATIONS

We actively responded to the *Opinions of the CPC Central Committee and the State Council on Accelerating the Construction of Ecological Civilization, Building a Resource-Saving and Environment-Friendly Society* and strictly followed the *Energy Conservation Law of the People's Republic of China* and the *13th Five-Year Plan for Energy Saving and Emission Reduction* as well as other national and local laws and regulations to promote policies on resource conservation and reduce energy consumption.

Our main energy and resource consumption concentrate on water, electricity, gasoline, diesel and natural gas. The main emissions are greenhouse gas emissions and waste gas, discharge of wastewater and solid waste from offices and residential areas.

In terms of water resources management, we used energy-saving and water-saving equipment, strengthened equipment maintenance and management. Some offices used recycled water to reduce resource and energy consumption. In 2018, PICC P&C and PICC Life used recycled water of 20,306 tons and 10,057.27 tons, respectively. All the sewage generated from daily operations is discharged into the sewage treatment system.

In terms of waste gas management, we have been working in compliance with the *Notice on Further Regulating Emissions Inspection and Strengthening the environmental Supervision and Management of Motor Vehicles* issued by the Ministry of Environmental Protection. The corporate business vehicles and vehicles for claim settlement are maintained and monitored regularly for emissions to ensure that emissions of gas comply with the national standards on vehicle emission and other laws and regulations. We encourage to hold video or telephone conferences and reduce the amount of carbon emissions caused by business travel.

As for the management solid waste, we have been working in line with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* to manage office waste in accordance with the principle of waste classification and treatment. Domestic garbage, construction waste and kitchen waste are classified and treated at the front-end. Kitchen waste is disposed of in accordance with national and local regulations, while facilities, equipment and desktop computers are maintained regularly. Devices at the end of their service life and cannot be used as confirmed by technical personnel, were destroyed and disposed of according to regulations. We promoted the paperless office operations and encouraged customers to download electronic policies. Printing paper was used on both sides where possible. Hazardous waste such as batteries were disposed of by a qualified party.



Energy structure and consumption by some of the offices

	Year	Headquarters of PICC	PICC P&C	PICC Health	PICC Life	PICC Hong Kong	Zhongsheng International
Power consumption (kilowatt-hour)	2016	2,068,320	5,471,649	278,763	2,373,866	59,792	-
	2017	3,530,469	5,765,499	320,122	1,578,821.75	71,139	118,688
	2018	4,082,980.89	5,128,340	471,803.4	1,765,695.61	96,339	83,594
Natural gas consumption (m³)	2016	225,199.46	61,289	0	65,822.78	0	0
	2017	61,579.9	49,158	0	-	0	0
	2018	63,833.04	63,036	0	68,568	0	0
Power consumption per capita (kilowatt-hour)	2016	-	4,448.50	767.94	2,125.22	1,328.71	-
	2017	1,636.75	4,898.47	756.79	2,558.87	1,394.88	741.8
	2018	1,540.17	4,231.30	1,067.43	1,686.43	1,605.65	720.64
Natural gas consumption per capita (m³)	2016	-	27.9	0	58.93	0	0
	2017	28.55	22.86	0	-	0	0
		24.08	23.47	0	65.49	0	0

Notes:

- ◆ Since 2016, we have been improving the statistics on energy to gradually expand the scope of collection and disclosure. "-" in the data of 2016 and 2017 indicates that no data was available.
- ◆ "Headquarters of PICC" indicates the total energy consumption of offices in the headquarter buildings of PICC, including the offices of PICC and its subsidiaries that work in the headquarter buildings (such as the PICC AMC's office in Beijing, PICC Investment Holding, PICC Capital, PICC Reinsurance and PICC Pension).
- ◆ The power consumption per capita of PICC P&C in 2017 is adjusted to 4,898.47 kilowatt-hours. The total power consumption of PICC P&C indicates the power consumption of all equipment in the PICC P&C Building except those in the leased office areas; the total natural gas consumption of PICC P&C indicates the consumption by the leasees in the building.
- ◆ The data of PICC Life Insurance includes the data of the office area of the PICC Life Insurance Building and public areas.
- ◆ PICC Hong Kong has no branches or retail offices. The office address is 13F and 15F of the Guangdong Investment Building. The statistical data is the power consumption on 13F and 15F.



