



# 2017 CORPORATE SOCIAL RESPONSIBILITY REPORT

Preface

This report comes as the 11th social responsibility report of The People's Insurance Company (Group) of China Limited (hereinafter referred to as "the People's Insurance Group of China", "PICC Group", "the Group", "the Company", "PICC" and "We"), which is aimed to disclose information to interested parties regarding the economic, environmental and social sustainable development of the PICC Group for the year of 2017.

This report pertains to the economic, environmental and social performance of PICC Group and its affiliates during the period from January 1, 2017 to December 31, 2017 as We usually issue the social responsibility report for the previous year in April every year.

This report is hereby formulated by the Company according to the core schemes in GRI Sustainability Reporting Guidelines (G4) and the disclosure requirement in the Environmental, Social and Governance Reporting Guide (HKEx ESG) released by Hong Kong Exchanges and Clearing Limited after the material topics and their boundaries are determined together with the interested parties.

The financial data in the report is quoted from 2017 Annual Report of The People's Insurance Company (Group) of China Limited (independently audited by Deloitte Touche Tohmatsu Limited). Unless otherwise noted, all monetary figures in this report are expressed in RMB (yuan). Other data is provided by the Group's functional departments and affiliates.

This report is issued both in the printing edition and online edition, with the latter available for lookup and download via the Company's website: www.picc.com.

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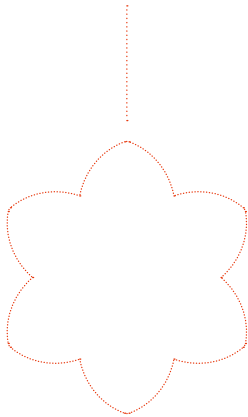
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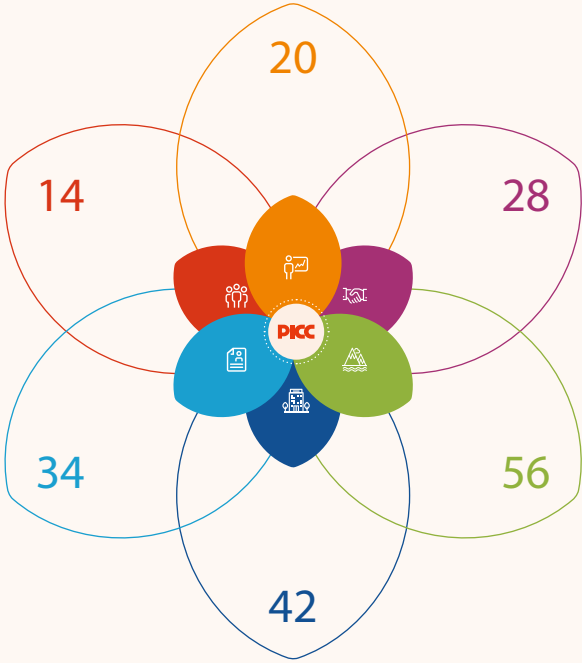
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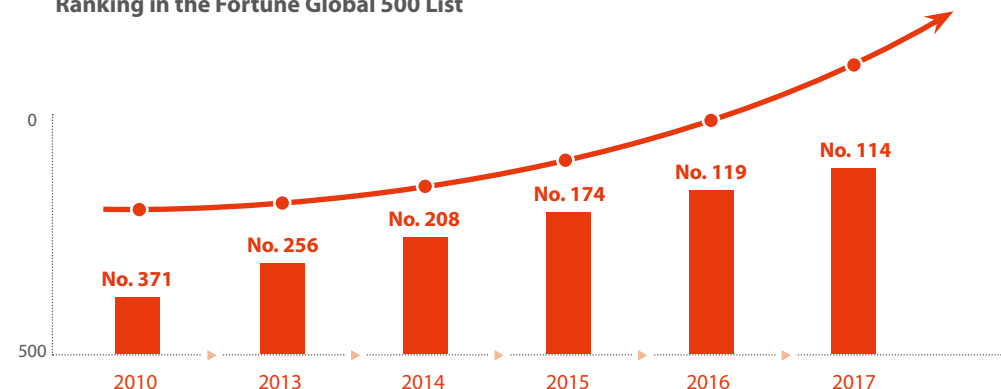
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## Group Development Strategy

Gaining advantage in core businesses and achieving excellence in special lines	Returning to the original mission to provide the guarantee	Integrating resources for coordinated development	Being bold in making changes and innovation	Holding the bottom line with targeted risk prevention and control
Making efforts in transformation of economic growth model, its structural improvement and its shift to new growth drivers with a focus on the requirement of putting quality first and giving priority to performance	Further promoting the supply-side structural reform in insurance and seeking more development space for the Group by being committed to serving the real economy and major national strategies	Striving for greater integration with the aim of maximizing overall benefits for the Group	Pursuing a change in quality, efficiency and growth drivers by sticking to innovation, the primary engine of development	Making great progress in preventing and resolving major risks in the light of requirements from the central government and the actual realities of PICC

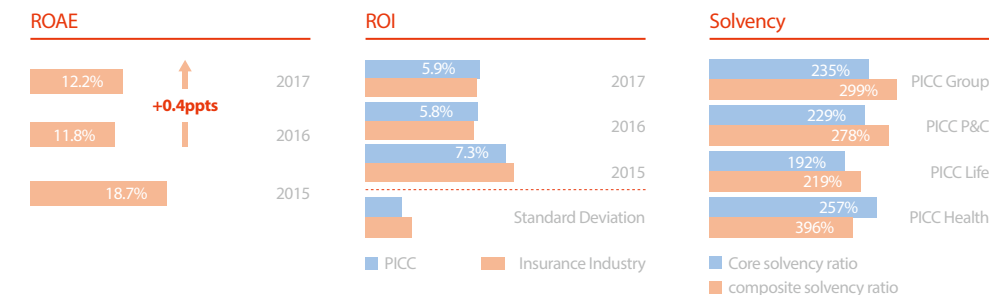
## Economic Performance

Ranking in the Fortune Global 500 List



Total Premium Revenue	Total Assets	Net Assets
RMB100 million	RMB100 million	RMB100 million
4764.47	9879.06	1868.81
4398.74	9321.49	1709.94
3883.87	8434.68	1571.95
2017	End of 2017	2017
2016	End of 2016	2016
2015	End of 2015	2015
Net Profits	EPS	Total Investment Assets
RMB100 million	RMB	RMB100 million
230.51	0.38	8534.00
160.99	0.34	8077.38
206.81	0.46	7428.21
142.45	2017	End of 2017
276.65	2016	End of 2016
195.42	2015	End of 2015
consolidated net profit		
Parent Company shareholder net profit		

## Green Insurance



The environmental liability insurance covered 30 provinces, autonomous regions and municipalities directly under the Central Government in 2017. A total of 5,726 enterprises received RMB10.7 billion worth of risk coverage We provided and 1,241

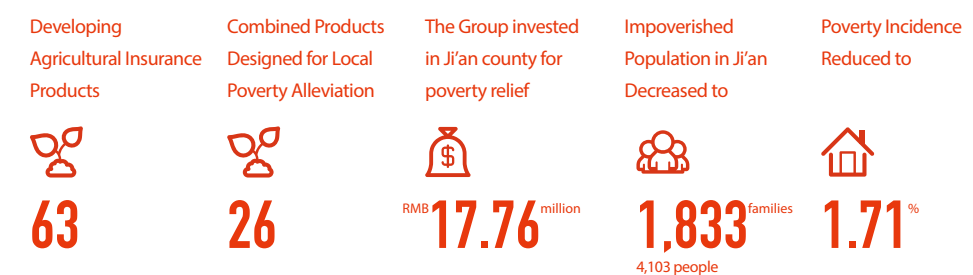
enterprises experienced the environment risk "examination" services, during which nearly 9,124 risk hazards were found in total, and We offered 7,550 suggestions on reducing the risks.



## Targeted Poverty Relief

Being committed to implementing the poverty relief policies as required by the central government, We blazed a diversified poverty-relief trail involving people's livelihoods, employment transfer and education. We injected impetus into the industry by developing 63 agricultural insurance products tailored for "inclusive + super-inclusive" poverty alleviation and exploring 26 combined products designed for local poverty alleviation represented by the "Eight Insurance Models" such as the "government policy support + financing by insurance capital + risk control by insurance" model in Hebei province. Efforts in the sector of healthcare underpinned the targeted poverty relief. In such provinces as Henan, Yunnan, Jiangxi, Guangdong, Liaoning and Shanxi, supplementary medical insurance, medical assistance and other insurances with special preference were made available to poverty-stricken people, through which there emerged the popular "Jiaozuo Model" and "Zhaotong Experience". As a result, poor families in the countryside were given access to "one-stop services" of commercial &

supplementary medical insurance for diseases. In the fight against poverty in Ji'an county of Jiangxi province, the Group invested a total of RMB17.76 million used for poverty relief as of December 31, 2017. Meanwhile, an array of employees were assigned to engage in the poverty relief and assist the people in Ji'an in improving their working and living conditions through multiple channels and in various forms, helping choose a special poverty relief path upon a "combination of special industries, public services and insurance in poverty relief" with PICC's characteristics. All these efforts finally paid off. The number of impoverished population in Ji'an decreased from 48,660 people in 14,453 families in 2014 to 4,103 people in 1,833 families, with the poverty incidence reduced from 12.6% in early 2014 to 1.71%. On November 1, 2017, the State Council Leading Group Office of Poverty Alleviation and Development announced that the poverty-stricken Ji'an county in Jiangxi province exclusively assisted by the Group was successively lifted out of poverty.







CHAIRMAN  
Miao Jianmin

## CHAIRMAN'S STATEMENT



**In 2017, following the successful conclusion of the Communist Party of China's 19th National Congress ("19th CPC National Congress"), The People's Insurance Company (Group) of China Limited was driven to make an in-depth study of and implement Xi Jinping Thought on Socialism with Chinese Characteristics in a New Era and the spirit of the 19th CPC National Congress, and carefully put into practice the spirit of the National Financial Work Conference and the National Work Conference for Party-building of State-owned Enterprises. Bearing in mind the fundamental mission of finance in serving the real economy, We, endowed with a strong awareness of political responsibilities and historical mission, were committed to performing economic, political and social responsibilities as a central state-owned financial enterprise. Focused on serving the real economy and major national strategies, We have been making unremitting efforts to increase our ability in serving the big picture of the economy and society. Thus, We played a leading role in our industry in fields including agricultural insurance, poverty alleviation by insurance, social medical insurance and liability insurance, and realized a coordinated development among shareholders, customers, employees, the society and the environment amid complementary promotion of social and economic benefits.**

We ramped up efforts to fight against poverty by insurance to make contributions to poverty alleviation. With a commitment to implementing poverty alleviation and development policies of the central government, We incessantly innovated the insurance-dependent poverty relief mechanisms and systems. We strove for a constant improvement in the inclusive finance and the new model of "supporting San Nong and small and micro businesses", with RMB20.2-billion agreements signed to provide capital for San Nong. In the process of serving San Nong (agriculture, rural areas and farmers), about 130,000 customers, whether individuals or small and micro businesses, got our support. We also further pushed ahead with targeted anti-poverty programs with innovative measures, offering RMB22.50 million for four designated poverty-stricken counties, among which Ji'an in Jiangxi province successfully overcame poverty with our help.

We drove innovation in the insurance products and services to serve the supply-side structural reform in agriculture. In terms of agricultural insurance, We continued efforts to expand its coverage with more varieties at a higher level of guarantee, and actively served the new-type entities engaged in agricultural operation, realizing RMB22.1 billion premium from agricultural insurance and topping the industry with a 45.6% market share; We invested RMB1.7 trillion in providing protection against agricultural risks for a total of 110 million peasant families, accepted insurance of 670 million mu (about 44.67 million hectares) crops and 1,150 million mu (about 76.67 million hectares) forests, paying RMB17.62 billion agricultural insurance proceeds to poverty-stricken farmers from 26.98 million families, and thus putting in place the central government's policies that benefit the farmers.

We promoted innovation in health & pension products and services in a bid to deepen the medical insurance reform. We sped up to spread our experience in Jiaozuo of Henan province and Zhaotong of Yunnan province, took an active part in new programs such as medical assistance and social care services, found creative means to provide and manage public services, and effectively prevented and resolved disease-incurred poverty. A 460-million population were involved in our critical illness insurance business, with the corresponding insurance proceeds reaching RMB15.13 billion, which helped effectively relieve the burden and pressure on patients diagnosed with critical or serious illness.

We vigorously developed the liability businesses to serve the strategy for higher social governance abilities. A rapid expansion in liability insurance businesses like safe production, food safety and environmental pollution produced RMB17.09 billion premiums from liability insurance, an annual increase of 23.4%.

We gave backing to regional economy and the "Belt and Road" initiative to serve the implementation of major national strategies. Our Group set up the leading group for the coordinated development of Beijing-Tianjin-Hebei region & Xiongan New Area construction. PICC Pension became the first financial institution headquartered in the Xiongan New Area. We actively participated in the "Belt and Road" construction by dispatching working groups to provide overseas services in Indonesia, Russia, South Africa, the United

States and the United Kingdom.

We offered a helping hand to the weak and the poor and persisted in playing a role in social benefit programs. Relying on the dedicated platform PICC Charity Foundation for public service operations, We took an active part in charitable and public-service activities and continued to give back to society and the public. We have offered RMB8.6 million worth of such supplies as Chinese classic books and clothes to 468 primary schools in poor, remote areas in 31 provinces and cities across China since the unfolding of our education-oriented public welfare program in 2014.

Amid the new era for socialism with Chinese characteristics, the People's Insurance Group of China will adjust to the new era, focus on new goals and perform new tasks. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the 19th CPC National Congress, We will, with an unswerving commitment to practicing new development ideas, accelerate the Group's transformation to high-quality development. We will return to the original mission to provide the guarantee, further promote the supply-side structural reform in insurance and seek more development space for the Group with great devotion to serving the real economy and major national strategies. We will not forget our responsibility in serving the rural revitalization strategy and speed up the Group's upgrade and transformation of "San Nong" insurance. We will innovate special service models with a firm determination to assist in the targeted poverty alleviation. We will play our role in building the Healthy China and social security system by exploring an effective model for the Group's pension & health industrial chain. We will be firm in the service of national and regional development strategies and blaze new trails in insurance financial services. We will not give up the tough battle on tackling pollution and expedite development of green finance and green insurance.

In the new year, We will, together with all interested parties, strive to make solid progress in serving the real economy, preventing and defusing risks, and deepening the reform. We will achieve more in our journey to high-quality development and usher in a new chapter for the People's Insurance Company (Group) of China Limited in a new era by giving back to all shareholders, all staff and society with outstanding achievements!

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



# 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 in October 1949. As the first nationwide insurance company after the founding of the People's Republic of China, PICC has established itself as a large leading financial group in China offering a comprehensive range of insurance services. In 2017, PICC was ranked 114 among all Fortune 500 companies, up 142 spots over the past five years, taking the lead among China's insurance counterparts in terms of the rise in ranking for both the single year and five consecutive years.

The Group operates property & casualty insurance businesses in the Chinese mainland and Hong Kong, China through PICC Property and Casualty Company Limited (「PICC P&C」), listed on the Hong Kong Stock Exchange, with the stock symbol 02328) and The People's Insurance Company of China (Hong Kong) Limited (「PICC Hong Kong」), respectively (The Group takes a 68.98% and 75.0% or so stake in the two affiliates, respectively); operates life and health insurance businesses through PICC Life Insurance Company Limited (「PICC Life」) (The Group takes a 80.0% stake directly and indirectly) and PICC Health Insurance Company Limited (「PICC Health」) (The Group takes a 95.45% stake directly and indirectly), respectively; realizes a concentrated and professional use and management of most insurance capital through PICC Asset Management Company Limited (「PICC AMC」) (The Group takes a 100% stake), and controls a specialized investment subsidiary PICC

Investment Holding Co., Ltd. (「PICC Investment Holding」) (The Group takes a 100% stake) focused on real estate investment, relies on PICC Capital Investment Management Company Limited (「PICC Capital」) (The Group takes a 100% stake) to engage in non-trading businesses including direct equity investment and debt investment with the insurance and non-insurance capital inside and outside the Group, takes PICC Financial Services Company Limited (「PICC Financial Services」) (The Group takes a 100% stake) as a specialized platform for the Group to step into the field of Internet finance, and conducts specialized reinsurance businesses inside and outside the Group through PICC Reinsurance Company Limited (「PICC Reinsurance」) (The Group takes 100% stake directly and indirectly); and carries out such businesses as enterprise annuity and occupational annuity through PICC Pension Company Limited (「PICC Pension」) (The Group takes a 100% stake) alongside strategic layout in banking, trust and other non-insurance financial sectors.

Keeping the mission of "serving the people as the people's insurance" firmly in mind, the Group has been active in assuming the corporate social responsibilities and providing comprehensive high-quality insurance guarantee and services in a move to serve the social and economic development and safeguard the national economy and the people's livelihoods.



## Honors & Awards

- Ranked No.114 on the Fortune Global 500 list
- Ranked No.23 on the Fortune China 500 list
- Honored with China Women and Children Philanthropy Award
- Honored with "The Best Investment Choice" Award among Top 100 HK-listed Companies
- Honored with Jinnuo Award
- Honored with 2017 China CSR Excellence Award as an outstanding enterprise
- The most Trustworthy Insurer
- Topping the list of Financial Enterprises with the best overseas image
- Annual Innovative Enterprise in Poverty Alleviation

### PICC Group

### PICC P&C

- 2017 Best P&C Insurer in Asia
- No. 37 among Top 100 HK-listed Companies
- 2017 Trustworthy Insurer
- 2017 Top 10 P&C Insurers for Market Competitiveness in China
- Top Rating (AA) in 2017 Insurer Service Rating from the CIRC
- Annual Insurance Guarantee Brand Excellence Award in the 8th "Jinlicai"
- Annual Best P&C Insurer

### PICC AMC

- Annual Gold Insurance Asset Management Company
- Best Insurance Asset Management Company
- 2017 Most Influential Insurance Asset Management Company
- 2017 Best Asset Management Institution for CSR Actions
- The Most Popular Equity Investment Institution (LP)
- "Jinlicai" Annual Asset Management TOP Award
- Annual Excellent Insurance Asset Management Company for Overall Strength
- Annual Excellent Young Fund Brand Company

### PICC Health

- "Best Activity Award", "7-8 Public Poverty Relief Contribution Award", "Most Popular Insurer in WeChat Voting" and "Special Support Award" from the Insurance Association of China
- Annual Best Health Insurer
- Research Innovation Award
- Management Innovation Contribution Award

### PICC Life

- Top 10 Chinese Life Insurers for Market Competitiveness
- "Best Communication Award" and "Most Popular Insurer in WeChat Voting" from the Insurance Association of China
- 2017 Marketing Innovation Award
- 2017 Excellent Life Insurer of Asia
- 2017 Excellent Chinese Enterprise Award for CSR
- Annual Most Competitive Insurer

### PICC Hong Kong

- "Appreciation Letter" from the Preparatory Committee on the Delegation of Hong Kong Special Administrative Region for the 13th National Games

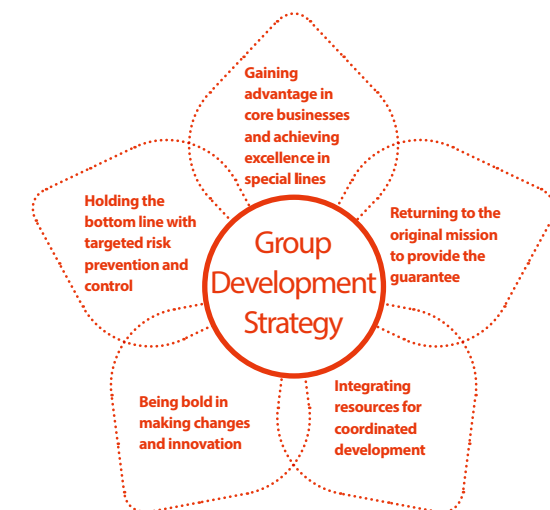
## Development Strategy

As the socialism with Chinese characteristics enters a new era and the Chinese economy embarks on the stage for high-quality development, the insurance industry is in a shift from the old to new pattern. A rapid rise of Internet technologies especially financial technologies points to radical changes in the traditional competition landscape of the financial insurance industry, with emergence of new technologies, new industries and new patterns in a fast-changing pace. In the face of new opportunities and challenges in a new era, We will stick to the general principle of pursuing progress while ensuring stability and new development ideas. Focused on the change in the primary contradictions of the

Chinese society, We will serve major national strategies and the supply-side structural reform by making comprehensive efforts in maintaining stable growth, promoting reform, making structural adjustments, creating value and guarding against risks, vigorously implementing the innovation-driven strategy, and incessantly advancing the integration process as per the requirement for high-quality development. And We will push for a change in quality, efficiency and growth drivers and a solid progress in serving the real economy, preventing and defusing risks, and deepening the reform, to generate more value for our shareholders by making the People's Insurance Group of China big, strong and excellent.

Making efforts in transformation of economic growth model, its structural improvement and its shift to new growth drivers with a focus on the requirement of putting quality first and giving priority to performance

Making great progress in preventing and resolving major risks in the light of requirements from the central government and the actual realities of PICC



Pursuing a change in quality, efficiency and growth drivers by sticking to innovation, the primary engine of development

Striving for greater integration with the aim of maximizing overall benefits for the Group

Further promoting the supply-side structural reform in insurance and seeking more development space for the Group by being committed to serving the real economy and major national strategies

From December 23 to 24, 2017, the Group held a symposium on further pushing forward development transformation by implementing new development ideas. Miao Jianmin, Chairman of the Group, attended the meeting and delivered a speech. The meeting specified the requirement that the whole group be committed to implementing new development ideas and further driving the Group to transform toward high-quality development





# STAKEHOLDER PARTICIPATION

## Communication with Interested Parties

Our interested parties include shareholders, employees, customers, suppliers, partners, industry peers, securities exchanges, the government, society, non-government organizations (NGO), natural environment, etc. In accordance with

assessment result regarding influence from and on the PICC Group, We made a list of key interested parties and determined the degree and range for their participation in corporate governance, management and decision-making.