Greenhouse gas emissions of some of the offices

(Unit: tCO₂e)

Green house gas emissions	Year	2016	2017	2018
Emission of natural gas		492.3	242.1	427.26
Emission equivalent of purchased electric power		2,154.4	6,902.43	7,094.70
Total		2,646.7	7,144.53	7,521.96

Notes:

- ◆ Considering the complex systems and operation locations of the PICC, the table provides only part of the power consumption of PICC. The greenhouse gas emissions disclosed in 2016 include only the emissions of the PICC headquarters building; the greenhouse gas emissions disclosed in 2017 include only the emissions of the PICC headquarters building, offices of PICC P&C, PICC Health, PICC Life and Zhongsheng International in Beijing; the greenhouse gas emissions disclosed in 2018 include only the emissions of the PICC headquarters building, offices of PICC P&C, PICC Health, PICC Life, PICC Hong Kong and Zhongsheng International in Beijing.
- ◆ The greenhouse gas emissions include direct emission (scope 1) and indirect emission of energy (scope 2). Other indirect emissions are excluded from the disclosure of greenhouse gas emission in this report.
- ◆ According to the National Development and Reform Commission's *Guidelines for the Accounting and Reporting of Greenhouse Gas Emissions by Public Building Operators (Enterprises) (Trial)* and the IPCC 2006 release coefficient, greenhouse gases to be verified include CO₂, CH₄ and N₂O.
- ◆ The 2016 power emission factor is determined according to the *2015 China Regional Power Grid Baseline Emission Factor* published by the National Development and Reform Commission; the 2017 and 2018 power emission factors are determined based on the 2015 national grid average emission factor of 0.6101 tCO₂/MWh, which is obtained from the National Development and Reform Commission's website. http://www.ndrc.gov.cn/zcfb/zcfbtz/201712/t20171215_870543.html.

Water consumption of some of the office premises

	Year	Headquarters of PICC	PICC P&C	PICC Health	PICC Life
Water consumption (ton)	2016	269.24(drinking water)	39,762	-	36,426
	2017	9,566	21,288	-	3,320.68
	2018	7,304.74	22,371	720.25	4,660.42
Water consumption per capita (ton)	2016	-	18.1	-	32.61
	2017	4.43	9.9	-	5.38
		2.76	8.33	1.90	4.45

Notes:

- ◆ Since 2016, we have been improving the statistics to gradually expand the collection and disclosure scope. "-" in the data of 2016 and 2017 indicates that no data was available.
- ◆ "Headquarters of PICC" indicates the water consumption of office premises of the headquarters building of PICC, including the offices of PICC and of subsidiaries that operate in the headquarters building (such as the PICC AMC's office in Beijing, PICC Investment Holding, PICC Capital, PICC Reinsurance and PICC Pension).
- ◆ The consumption of tap water of PICC P&C includes the water consumption of the leasees in leased areas of the building.
- ◆ PICC Health was relocated to Liuliqiao office in September 2018. The water consumption of 2018 includes the consumption of tap water and barreled drinking water from September to December 2018.
- ◆ No water meter is installed in the leased area and self-use area of the PICC Life Building. The water consumption data is calculated based on the area proportion. The water consumption of PICC Life includes the data of the office and public areas.
- ◆ No separate water consumption is available for PICC Hong Kong and Zhongsheng International.

Downloads of electronic policies of some of the subsidiaries (Unit: policy)

Company	Year	Download of electronic policies
PICC P&C	2016	1,897,443
	2017	14,050,866
	2018	38,011,097
PICC Health	2016	1,369,816
	2017	1,931,935
	2018	11,574,839
PICC Life	2016	8,755,669
	2017	8,012,247
	2018	19,256,139

- Notes:
- ◆ The statistics of PICC P&C is the sum of the downloads from the elife electronic policy system and electronic document management system.
 - ◆ The statistics of PICC Health is the "number of the electronic policies held".
 - ◆ The statistics of PICC Life in 2017 includes only the number of policies sold. on the PICC Life online sales platform. The statistics in 2018 incorporate the data of remote sales, direct sales and E-China (app).

Energy saving in office CASE

PICC P&C implemented clean production audits at its headquarters and offices in Beijing, established an energy management system and a carbon emission management system. The headquarters building's air-conditioning system, lighting in public area, the time of operation of elevators and other equipment is divided into working time, non-working and holiday. Energy-saving labels are attached to electrical switches in the offices to raise employees' awareness of energy conservation. In the first half of 2018, we implemented the lighting renovation of the elevators in the headquarters building. Cold cathode lamps were replaced by LED lights, saving 30,000 kWh a year. In 2018, PICC P&C completed the annual energy-saving goal of the "13th Five-Year Plan" period in Chaoyang District, Beijing and was awarded by the NDRC.