### Communication and Participation from Key Interested Parties

Key interested parties	Expectations of interested parties	Participation and response means
<b>Shareholders</b>	Stable value growth Perfect corporate governance Effective risk management Clean commercial environment	Shareholders' meeting Annual report and announcements Earnings release Exchanges with investors
<b>Customers</b>	Diversified insurance products Convenient and high-quality services Protection of customer rights and interests Protection of customer privacy	Customer Day Customer symposium and return visit Satisfaction degree investigation News outlets such as Weibo and WeChat Telephone hotline Corporate website and e-shop
<b>Employees</b>	Rights of democratic participation Occupational health and safety Favorable career development platform Harmonious working atmosphere	Workers' Congress and the labor union Employee symposium Performance management Face-to-face and online training Mutual help and care activities
<b>Partners</b>	Win-win partnership	Strategic cooperative agreement Standard and evaluation
<b>Government and regulatory authorities</b>	To shoulder the due social responsibility of a central state-owned enterprise and listed company in response to national strategies and contribute to industry development and communication	Presence in industry associations and societies Seminar to discuss major issues and offer policy suggestions Returning to the original mission of insurance to provide the guarantee for the society and making reports at regular intervals
<b>Civil society</b>	To improve people's livelihood To advance social governance Charitable activities	Undertaking the government's livelihood project Volunteer activities Charitable donation and targeted poverty alleviation
<b>Natural environment</b>	To realize green operation To protect the environment	Product innovation Green financial insurance products Energy saving and emission reduction Green public-service activities

## Determination of Material Topics

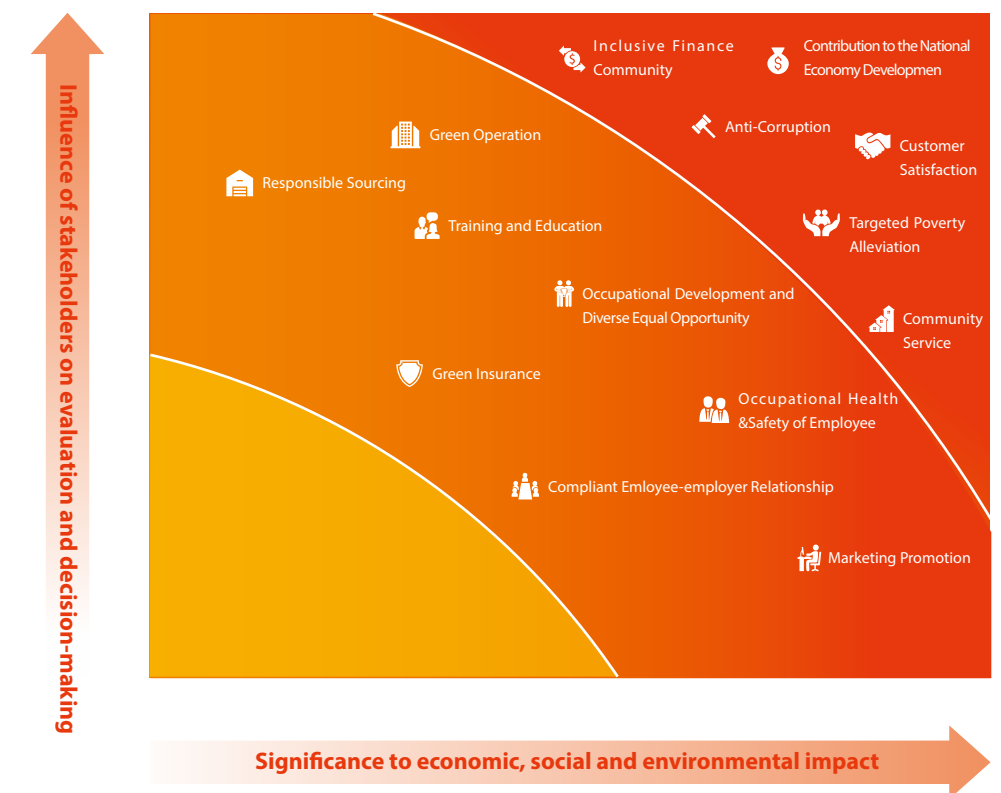
We paid high attention to participation from interested parties and continually improved the communication means and dialogue mechanism. In 2017, functional departments of the Company kept close communication with our interested parties involving shareholders, customers, employees,

society, partners and environment. Meanwhile, We actively used new media platforms such as the Company's official website, Weibo account and WeChat account to enhance communication and feedback and facilitate communication in a more timely and convenient manner.

Based on participation from the interested parties, consultation from external experts and discussions with the team members, We defined the material topics specified by the GRI Sustainability Development Reporting Guidelines that are involved in this report following a comprehensive

analysis of corporate social responsibility from the perspective of two dimensions: "influence of interested parties on assessment and decision-making" and "significance to economic, social and environmental impact".

### Analysis of Material Topics



In the two-dimensional analysis chart "Analysis of Material Topics", We finalized main topics included in this report, which will be reported and explained from the following aspects: "For Shareholders", "For Customers", "For Partners", "For Employees", "For the Society", "For the Environment", etc.

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**For Shareholder**  
Boost Performance,  
Sustainable Growth

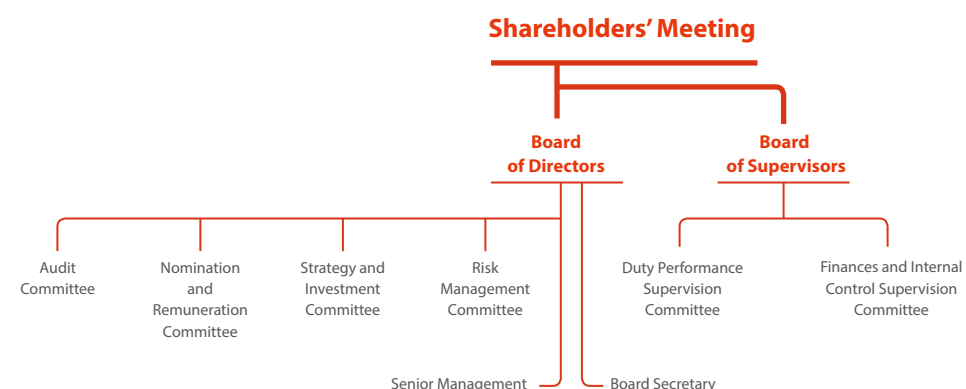


## Corporate Governance

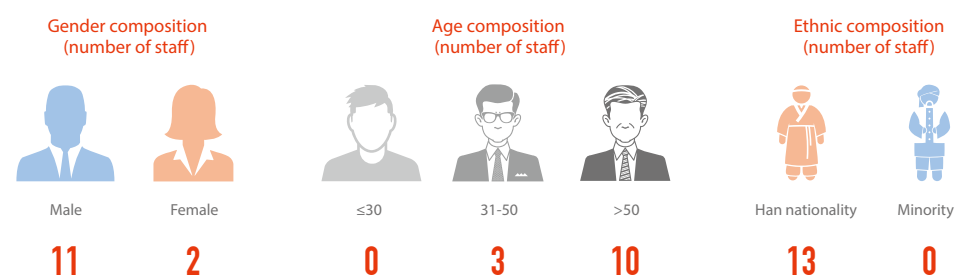
In strict compliance with related laws including the *Company Law of the People's Republic of China* and the *Insurance Law of the People's Republic of China*, and with faithful adherence to requirements of rules and regulations such as the listing rules issued by the Hong Kong Stock Exchange, the *Guiding Opinions on Regulating the Governance Structure of Insurance Companies (for Trial Implementation)* and the Company's Articles of Incorporation, We stuck to sound corporate governance principles, continually improved the corporate governance structure and raised the corporate governance level so as to ensure steady development of the Company and strive to increase shareholder value. The shareholders meeting, the board of directors, the board of supervisors and the senior management team performed their rights and

responsibilities separately in accordance with the Company's Articles of Incorporation as per legal and compliance requirements. 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 comes as the Company's decision-making organ and is in the charge of the shareholders meeting according to the Company's Articles of Incorporation. It includes at least four regular meetings each year with interim meetings as and when needed. The Company ranked second in the industry in the on-site industry-wide assessment on corporate governance of insurance companies (legal persons) conducted by the China Insurance Regulatory Commission (CIRC) in early 2017.

### Corporate Governance Structure of The People's Insurance Company (Group) of China Limited



### Information Related to Members of the Board of Directors in 2017



The board of directors is composed 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. Responsibilities and operation procedures of the professional committees are explicitly stipulated in the working rules of each committee. 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 in accordance with laws. The board of supervisors is made up of two professional committees, including the finances & internal control supervision 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. Responsibilities and operation procedures of the professional committees are explicitly stipulated in the working rules of each committee.

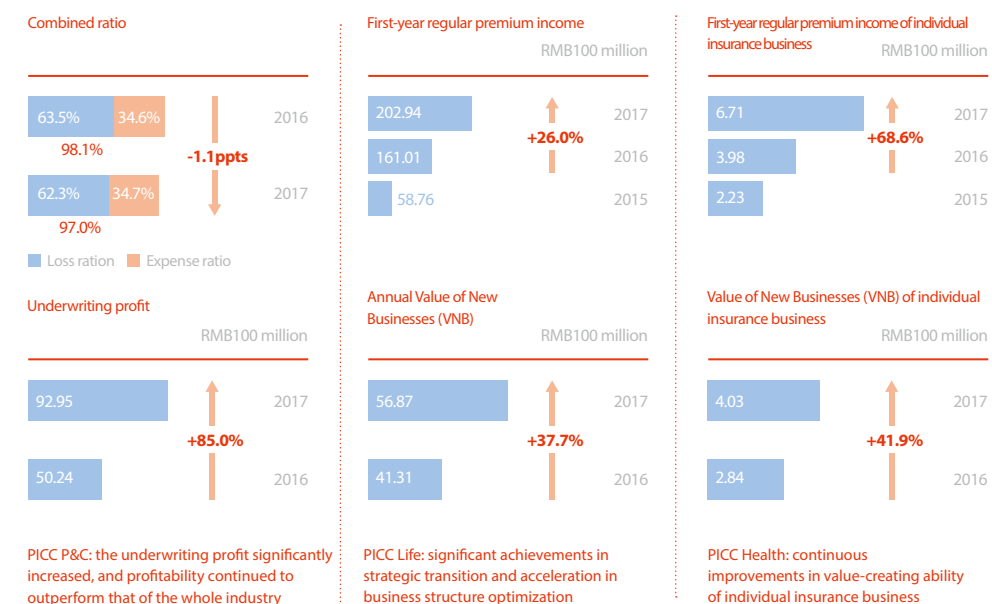
### Within the Reporting Period



## Economic Achievements

Throughout 2017, We achieved new achievements across the board by centering on the general principle of pursuing progress while ensuring stability and constantly enhancing efforts in serving the real economy, pushing forward reform and innovation and intensifying risk prevention and control, in a bid to put into practice the spirit of the 19th CPC National Congress based on an in-depth study, and the spirit of the National Financial Work Conference and the National Work Conference for Party-building of State-owned Enterprises. First, businesses grew steadily. The Group posted a total premium revenue of RMB476.45 billion, up 8.3% year on year, among which RMB350.9 billion and RMB106.3 billion came from property & casualty insurance and life insurance, respectively. Secondly, profitability increased. The Group saw a combined net profit of RMB23.05 billion,

a rise of 11.5% compared with last year; the combined ratio in PICC P&C stood at 97%, 1.1 percentage points lower than last year; the Group realized a total return on investment of 5.9%, higher than the industry average. Thirdly, new business value (NBV) continued to increase. PICC Life witnessed an annual NBV of RMB5.69 billion, up 37.7% year on year; PICC Health posted an annual NBV of RMB470 million, up 44% year on year. Fourthly, the overall strength rose. The Group's total assets approached RMB1 trillion, growing by 6% compared with the beginning of the year; its combined net asset reached RMB186.88 billion, growing 9.3% compared with the same period last year; its composite solvency ratio amounted to 299%, up 15 percentage points than the beginning of the year.



## Information Disclosure

The Group laid down *Interim Measures for the Administration of Information Disclosure Issues* and *Interim Measures for the Administrrating of Internal Reporting of Major Information* with a view to stipulating rules for information disclosure:

- ★ The corporate information report and disclosed issues including the main content, responsibilities of each party, disclosure procedures and disciplinary requirements
- ★ Making a list of institutions and personnel responsible for information disclosure and setting up the Group's information disclosure working team;
- ★ Establishing the communication and cooperation mechanism in terms of related affiliates, relevant departments of the Group, legal advisory groups at home and abroad, and the secretary team from Hong Kong;
- ★ Forming *Standardization Document about Major Information Reporting and Disclosure Procedures* of the whole Group to promote the management of standardization procedures concerning information disclosure to a higher level;
- ★ Actively participating in the information disclosure training organized by regulatory authorities and industry organizations, and raising professional skills in the light of the latest regulatory rules;
- ★ Releasing the earnings release, regular reports and a series of announcements regarding major issues on time and disclosing price-sensitive information to shareholders as per legal and compliance requirements;
- ★ Implementing the latest clauses taking effect in line with the latest amendments to the listing rules of the Hong Kong Stock Exchange about information disclosure to ensure that the disclosed content in the Company's regular reports conform to these listing rules.

Share certification was carried out twice in 2017 to identify the Company's shareholders and provide targeted services. Besides, We assisted shareholders in disclosing information about their equity based on the *Securities and Futures Ordinance*. After the earnings release was issued, the Group held the earnings release conference in Hong Kong and had deep communications with investors/analysts and the media respectively in order for the investors to understand the Company's performance. We also went to the United States, the United Kingdom, France, Japan, Singapore, Hong Kong of China and other countries and regions home to most investors to have a face-to-face communication with those failing to attend the Company's earnings release conference in our road

show so that they can have a deeper understanding of the Company's performance. Beyond the silent period, We voluntarily invited investors/analysts and actively received their investigation which basically covered all investors and analysts in the insurance industry across the globe paying attention to the Company's shares. At the same time, We took part in the investment summits and forums held by investment banks around the world and took full advantage of the opportunities brought by these meetings to make face-to-face communications with investors/analysts present there. We dealt with telephones and emails received from investors/analysts without a break throughout the whole year to ensure friendly and equitable treatment for each investor.

## Compliance and Risk Control

The Company initiated risk and compliance management in accordance with regulatory documents including the *Guidelines for the Risk Management of Insurance Companies (for Trial Implementation)* and "C-ROSS" regulatory rules of the CIRC, and *Main Board Listing Rules* issued by the Hong Kong Stock Exchange.

We put into practice the spirit of the National Financial Work Conference with efforts to strengthen risk prevention and control and improve the internal control and risk management system.

We took serious measures for the construction of the integrated risk management system and built a more solid foundation for risk prevention at the system and mechanism level. We established the uniform risk appetite management mechanism, compiled the written statement about the annual risk appetite of the Group and its affiliates, determined the annual budget used as risk capital, deepened the utilization of gains from economic capital, and formed uniform risk policies for the Group. We established the Group's asset & debt management system and bettered the system of liquidity risk management regulations. We built the Group's classified supervision and comprehensive evaluation system targeted at provincial branches of insurance affiliates which involved three defense lines including business, risk and audit. We also incorporated regulatory rating, case evaluation, operational performance, risk status and internal audit evaluation into our management and control system, and built an important platform for the Group with the aim of comprehensive and systematic supervision and evaluation of provincial branches.

We strictly implemented the regulatory requirements and took practical efforts to strengthen risk prevention and control as required by the CIRC and meet the regulatory requirements pertaining to "C-ROSS". The Group established the "leading group for intensified risk prevention and control" to implement the spirit of the five documents ("1+4" series) issued by the CIRC. We set up 36 groups to conduct supervision and checks targeted at all provincial branches of insurance affiliates in 36 places nationwide, which further pushed the Group's overall risk prevention and control ability to a higher level; We took an active step in implementation of the C-ROSS as required by the CIRC. We formulated corrective measures in accordance with the regulatory requirements to constantly improve the risk management system based on systems, mechanism, institutional improvement, professional technology, etc.

We made great efforts in risk prevention and control and strengthened prevention against risk hazards in key fields and at grassroots level. In terms of the P&C insurance, We improved the operational management procedures and carried out compliance inspection tours at regular intervals to effectively stop loopholes due to risks from violations in such policy-backed fields as agricultural insurance and critical illness insurance; with regard to the life insurance, We intensified monitoring of and warning against liquidity risks to ensure the stable and sound operation of the Company; in the investment field, We gave priority to preventing and defusing credit risks especially the counterparty risk. On the basis of the positive list of banking counterparties, we established the Group's counterparty "white list" mechanism framework, and improved management of counterparty credit line to guarantee the safety of investment assets. Meanwhile, we improved the grassroots-level internal control system for implementing the "fundamental solution", drove the insurance affiliates to optimize the grassroots-level internal control framework model, and did a good job in evaluation and rating of institutions in provinces, prefecture-level cities and counties.



Sent out messages to warn against corruption over

646,000



Anti-corruption education were carried out in the whole system

4,457<sup>times</sup>



Covering more than

260,000<sup>employees (person times)</sup>



Revised and Organized to sign Responsibility for Full and Strict Governance over the Party

7,293



Drew up and promote for "dual responsibilities" measures

58



Carried out training lasting for 9 phases of full-time and part-time employees of institutions at the prefecture-level institutions or above who are responsible for discipline inspection and supervision more than

1,200

We implemented rules in the *Anti-Money Laundering Law of the People's Republic of China*, the *Provisions on Anti-Money Laundering through Financial Institutions*, *Administrative Measures for the Reporting of Large-value and Suspicious Transactions by Financial Institutions*, and the *Measures for the Administration of Anti-Money Laundering Work in the Insurance Sector*. On this basis, we pursued a constant improvement in the anti-money laundering work procedures and the anti-money laundering information system. We conducted special training relating to anti-money laundering and counter-terrorist financing to raise the compliance and anti-money laundering awareness of institutions and staff with more professional skills at all levels. We promoted the use of "anti-money laundering and counter-terrorist financing black list and the list of international sanctions and foreign dignitaries", and submitted the anti-money laundering work information reports and statements to the regulatory department on schedule.

We enhanced efforts to build the anti-corruption management system, compiled materials like *A Collection of Discipline Inspection and Supervision Rules and Regulations*, *Discipline Inspection and Supervision Rules Workbook* and *Inspection Tour Workbook*, and set up the whistle-blowing system featuring a smooth reporting channel. We relied on various platforms including WeChat and the intranet and means like symposium and seminar to make the new requirements a part of all business procedures. Discipline was always put first and

We endeavored to improve our work style and strengthen party discipline without a break. Of the whole system, 287 employees (person times) were criticized in a circulated notice and 125 ones (person times) received persuasion and admonition. We conducted anti-corruption education across the board and sent out over 646,000 messages to warn against corruption especially during the time when corrupt practices are prone to occur. A total of 4,457 times of anti-corruption education were carried out in the whole system, covering more than 260,000 employees (person times).

We were committed to putting into practice orders from the central government and took study and promotion of the spirit of the 19th CPC National Congress as the most important political task at present and in the period to come. We organized the staff to study the 19th CPC National Congress Report shortly after its conclusion in an effort to realize adherence to decisions of the central government in terms of both ideas and actions. We raised the "dual responsibilities in one post" awareness of members of the Party committee, organized them to sign 7,293 Letter of Responsibility for Full and Strict Governance over the Party, drew up 58 measures for "dual responsibilities", and carried out training lasting for nine phases with a full coverage of more than 1,200 full-time and part-time employees of institutions at the prefecture-level institutions or above who are responsible for discipline inspection and supervision.



Members of the whole system were organized to attend special training in studying and implementing the spirit of the 19th CPC National Congress, where Miao Jianmin, Chairman of the Group, gave guidance in the special Party lecture



Members of the theory study center group of the Group's Party committee were studying the spirit of the 19th CPC National Congress



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**For Customers**  
Innovation Service,  
Optimization  
Experience



## Innovating Service Mechanisms

Amid accelerated implementation of the national innovation-driven development strategy, We focused on specialization, differentiation and elaboration in the light of customer needs, boosted innovation in business model, technologies, products and marketing means, and continually improved the product and customer service system.

We established the closed-loop management innovation system covering innovative project research, project incubation, spread of results and follow-up evaluation, initiated the “digitalized operation and transformation planning” project, and took definite measures to realize the goal of “digitalized operation and transformation”.



We piloted visible intelligent quality inspection and increased the quality inspection coverage rate of successful cases from less than 3% to 100%, with time limit of the quality inspection prolonged to T+2 days.

We set up the Group's innovative base and PICC P&C “23 areas + 4 special areas + 5 offices” product innovation base, explored cross-sector and cross-affiliate innovative cooperation pattern, held innovative theme activities across the whole system every two years, and endeavored to rapidly turn the personalized innovative results into common products and services to bring benefit to the customers.

We utilized intelligent mobile internet technologies to incessantly create new smart service models and established the customer service channel allowing interconnectivity among multiple platforms.

We realized integration between intelligent customer service machine and manual services. On a daily basis, the machine managed to serve an average of 200 or so customers on its own, helping solve more than 98.5% problems and replace 7.6 staff.

### 2017 Innovative Products Awards (Part)

Award Winner	Product name	Award
PICC P&C	Maternal and child health insurance	Annual Child Insurance Product
	Personal information leakage liability insurance	Annual Liability Insurance Product
	Product quality guarantee insurance	Annual Internet Insurance Product
	Comprehensive urban housing insurance	Annual Comprehensive Guarantee Plan
	Fuping comprehensive financial poverty relief insurance	Annual Innovative Insurance Product
	Overseas IP infringement liability insurance	Most Innovative Insurance Product
	Migrant workers payment guarantee insurance	Insurance Product with the Most Market Potential
	Project construction completion guarantee insurance	Insurance Product with the Most Market Influence
	“Happy Family” family property portfolio insurance	Best Product Portfolio
	Full education grant insurance for students of impoverished families	Best Family P&C Insurance Product
PICC Life	Maintenance service insurance for broken phone screen	Best Internet Insurance Product
	Shanxi “Zhunongbao” comprehensive poverty relief insurance	Best Rural Insurance Product
PICC Life	PICC Life “Happy Life” critical illness insurance	Guarantee-oriented Insurance Product Excellence Award
PICC Health	PICC Health universal card	Annual Health Guarantee Product Award
	Government-backed supplementary group insurance for medical assistance in Zhaotong, Yunnan province, Supplementary critical illness insurance for the urban and rural poor in Jiaozuo, Henan province	Pioneer of Poverty Relief through Insurance

## Improving Service Systems

Service outlets in rural areas more than



330,000

Service Team over



380,000 personnel

Service outlets in rural areas covering administrative towns



100%

administrative villages

55%

By the end of December 2017, We set up insurance community outlets in total



658

PICC P&C composed of a professional claims settlement team



33,850 personnel

The Group made a big push in developing the uniform data, customer sharing and health management platforms to provide the customers with all-round, highly-efficient, convenient and comprehensive financial insurance services. The Group promoted innovative development of the basic institution platform Party building coordination committee and started the integration construction. More efforts were made in the joint enterprise annuity business and commission-based sales of public funds, and the synergistic effect of business fields including P&C insurance, life insurance, asset management and non-insurance finance was strengthened.

Against the backdrop of mobile Internet, we expanded online and offline service network amid collaborative innovation in an active manner, established the marketing management platform based on the single customer view and introduced such advanced technologies as mobile Internet, social platform and blockchain into our service model. We created the marketing management platform based on the single customer view on which a monthly average of over 150,000 sales personnel logged onto the marketing platform to engage in offer, insurance transfer and sales, and policy issuance of auto insurance. The social application -- PICC V Alliance was featured by core functions including multi-channel policy issuance, commission withdrawal, report management, and online test for agents, which was oriented at individual customers and marketing personnel through rural network, postal service and other channels.