SGS ASSURANCE STATEMENT

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SUSTAINABILITY REPORT OF PEOPLE'S INSURANCE COMPANY(GROUP) OF CHINA LIMITED FOR 2018

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS-CSTC was commissioned by the People's Insurance Company (Group) of China Limited (hereafter as "PICC") to conduct an independent assurance of the Chinese version of PICC's Sustainability Report for 2018 (hereafter as "the Report"). Based on SGS Sustainability Report Assurance methodology, the scope of the assurance included the text, data, graphs and statements contained in the Chinese version of the Report. Data and information for companies other than the following three were not included in this assurance process: the headquarter of People's Insurance Company (Group) of China Limited which located at PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing, P. R. China , headquarter of the PICC Capital Investment Management Co. Ltd., which located in the PICC Building, No. 88, Xichang 'an Street, Xicheng District, Beijing, P.R. China, and headquarter of the People's Health Insurance Company of China Co., Ltd., which located in the 9th Floor, South Side, Fenghui Shidai Building, No. 11, Fenghuiyuan, Taipingqiao Street, Xicheng District, Beijing, P.R. China. The information in the Report and its presentation are the responsibility of the management and the relative department of PICC.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all PICC's stakeholders.

SGS sustainability report assurance procedure developed was based on international accredited guidance, including the Accuracy and Reliability Principles contained in the GRI STANDARDS (2016) and guidance on assurance level by AA1000 series.

This report has been assured at a moderate level of scrutiny using our protocols for:

- evaluation of content veracity; and
- evaluation of the report against core option of GRI STANDARDS (2016).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees including the headquarter of the People's Insurance Company (Group) of China Limited (group headquarter) and the headquarter of the PICC Capital Investment Management Co. Ltd. which located in the PICC Building, No. 88, Xichang 'an Street, Xicheng District, Beijing, P.R. China, and the headquarter of the People's Health Insurance Company of China Co., Ltd. which located in the 9th Floor, South Side, Fenghui Shidai Building, No. 11, Fenghuiyuan, Taipingqiao Street, Xicheng District, Beijing, P.R. China. Documentation and record review and assurance with employees from other subsidiaries where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world's leading inspection, verification, testing and certification company. We are recognized as the global benchmark for quality and integrity with a network around the world. SGS affirm our independence from PICC, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with SGS Sustainability Reporting Lead Assuror, CCAA ISO 14001 Lead Auditor, CCAA OHSAS 18001 Lead Auditor etc.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, the information and data contained within the Report verified is accurate, reliable, and the representation of PICC sustainability activities in 2018 is fair and pertinent.

The assurance team is of the opinion that the Report can be used by the Reporting Organization's Stakeholders.

We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

GRI STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion the Report has met all the requirements of the core option for GRI Standards on reporting content and principles.

Stakeholder Inclusiveness

PICC had identified its stakeholders who affected by its activities and considered the reasonable expectations and interests from stakeholders, established channels and platforms for stakeholders' inclusiveness and took some certain ways to communicate and exchange information with stakeholders.

Sustainability Context

PICC had presented the efforts on sustainability development related to economic, environmental and social aspects and combined the performance in the wide context as well.

Materiality

Based on the topics concerned by the stakeholders, PICC has considered reasonably disclosing issues and indicators with materiality, which substantively influencing the assessments and decisions of stakeholders, to reflect the organization's significant economic, environmental and social impacts. We suggest PICC consider the degree of detail of the report based on the materiality analysis result.

Completeness

PICC's report basically included coverage of material aspects and boundaries, to reflect significant economic, environmental and social impacts and enable stakeholders to assess the organization's performance in the reporting period.

Balance

PICC's report respected the balance principle with positive and negative aspects revealing.

Comparability

PICC had disclosed performance indicators in 2018, previous data of key indicators were disclosed, which could help stakeholders to understand and compare the improvement performance year by year.

Accuracy

PICC's information in the report was accurate, enable to reveal more qualitative and quantitative information with indicators for stakeholders.

Timeliness

Assurance to know that the data and information is on a regular schedule and available in time. PICC will report on a regular schedule with one year to assure the good timeliness.

Clarity

Report was presented different ways with words, charts, graphics and pictures, also described with actual cases to ensure the stakeholders understanding easily. We suggest PICC explain some industry-specific terminologies and abbreviations to further improve report clarity.

Reliability

PICC has established the sustainability report management process, and collected, recorded and analyzed the information and data which disclosed in the report timely. The information and data disclosed was realistic and reliable.

Management Approach

The Report has disclosed the management approach of identified material topics.

General Disclosures

The general disclosures were presented in accordance with the core option of GRI Standards.

Topic-Specific Disclosures

PICC's topic-specific disclosures related to the material topics in economic, environmental, and social areas were in accordance with the core option of GRI Standards.

Findings and recommendations

Good practices and recommendations for sustainability report and management process were described in our internal management report which has been submitted to PICC for continuous improvement.

Limitations of assurance

The assurance scope only covered the headquarter of People's Insurance Company (Group) of China Limited and headquarter of two subsidiaries: the PICC Capital Investment Management Co. Ltd and the People's Health Insurance Company of China Co., Ltd.

Signed:

For and on behalf of SGS-CSTC



Ben Tsang
Senior Director, China and Hong Kong
Certification and Business Enhancement
10 Mar. 2019

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