The emergence of more than 330,000 service outlets in rural areas with over 380,000 personnel covering 100% towns and 55% administrative villages across the country came as an effective solution to “the last mile problem” for insurance to serve rural families. By the end of December 2017, We set up 658 insurance community outlets in total, an increase of 108 compared with last year, covering 157 cities in 33 provinces (autonomous regions, municipalities directly under the central government and specially-designated cities in the state plan). While enjoying “one-stop” insurance services including insurance consultancy, purchase and claims assistance, customers can also have access to personalized value-added services peculiar to specific outlets. At the same time, as these



PICC Health propelled the productization and standardization of health management services, and provided customers with 85 services including medical appointment, family doctor, remote healthcare, gene detection and chronic disease management with a combination of six functions such as customer management, medical services, data connectivity, one-stop settlement, deposit-free advance and stored-value card consumption by means of the “People's Health Universal Card”; ending up with an effective improvement of customer health status and acceleration of sickness recovery backed by integrated resources of hospitals, medicine, old-age care and nursing care. We independently developed “PICC People's Health” APP to use the health manager to offer one-for-one services to users as family doctors, customize the health intervention plan for them, guide them about how to keep a healthy lifestyle, answer their routine health consultancy,

We made full use of leading industry advantages in innovative research to constantly innovate and improve the product and service system. In 2017, the PICC system yielded rich fruits, for example, we continued to push ahead with PICC Financial Service businesses, unveiled “Insurance + Service + Technology” safety guarder system, introduced the individual consumption loan guarantee insurance based on credit card cash installment, rolled out the productization- and standardization-based health management services like “People's Health Universal Card” and “Happy Life Critical Illness Insurance” to realize the full life-cycle management of customers, created the “Internet + Health Insurance + Health Management” health & pension ecosystem and “San Nong”-oriented ecosystem, relied on high-definition image geographic information system database, provided basic data support for refined management of agricultural insurance, etc.



Future Engine of Mobile Insurance -- “PICC V Alliance” on the Tip of Your Finger

community outlets are a comprehensive insurance sales service platform created by the Group with a combination of P&C, life and health, customers can get all-round health management and insurance services provided by the PICC P&C, PICC Life and PICC Health teams across 350 community stores in 109 cities nationwide.

As of the end of 2017, PICC P&C built a nationwide claims settlement service network composed of a professional claims settlement team with 33,850 personnel, 20,216 vehicles used for claims settlement, more than 120,900 car dealerships and auto repair shops with partnership relationships and other extended network links.



The debut of PICC Health Universal Card

provide medical guidance, manage their health files, and so on, to provide users with professional health management services.



## Optimizing Customer Experiences

We established perfect mechanisms on how to standardize the product specification/introduction in strict accordance with the insurance product information disclosure systems.

We put an emphasis on studying the customer risks from the perspective of customers in a bid to become their risk guard by providing such risk management services as training services, risk inspection and disaster and damage prevention for them, and reducing the probability of risks and damages. PICC P&C went deep into construction of industrial

technology bases covering the likes of rail traffic, textiles, automobiles, semiconductor and photovoltaic industries. We voluntarily informed customers or entrusted external institutions to carry out pre-disaster disaster and damage prevention services, and obtained or purchased external disaster and damage prevention information and professional consultancy services, thus providing professional risk services for significant customers in the industry, lowering damage losses of what is being insured, and improving the pre-warning ability against risks and disaster prevention ability of the insured.



PICC P&C, together with the expert from Hebang Security Technology Co., Ltd., provided the Jiaxing-based Meilai Paint Co., Ltd. with socialized safe production services for one week so as to help it resolve risks and eliminate hazards

PICC P&C was a pioneer in China to carry out the helicopter rescue. In classical rescue cases like the extremely serious traffic accident in He-Huai-Fu expressway in Anhui province, the extremely serious traffic accident in Guanghe of Guangdong province and the earthquake in Jiuzhaigou of Sichuan province, we used the helicopter to save the injured rapidly at the "PICC speed", effectively reducing the mortality caused by accidents;

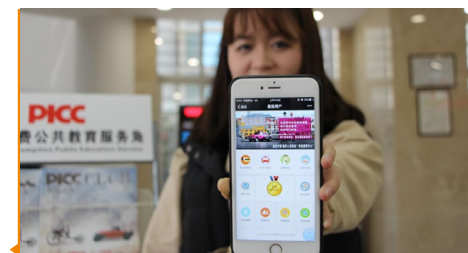
● PICC P&C also provided supporting services in the form of 24-hour emergent medical rescue and travel rescue around the world to make available to customers warm and attentive services under emergency circumstances such as staying in hospital due to accidents or sickness during their travel overseas.



A helicopter rescue

PICC P&C opened official WeChat account for claims in 36 provincial affiliates and realized one-stop disposal of "mobile claims" in auto insurance on the spot by means of the mobile survey system for damage identification.

Wenzhou-based PICC P&C affiliate in Zhejiang province kicked off online WeChat claim services and became the first company in the province whose online WeChat account dealt with more than a daily average of 30 cases, with the number of cases handled at top speed exceeding 200 for the current day within an average period of 1.93 days for online staff to deal with claims



We never ceased to strengthen the management of customer service quality. PICC Life incorporated seven service evaluation indicators such as "policy delivery within 15 days" into *2017 Performance Appraisal Methods of Affiliates*, strengthened supervision and guidance by means of monthly indicator notification, video meeting, on-site supervision and guidance, and release of *Risk Prompt Letter*, and also brought better customer experiences by implementing measures to protect the rights and interests of insurance consumers through service quality management. In 2017, within-15-day policy delivery rate of PICC Life rose

by 3.7 percentage points compared with last year; the success rate for return visits within the cooling-off period grew 4.6 percentage points year on year; the time limit for claims was reduced by 1.2 days on a yearly basis; and the time limit for no-claims insurance services was shortened by 0.3 day. For PICC P&C, the cycle of filing a motor vehicle insurance claim whose compensation is less than RMB10,000 was shortened to 12.25 days in 2017 from 18.19 in 2015, and that of filing a non-motor vehicle insurance claim whose compensation is less than RMB10,000 was decreased to 3.86 days in 2017 from 16.87 in 2015.

PICC Life Within-15-day policy delivery rate compared with last year rose by



3.7 percentage points

The success rate for return visits within the cooling-off period grew



4.6 percentage points

The time limit for claims was reduced on a yearly basis



1.2 days

The time limit for no-claims insurance services was shortened



0.3 day

The cycle of filing a motor vehicle insurance claim whose compensation is less than RMB10,000 was shortened to



12.25 days

The cycle of filing a non-motor vehicle insurance claim whose compensation is less than RMB10,000 was decreased to



3.86 days

We always made it our vision and mission to become the most thoughtful insurance service expert for customers, and continued to carry out colorful "Customer Day" activities under the theme of "listening to your wishes and serving your needs" to increase exchanges and communications with them. Affiliates such as PICC P&C, PICC Health and PICC Life carried out a series of activities including "Customer Day on 18th of every Month", "My Claims Up to Me", "Show Me Your Love" charitable education program, "Sincere Experiences from 1,000 Stores across 100 Cities", "5.18 Fight for Treasure", "Running together with PICC for Love", "I Have An Date with Policy", "Extended Critical Illness Claim Services", and "Attention on Health Brings A

Smooth Life" public lecture on health, in a move to give back to customers and society on the back of increasingly upgraded service quality with sincere love. Following the end of the Customer Day, all affiliates further enhanced communication with customers with the aid of 95518 customer service hotline, WeChat platform and external public email and learned their needs. Businesses were handled directly or by experts arranged as per type, and various differentiated services covering the full-life-circle of a policy were offered to customers as per their classification, resulting in increasingly convenient service procedures and more personalized value-added service experiences.



"Customer Day" activities



"Customer Day" activities



We made efforts to standardize the customer satisfaction degree survey mechanism and constantly improve customer consumption experiences and satisfaction degree. By means of customer satisfaction degree survey by third-party, testing in an anonymous way and special surveys on customer experiences, PICC P&C reinforced the management of service supervision. PICC Life established and improved the complaint risk management systems, strengthened the follow-up of rectifying problems, and included the service quality evaluation indicator into performance appraisal. PICC Health upgraded and optimized the management of sales return visits and complaints, with the degree of customer satisfaction (the phone center appraises the degree of customer satisfaction after the incoming call service is finished) continuing to increase to 96.65%, 97.41% and 97.84% in 2015, 2016 and 2017, respectively.

In accordance with requirements specified in documents about compliant management systems such as *Measures for the Administration of Handling of Insurance Consumption Complaints (Order No.8 [2013] of the CIRC)*, We established the complete system for compliant management working institutions in a bid to ensure effective complaint management and handling at the institution level. At the same time, We strengthened management of claim cases, prolonged the time limit for claims, optimized claims procedures, and accelerated the pace of dealing with difficult and complicated claims, serious claims, and long-pending claims. We continually enhanced efforts in management and control of customer complaints with a higher service level of the 95518 operation management platform. We improved handling of difficult and complicated complaints, reinforced rectification of complaint business analysis, and bettered the feedback mechanism.

### Consumption Complaint

Project	Complaints per RMB100 million premiums (Unit: case/RMB100 million)			Complaints per 10,000 policies (Unit: case/10,000 policies)		
Year	2017	2016	2015	2017	2016	2015
PICC P&C	3.35	0.77	1.32	0.08	0.02	0.23
Industry ranking	56	50	42	57	52	36
P&C insurance Industry average	4.65	1.08	1.75	0.03	0.01	0.04
PICC Life	2.66	0.65	0.79	1.37	0.33	0.33
Ranking	14	18	45	9	14	43
PICC Health	3.05	0.40	0.47	1.84	0.62	0.63
Ranking	11	28	53	4	7	22
Life insurance industry average	1.69	0.43	0.97	0.47	0.12	0.21

#### Note:

1. Data source: Notice of the China Insurance Regulatory Commission on Insurance Consumer Complaints in 2017 B.J.X.B. (2018) No.54
2. Starting from 2017, the CIRC adjusted the statistical standard of consumer complaints, with the number of withdrawn and repeated claims beginning to be included in statistics. As all affiliates adopt the statistical standard as required by the CIRC, the number of complaints in 2017 increased compared with that of 2016 and 2015.

## Protecting Customer Privacy

We highly valued protection of personal information and privacy of customers, always regarded maintenance of the customer information security as a priority in the Company's information security net, conducted all businesses in strict compliance with requirements of laws and regulations including the *Insurance Law of the People's Republic of China* and *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, and released the *Measures of the People's Insurance Group of China for Uniform Management of Information Security Policies (2017 Version)*. In 2017, We made great efforts in better maintaining the customer information security. At the technical level, We screened such sensitive information related to customers as personal identity information, contact information and account numbers in the business systems used by front-line staff including

the core business system, claims business system, 95518 system, e-commerce system and marketing management platform; in terms of institutions, PICC P&C issued the *Measures of People's Insurance Company (Group) of China Limited for the Administration of Customer Information (2017 Amendment)*; PICC Health formulated and issued the *Interim Measures for the Administration of Customer Information Authenticity* and PICC Life issued *Interim Measures of PICC Life for the Administration of Customer Information* to set clear rules for maintaining customer information security and holding staff and organizations violating the information security rules responsible by operation of law. In 2017, there was no incidence of customer information leakage for both PICC P&C and PICC Health.



PICC P&C was honored with "2016-2017 China's Best Customer Contact Center Award"





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**For Partners**  
Co-Win,  
Co-Development



## Supply Chain Management

We, in line with relevant laws and policies such as *Government Procurement Law of the People's Republic of China*, *Regulation on the Implementation of the Bidding Law of the People's Republic of China*, and *Provisions by the Ministry of Finance on Strengthening Management of Collective Procurement for State-owned Financial Enterprises*, worked out the Company's procurement management institutions to standardize the management of procurement process. The procurement activities feature full competition in an open, fair and impartial manner with priority given to efficiency to realize approval authority and procedure management in procurement. Suppliers for procurement activities are all selected through national legal procurement means like bidding and competitive negotiation, followed with reporting as per related rules of the Ministry of Finance.

## Partnership

Healthy and diverse partnership relationship is among the significant drivers of our development.

### Insurance Agencies

Affiliates proactively forged various forms of cooperation with specialized insurance agencies as they look to jointly raise the business development abilities in the course of assuming social responsibilities on the basis of establishing agency business management mechanism in accordance with the *Insurance Law of the People's Republic of China*, *Provisions on the Supervision and Administration of Specialized Insurance Agencies*, *Provisions on the Supervision of Insurance Brokerage Institutions*, *Interim Measures on the Administration of Concurrent-Business Insurance Agency*, *Measures for the Punishment of the Illegal Conduct of Insurance Companies in Intermediary-Related Operations*, and other laws and regulations and other related rules stipulated by insurance supervision and management departments.

In 2017, PICC P&C released the new *Notice on Issuing Supplementary Provisions to "Measures for the Administration of Online Business Cooperation on Brokerage Agency Channel" (Interim)*, the *Notice on the Administration related to Internet Business Cooperation for the Self-operated Network Platform of Specialized Insurance Agency Institutions*, *Operation Manual on Cooperation Standardization through Brokerage Channel (Interim)*, the *Notice on Piloting Regional Collaboration through Brokerage Channel*, and the *Notice on Issuing "Operation Manual on Cooperation Standardization through Brokerage Channel (Interim)" and "The Notice on Catalogue of Marketable Products through Brokerage Channel (2017 Version)"*, and established a long-term mechanism

We considered whether suppliers legally performed their social responsibilities in the course of procurement, for example, PICC P&C gave full attention to suppliers' CSR in their selection. Those included in the supplier base are required to provide "number and composition of employees under an over-three-year labor contract" and "introduction to payment of social insurance for employees over the most recent year" and other materials used as a reference index for examination of the supplier base. Suppliers are encouraged to make positive efforts in expanding employment and protecting employees' rights and interests.

to further standardize channel-based cooperation procedures and strengthen compliance management and control. As of December 31, 2017, PICC P&C built a cooperative partnership with 1,368 specialized agency institutions (legal persons), an increase of nine annually. The Company established partnership with 426 brokerage firms (legal persons), up five compared with last year. In 2017, PICC P&C at the head office level saw no termination of cooperative agreements due to non-compliance of any agency.

PICC Health formulated *Measures for the Administration of Partners and Suppliers and Institutions on the Regulation and Management of Specialized Insurance Agencies*. The number of intermediary organs with which effective cooperation was established in 2017 totaled 854.

PICC Life issued the *Interim Measures for the Administration of Internet Insurance Businesses of PICC Life Insurance Company Limited*, *Handling Procedures for Telemarketing Agency Business Complaints of PICC Life Insurance Company Limited* and other administrative measures to strengthen regulation and administration of partners. It forged cooperation on group insurance businesses with 330 intermediary organs, including 235 specialized insurance agencies and 95 insurance brokerages. Partnership based on the e-commerce channel was built with technology service providers and 78 of these insurance brokerages and agencies.



2017, PICC P&C posted a premium income in loss insurance of network payment account capital



RMB 86.59 million

Total policies



682,352

By the end of 2017, the number of hospitals with cooperative relations with PICC Health to



2865

Cooperated with drugstores



73,310

Cooperated with physical examination institutions



843

### Car Dealer Channels

PICC P&C strengthened and deepened group-to-group cooperation and further expanded cooperation to more car dealers with a wider range of businesses. It issued *Cooperation Mechanism for Group-to-Group Projects with Car Dealers (for Trial Implementation)*, *Evaluation Methods for Group-to-Group Projects with Car Dealers (2017 Version)*, *Measures for the Administration of Group-to-Group Projects with Passenger Car Dealers (2017 Version)*, and *Measures for the Evaluation and Administration of Group-to-Group Projects with Proprietary Brand Passenger Car Dealers (for Trial Implementation)*. As of December 2017, PICC P&C boosted group-to-group cooperation with 47 car dealers, 28 dealer groups and 10 maintenance chains of national brand.

### Medical Institutions

PICC Health deepened collaboration with high-quality external medical resources and issued *Measures of PICC Health Company Limited for the Administration of Designated Medical Institutions* and *Measures of PICC Health Company Limited for the Administration Third-party Partners Regarding Health Management* to facilitate the regulation and administration of cooperation with hospitals, drugstores and physical examination institutions and provide customers with all sorts of health management and claims services. In 2017, PICC Health attached high importance to the development of health management insurance businesses and thus actively tapped into offline medical network resources to build a platform and an ecosystem. By the end of 2017, the number of hospitals with cooperative relations with PICC Health increased by 1,047 from 1,818 in 2016 to 2865, among which there were 502 People's Hospitals, 324 TCM hospitals, 52 tumour hospitals, 65 stomatological hospitals, 203 women and children hospitals, 48 rehabilitation and orthopaedic hospitals, 50 eye hospitals and other 1,621 general hospitals. PICC Health cooperated with 73,310 drugstores and 843 physical examination institutions.

PICC P&C took a proactive move in building the social insurance business service platform, shared co-working spaces with medical insurance management departments, and actively promoted "one-stop" settlement. As a result, while insurance buyers were given quick access to high-quality services, problems relating to personnel allocation and network construction of government departments were addressed effectively, with an effective reduction in pressure on the basic medical insurance fund and an improvement in the allocation efficiency of social medical resources.

### Financial Institutions

We established multi-level and multi-dimensional cooperative business relationships with large state-owned banks, policy banks, and joint-equity commercial banks nationwide. By the end of December 2017, the Group signed the comprehensive strategic cooperation agreement with 10 banks including China Development Bank, the Agricultural Bank of China, Agricultural Development Bank of China, Bank of Communications, the Bank of China, Industrial and Commercial Bank of China, China Construction Bank, Shanghai Pudong Development Bank, Industrial Bank, and Hua Xia Bank. Meanwhile, We sought cooperation with leading Internet financial platforms such as JD and Alipay across the board so as to enable the public to purchase safe insurance products with their network account capital that are known for high insurance compensation, low premium and convenient claims settlement. In 2017, PICC P&C posted a RMB86.59 million premium income (tax-exclusive) in loss insurance of network payment account capital with a total of 682,352 policies.

PICC P&C forged cooperation on tariff performance guarantee insurance with China Merchants Bank in terms of credit guarantee, and signed the "tariff performance guarantee insurance business cooperation agreement". This helped provide credit enhancement for enterprises with reduction or exemption of margin or counter-guarantee they are required to offer, thus reducing greatly their tie-up capital. Through the business model of banking-customs-insurance, a growing number of small and medium-sized enterprises were given access to the "customs clearance before tax payment" policy adopted by customs authorities on the basis of tariff payment guarantee. As a result, enterprises were allowed to pass their goods through the customs immediately after filling in the customs declaration, with much faster customs clearance and much higher operation efficiency.



## Multi-lateral Cooperation

We took an active part in communicating and partnering with industry peers at home and abroad, kept pace with development trends of global insurance industry timely, strengthened communications and interactions with strategic partners, continually gained and drew on good experience in product design, capital injection, corporate management and other aspects, and strove for closer cooperative relationship. In 2017, We took charge of CIRC's project at ministerial level *Study of Method and Path for Insurance to Serve the Real Economy* and annual research project of the Insurance Society of China *Study of Supply-side Structural Reform Served by Insurance*. "DAO", China's first professional risk research magazine in the insurance industry created by PICC P&C, pertains to studies regarding risks, disasters, major

reforms and policies with wide attention across the society. The magazine is designed to provide professional research services for ministries and commissions of the state, the CIRC, local insurance regulatory authorities, local governments, colleges and universities, research institutes, insurance customers, etc., assist in risk management through application of insurance tools, and spread cutting-edge theories and practices concerning risk management, new technology applications, new business models, and so on. In 2017, the magazine "DAO" produced research results including "Awe for Nature and Life in the Unusual Year -- Total Disaster Incidents in 2016", "Sustainability: Xiongan Mission and Insurance Responsibility" and "Role of Insurance in Civil and Military Integration".



"DAO" Magazine



## Some Industrial Organizations The People's Insurance Group Of China Has Joined In

(listed in no particular order)

		Association of Corporate Counsel
		Association of Certified Anti-Money Laundering Specialist
		Insurance Brokerage Association of China
China Association of Actuaries		National Association of Financial Market Institutional Investors
Financial Arm of the China Institute of Supervision		National Internet Finance Association of China
Alternative Investment Management Association of China		Securities Association of China
International Association of Insurance Supervisors	Council of the Ministry of Human Resources and Social Security of the People's Republic of China	China Maritime Law Association
Asian Financial Cooperation Association	National Debt Association of China	China Trademark Association
Insurance Association of China (IAC)	China Financial Standardization Technical Committee	China Insurance Standardization Technical Committee
China Chamber of International Commerce	Asset Management Association of China	Geneva Association
China Institute of Internal Audit	Insurance Society of China	Federation of Afro-Asian Insurers and Reinsurers
Insurance Asset Management Association of China	National Council of the Ministry of Labor and Social Security	
IAC Specialized Committee on Association Standard		
The China Association for Labor Studies		
Banking Accounting Society of China		



Career Development	38
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Care for Employees	40

**For Employees**  
Care for Employees,  
People-Oriented



We fully respected the value and contribution of employees, continually stimulated their awareness of responsibility and creativity, promoted professionalism and cultivated the culture of specialism. Based on specialization, We created mechanism and culture beneficial to innovation and motivated employees to innovate full of vitality.

We established democratic corporate management institutions with workers' congress as the basic form to provide employees with a safe and healthy working

environment with attention on their mental and physical health. We improved the talent cultivation and incentive mechanism, assisted employees in acquiring more professional skills, and provided them with equal opportunities on the strength of diversified promotion channels and broad career development platforms. We carried out various forms of cultural activities, enriched the cultural life of employees and improved the employee care and guarantee system to share the Company's development results with all employees.

#### Number of Employees

Unit: Person

Year \ Employee type	Serving employees	Dispatched employees	Marketing personnel
2015	150739	42948	463049
2016	172569	32001	646197
2017	188229	27133	780585

Note: Serving employees refer to those who have signed the labor contract directly with the Group and its affiliates.

#### Age Composition of Serving Employees

Unit: Person

Year \ Type	Total numbers	≤30	31-50	>50
2015	150739	50154	82675	17910
2016	172569	60953	92718	18898
2017	188229	64532	104178	19519



#### Changes in the Net Increase of the Number of Serving Employees

Unit: Person

Year \ Item	New recruitment	Voluntary turnover	Layoff	Retirement	Others
2015	38415	5220	317	1862	1160
2016	33261	8334	285	1657	1155
2017	30911	11549	294	1892	1516

#### Gender Composition of Serving Employees

Unit: Person

Year \ Type	Total numbers	Male	Female
2015	150739	78263	72476
2016	172569	87239	85330
2017	188229	94364	93865

#### Ethnic Composition of Serving Employees

Year \ Type	Han nationality	Minority
2016	96.14%	3.86%
2017	93%	7%

## Career Development

By the end of 2017, PICC P&C system alone boasted part-time trainers



4,600

The average training hours for employees of the Group's Head Office



37.3<sup>hours</sup>

We provided employees with a wide range of post promotion channels such as management sequence, occupational sequence and technical sequence in order to seek multi-directional communications and progress among employees from different professions and departments at various levels. All serving employees are obliged to receive performance appraisal on a regular basis.

Centered on employees' need to improve their abilities, We took advantage of all kinds of high-quality training resources and continued to seek new training means and methods so as to raise their business ability and qualities in all aspects. The Group worked out "the 13th Five-year Plan" for talent development and education training development, put in place the construction of education training rules and institutions, and formulated and issued interim measures and detailed rules for training management, aside from those aimed to encourage employees to take part in professional qualification examinations. The Group also got ahead to introduce institutions relating to measures for the administration of funds, teaching resources and employee training scoring into the line of systematic education training. We deepened cooperation with state-level education training system platforms and launched education projects of high quality. We continued to push forward the training mechanism in the form of joint lecture tours at the

provincial level by a group of lecturers with the purpose of higher level of standardization and normalization of the grassroots-level training. We endeavored to jointly create and share quality training project resources within the system and form the teaching resource information bank inside and outside the Group. The average training hours for employees of the Group's Head Office taking training courses offered by its Training Department was 37.3 hours. By the end of 2017, PICC P&C system alone boasted 4,600 part-time trainers. Besides, both PICC Life and PICC Health offered a sales and management career development platform for insurance salespersons, accompanied by systematic and consistent training courses. Each salesperson on probation took institutionalized training courses on insurance business theories, customer development, product marketing and other aspects, during which senior salespersons used many practical cases, in order to continually boost the business performance and professional skills of insurance salespersons.

We encouraged employees to participate in professional qualification examinations, special training and high-quality overseas training programs to improve their business abilities. Taking the performance competition contest as a platform, We launched activities such as labor and post campaigns to provide employees with a stage to display their intelligence and wisdom.



The Group held the PICC Lecture special training



New employees took part in onboarding

## Protection of Rights and Interests

### Democratic Participation of Employees

We established democratic management mechanism in which the workers' congress comes as the basic form. The workers' congress is operated based on *Instructions on the Operation of Workers' Congress for Organs of the Group (for Trial Implementation)*. We gave full play to the functions and roles of the workers' congress to truly ensure that employees have the right to know, right to participate, right to express, right to vote and right to supervise in the Company's reform and development.

### Protection of Employees' Rights and Interests

The Group and its affiliates formulated a series of personnel systems, strictly adhered to labor laws and regulations of China, prohibited use of

child labor and forced labor, and persisted in the principle of equal pay for equal work to provide employees with a diversified and equitable career development platform. The democratic corporate management institutions with the workers' congress as the basic form and collective agreement and collective bargaining institutions gave a helping hand to protecting employees' rights and interests to a great degree. Management of dispatched employees abides by *Interim Provisions on Labor Dispatch* with strict review of the dispatched workers so that their rights and interests can obtain full protection.

We earnestly implemented relevant laws and regulations in China to guarantee the basic rights and interests of employees. We paid the social security contributions and housing provident fund for all serving employees and offered complete benefits guarantee; earnestly carried out laws and regulations of the country related to working hours, annual leave, labor protection, family planning, etc., and ensured that employees are entitled to statutory national rights and interests of rest and vacation; and ensured that requirements in the existing policies and employment contracts of the Group regarding the shortest notice period that is likely to have a significant impact on employees are consistent with the *Labor Contract Law of the People's Republic of China*.



"Glorious Labor-PICC Image" Employee Calligraphy & Painting Exhibition organized by the Group Company



## Health and Safety

We followed laws and regulations including the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China* and *Production Safety Law of the People's Republic of China* to, by all means, build a safe and healthy working environment for employees. Posts posing occupational hazards are excluded from the Company's operation. In the light of employees' specific post features, We provided appropriate labor protection for employees, organized them to take part in a variety of safety education campaigns, and conducted emergency exercises to raise their safety awareness and technical skills. For instance, the Company paying attention to

the physical health of employees organizes them to undergo a physical examination on a regular basis every year, and makes step-by-step strides in the health management services of employees, creates their health files, and carries out services like green medical treatment, health manager, medicine-diet, and TCM therapy. The Company emphasizes striking a balance between the work and life of employees, and explores to implement EAP (Employee Assistance Program) program, with the proportion of employees remaining at their post 12 months after the maternity leave or paternity leave head office and affiliates of the Group being 100%.

## Care for Employees

We, taking the labor union and workers' congress as the core, created healthy and positive company culture. In 2017, employees of the whole PICC were honored with one award of "May Day National Model Workers", one title of "Pioneer Worker" and one medal; two awards of "May Day National Model Workers for Finance", 10 medals and one title of "Pioneer Worker", demonstrating the positive mental outlook of PICC employees in the new era.

In 2017, the Group also ramped up efforts in construction of online and offline home for staff, especially at the grassroots level. To be specific, We took advantage of Internet and information technology to encourage Internet-based activities, publicity and services of the labor union, and explored new-type labor union service model "Internet + labor

union", thus creating a home for staff featured by mutual complementarity and organic integration between online and offline activities.

Aside from basic social security, the Group also planned commercial supplementary medical insurance to provide guarantee for the personal safety of employees during their work hours. *Measures for the Administration of PICC Employee Care Fund* stipulates that financial aid will be offered to not only employees with critical illness but also those who have spent more than RMB100,000 in treating the critical illness for their immediate family members. Each year, the "PICC Employee Charity Day" falls on the birthday of the Company when employees are organized to make donations in the form of micro-charity.



Chairman of the Group Miao Jianmin attended the donation ceremony of "PICC Employee Charity Day".



Chairman of the Group Miao Jianmin visited and conveyed greetings to the retired veteran cadre



The Group Company held the Retired Veteran Cadre Meeting





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**For Society**  
Multi-pronged  
Initiatives, The  
Guarantee of the  
Society





"Targeted Poverty Alleviation" Billboard of PICC P&C

## Strengthening Efforts in Poverty Alleviation by Insurance

We continued to improve the anti-poverty mechanism with corresponding measures. We further pushed ahead with targeted poverty relief programs by making innovations, and pumped RMB22.50 million into the poverty alleviation project of four specially designated poverty-stricken counties. We established and continually improved the anti-poverty mechanism involving five levels including the Group, Head Office of affiliates, provincial, provincial and county-level branches. We took the lead in setting up the business units of poverty alleviation by insurance and inclusive finance, and continued efforts to improve the insurance product, service and guarantee system relating to targeted poverty relief. Besides, through more communications with government departments in an active way, We signed cooperation agreements with the poverty alleviation offices in 29 provinces (autonomous regions and municipalities directly under the Central Government) such as Hebei, Liaoning and Jiangxi. All in all, We spared no efforts to involve every family in every village of poverty-stricken areas in the targeted poverty alleviation by insurance and to make sure that poor people are "willing to buy insurance as they can". With persistent efforts to spread the inclusive finance development model backed by "financial support as a lever + insurance financing as a driver + all-out

We firmly implemented the poverty alleviation and development policies released by the central government and endeavored to establish a diverse poverty alleviation landscape covering livelihood-oriented poverty alleviation, poverty alleviation by employment transfer, education-oriented poverty alleviation and other aspects. We injected new impetus into the industry by developing 63 "inclusive + super inclusive" agricultural insurance products specially designed for poverty alleviation and exploring 26 regional poverty relief product portfolios represented by the "Eight Insurance Models" such as the "government policy support + financing by insurance capital + risk control by insurance" model in Hebei province. Efforts in the sector of healthcare underpinned the targeted poverty relief. In such provinces as Henan, Yunnan, Jiangxi, Guangdong, Liaoning and Shanxi, supplementary medical insurance, medical assistance and other insurances with special preference were made available to poverty-stricken people, through which there



The Award for Biggest Contributor to Poverty Alleviation and Excellent Enterprise Project in Poverty Alleviation

guarantee from insurance". We built an integrated service platform in an effective manner, and made clear key tasks including agricultural insurance, agriculture-related insurance, insurance associated with people's livelihoods, catastrophe insurance, critical illness insurance, medical assistance, health-oriented poverty alleviation, San Nong-supporting financing, public-service activities, and targeted poverty alleviation programs.



PICC teamed up with Henan government to sign China's first preferential supplementary medical insurance program

emerged the popular "Jiaozuo Model" and "Zhaotong Experience". As a result, poor families in the countryside were given access to "one-stop services" of commercial & supplementary medical insurance for diseases.



Government-backed medical assistance window was set up at the hospital entrance in Zhaotong, Yunnan province for the convenience of people needing help

In the fight against poverty in Ji'an county of Jiangxi province, the Group invested a total of RMB17.76 million used for poverty relief as of December 31, 2017. Meanwhile, an array of employees were assigned to engage in the poverty relief and assist the people in Ji'an in improving their working and living conditions through multiple channels and in various forms, helping choose a special poverty relief path upon a "combination of special industries, public services and insurance in poverty relief" with PICC's characteristics. All these efforts finally paid off. The number of impoverished population in Ji'an decreased from 48,660 people in 14,453 families in 2014 to 4,103 people in 1,833 families, with the poverty incidence reduced from 12.6% in early 2014 to 1.71%. On November 1, 2017, the State Council Leading Group Office of Poverty Alleviation and Development

announced that the poverty-stricken Ji'an county in Jiangxi province exclusively assisted by the Group was successively lifted out of poverty.



Employees of PICC P&C conducted targeted poverty alleviation campaign in the "cliff village" in the Liangshan Yi Autonomous Prefecture of Sichuan province



## Column

Back in early 2017, PICC Health introduced the supplementary medical insurance, incident insurance and disability insurance to 323,264 poverty-stricken people in 89,264 families across the Dali Autonomous Prefecture. Information about each person was put on record corresponding to their own card. Over the past year since operation of the projects, a total of 16,048 patients (person times) got insurance compensation, with the medical expense compensation amounting to RMB16,619,100, or an average of RMB1,035.59 for each person time. As a result, all the legally recognized personal medical expenses for the poor people buying insurance were covered by compensation. Meanwhile, the reimbursement ratio of comprehensive medical expenses (including the fully self-pay part) was raised from 69.45% to 94.82%. All this came as an effective way to address the problems facing the poor

people such as lack of money to treat illness due to poverty and falling into severer poverty due to illness.



Media team of the central government came to Dali to cover the insurance project of PICC Health targeted at people in poverty

Model of "leading enterprise + peasant family" in Hechi of Guangxi province. PICC P&C set up the "PICC P&C Insurance-backed Targeted Poverty Relief Fund for Du'an County" in Du'an Yao Autonomous County under the administration of Hechi City in Guangxi Province, which is used for carrying out the "borrowing a cow, returning a cow" in the county. According to the sustained development operation model of "loaning calves to peasant families before they return a cow and borrow another calf" in which the government provides support and the enterprise takes the lead, the fund is responsible for offering the calves that are loaned to poor peasant families for breeding. Then, the enterprises are in charge of purchases, and the Company provides insurance for peasant families. It is estimated that each cow can help earn RMB 5,000 to 6,000 for the poor family. Thus, a virtuous cycle involving loaning a calf, raising the calf, returning a cow and re-loaning a calf is formed, which helps local

poor families whose information is put on record get rid of poverty through industrial development.



The Hechi People's Government and PICC P&C Guangxi branch inked the cooperation framework agreement on the industrial development poverty alleviation program, unveiling the "Five-sphere Integrated" new model of insurance-backed poverty alleviation involving "government + fund + enterprise + peasant + insurance"



A poor peasant starts to successfully raise the calf after borrowing for it

## Pursuing New Progress in "San Nong-related" Insurance Innovation

During 2017, PICC P&C developed innovative agricultural insurance products



187<sup>types</sup>

Agricultural insurance products of various sorts



2300

Conduct guarantee insurance concerning payment of migrant workers' salaries



RMB 95.22<sup>million</sup>



November 2017, Chairman of the Group Miao Jianmin was in an inspection tour of the San Nong insurance at Chouxu Village (new immigrant village) in Lean County of Jiangxi Province

We convened meetings on special topics with the aim of putting into practice the spirit of the Central Conference on Rural Work and the "No.1 Central Document", issued guiding opinions on insurance for the countryside, and incessantly improved the rural network construction so as to implement China's policies beneficial to San Nong. In 2017, our insurance covered 670 million mu (about 44.67 million hectares) crops, 130 million fertile female and male pigs, 9.74 million cows, 14.14 million sheep and 1,150 million mu (about 76.67 million hectares) forests. In the end, RMB1.69 trillion worth of agricultural insurance coverage was provided for 109 million peasant families, and RMB17.62 billion agricultural insurance proceeds were paid to poverty-stricken farmers from 26.98 million families in dealing with 4.08 million agricultural insurance claims. By the end of 2017, We established 692 standardized rural outlets to be developed and shared by all across 27 provinces, autonomous regions and municipalities directly under the Central government, with 7,290 "San Nong" marketing service units, 25,600 "San Nong" insurance service stations and 302,000 "San Nong" service outlets, which covered all towns and 55% administrative villages across China. On this basis, We now boast a 380,000-member rural insurance service team.

We continued to push ahead with building a multi-layer, inclusive agricultural insurance system, innovating and upgrading agriculture-related products with more coverage and varieties at a higher level of guarantee, and creating the "great agricultural insurance" development landscape as part of the rural and agricultural modernization initiative. In accordance with the operating principle of "market-oriented operation guided by the

government on a voluntary basis and in a coordinated way", We managed to turn the temporary disaster relief efforts of the government into institutionalized and standardized disaster response mechanisms. During 2017, PICC P&C developed 187 types of innovative agricultural insurance products before applying for putting them on record, ahead of industry peers with more than 2,300 agricultural insurance products of various sorts. We were the first to introduce the wind power index insurance for mariculture, Weather index insurance for cattle and sheep grazing in pasture, and rainstorm index for rice cultivation into the industry. We made attempts to dabble into innovative agriculture-related guarantee insurance businesses relating to "anticipated land revenue as security for loan", "corn output comprehensive insurance" and other forms. We also piloted guarantee insurance programs on rural land transfer in provinces like Sichuan and Jiangsu and autonomous regions including Xinjiang, accepting insurance of 81,000 mu (about 5,427 hectares) land. Of particular note, We debuted special agricultural insurance model of "one variety for one county, one policy for one variety", namely, the "Zhouluobo" insurance in Neijiang of Sichuan province, the cow insurance in the Inner Mongolia Autonomous Region, the commercial fruit tree kiwifruit planting insurance in Guizhou province, and Tibetan cattle + Tibetan sheep + highland barley comprehensive insurance in Tibet-related regions. We proceeded with "insurance + futures" and developed 54 futures price insurance products regarding 10 kinds of agricultural produce. We explored to conduct guarantee insurance concerning payment of migrant workers' salaries with the amount of insurance coverage totaling RMB95.22 million.



PICC relied on product and mechanism innovation to help poverty-stricken areas and families overcome poverty through industrial development at a more rapid pace





PICC's first pilot "government + financing + insurance" people-beneficial financing program in Xinjiang officially kicked off

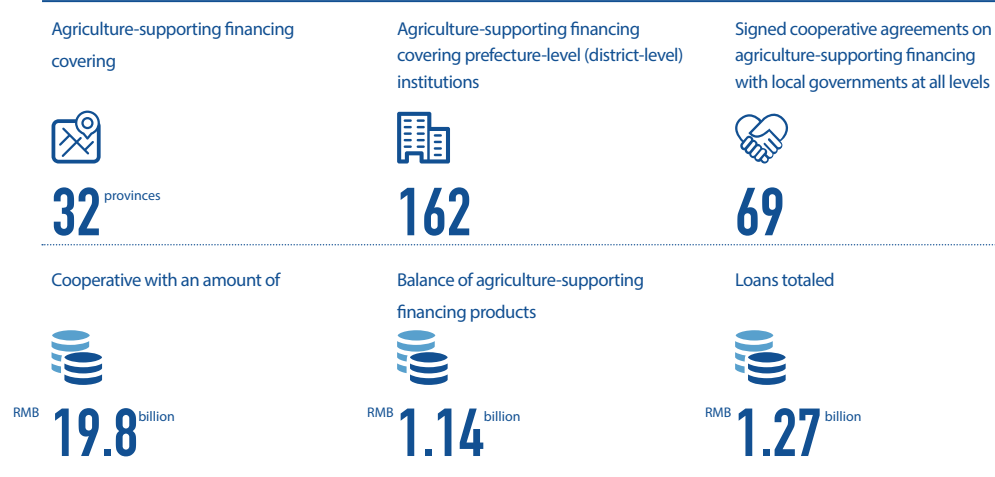
We were devoted to serving the strategy of supply-side structural reform in agriculture. To this end, while recovering losses due to agricultural production risks and offering integrated and comprehensive insurance services, We also prioritized the development of inclusive insurance in rural areas with more capital injection in a way that will better satisfy diversified financial needs in the course of rural revitalization. We set up PICC AMC – dedicated asset management product for inclusive finance agriculture-supporting financing, and PICC AMC -- GuangKen Microcredit Company equity investment plan. Starting from 2015, We, under the leadership of the Group Company and with the backing of affiliates such as PICC P&C and PICC AMC, piloted the financing business aimed at supporting agriculture and small and micro businesses, which was the first and only one of its kind nationwide. The pilot project was expanded to RMB25 billion in 2017 from RMB5 billion in the early stage. As of the end of 2017, We rolled out 10 asset management products specially used for supporting agriculture and small and micro businesses, covering 162 prefecture-level (district-level) institutions across 32 provinces. We signed 69 cooperative agreements on agriculture-supporting financing with local governments at all levels, with an amount of RMB19.8 billion: the balance of agriculture-supporting financing products was RMB1.14 billion and the loans totaled RMB1.27 billion. All together, We



PICC Jilin Branch extended greetings to poor peasant families during the Spring Festival

provided services for 127,000 peasant families and small and micro businesses.

We made efforts in a proactive manner to raise the agricultural insurance risk management level and continuously optimize the agricultural insurance service model by means of new technologies. In combination with the development trend of "Internet + modern agriculture", We integrated insurance services into the e-commerce industry chain in rural areas. Specifically speaking, We spared no efforts to serve the construction of modern agriculture, production and operation systems by taking into account all links in the upstream and downstream industrial chain ranging from production, processing, storage, logistics and trading to the ultimate consumption. We kicked in the building of agricultural insurance comprehensive information platform across the board to integrate the land information, disaster losses and insurance claim data together. The mobile loss detection and identification system for breeding industry insurance was introduced on a trial basis to places like Qingdao of Shandong province, Sichuan, Guangdong, Guangxi, Fujian, Jiangxi and Jiangsu, in a move to fully develop the "one-stop" claim model for small claim cases in breeding insurance.



## Promoting the Construction of Health & Pension System

In 2017, in our critical illness insurance business including



**460** million population

Insurance proceeds helping to greatly relieve the burden and pressure on patients with critical illness



**RMB 15.13** billion

Set up health records for customers



**32.41** million

Provided all sorts of health management services



**32.17** million-person times



The Qingdao Long-term Care Insurance Program PICC Health joined in was honored with the title of "Best Practice in Chinese Government Innovation"

Following the development needs of "Healthy China" initiative in a voluntary manner, We were engaged in building a multi-layer medical security system. Step by step, an integrated medical security service landscape covering "basic medical insurance + critical illness insurance + supplementary medical care + social insurance and accidental injury insurance + medical aid + long-term care insurance" emerged, in which there are

sustainable medical insurance management solutions focused on higher level of guarantee, reinforced risk management model, lower operation cost and higher service quality. In 2017, a 460 million population was included in our critical illness insurance business, with the corresponding RMB15.13 billion insurance proceeds helping to greatly relieve the burden and pressure on patients with critical illness.



An old man under long-term care was reading a newspaper



An old man in the Qingdao Long-term Care Insurance Program was receiving rehabilitation training

We strove to develop commercial health insurance to provide a wide assortment of health security and management services. PICC Health undertook the first long-term care insurance program in China-- long-term medical care insurance program for employees in Qingdao City. By the end of 2017, 2.7 million urban workers in the whole city had access to the medical care insurance. Proactive efforts were also made to introduce the long-term social care insurance model to such cities as Chengdu, Shangrao, Qiqihar, Julu in Hebei province and Yantai in Shandong province, aside from partnership with Internet platforms including "91hhg" to tap the "Internet + long-term care insurance" model. A combination of health insurance and health management has been proved useful in improving the health status of customers. As of the end of 2017, PICC Health set up 32.41 million health records for customers and provided all sorts of health management services for 32.17 million-person times during the whole year. PICC Health Tianjin branch realized real-time connection to and transmission of the HIS system data in local hospitals by developing the data collection system. Hence, a new "direct claims" model based on uniform settlement of expenses for outpatient medical care services, special illness of

outpatients and hospitalization became a reality in all hospitals of Tianjin's Jinghai district.

In response to Some Guidelines on Speeding up the Development of Commercial Pension Insurance issued by the General Office of the State Council, We proactively propelled innovation in health & pension products and services in accordance with national health & pension policies. As the Group's specialized pension asset management platform, PICC Pension was active to serve and promote the growth of the enterprise annuity and occupational annuity market. It carried out three services including entrusting, account management and investment management across 31 provincial centers. In 2017, its investment performance in enterprise annuity was among the top three in the industry. In addition, there was a supply of more products designed for the elderly including many accident insurance products targeted at them such as accident insurance for the elderly and fracture insurance for middle-aged and elderly people. PICC P&C provided the pension agency liability insurance to ensure the steady and healthy development of pension agencies, with RMB53.1 billion risk coverage offered to them in 2017.

## Innovating Insurance Function in Social Management

The safe production liability insurance covered provinces, autonomous regions and municipalities directly under the Central Government



31

The safe production liability insurance providing risk coverage amount



RMB 645.5 billion

Rise on a yearly basis



17%

We made good use of the insurance mechanism to innovate the means to offer public services, raise the allocation efficiency of public service resources, improve the operation mechanism and resolve social conflicts and disputes for the purpose of establishing a social governance landscape realized and shared by all. Liability insurance was unveiled in a multitude of fields like ecological environment, food safety, safe production and healthcare with

a view to solving social disputes, protecting the public's rights and interests and providing more guarantee for people's livelihoods. For instance, the safe production liability insurance covered 31 provinces, autonomous regions and municipalities directly under the Central Government in 2017, with the corresponding risk coverage amount reaching RMB645.5 billion.

### Column

#### Elevator Safety Liability Insurance "Ningbo Model"

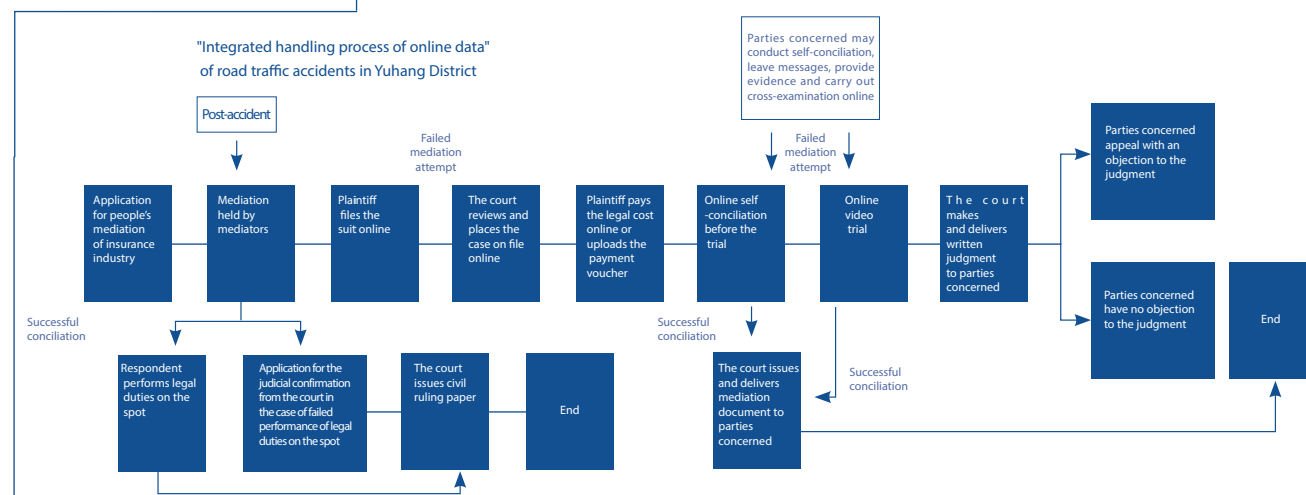
Since the beginning of 2017, PICC P&C expanded the elevator liability insurance across China and offered RMB1.2 trillion insurance coverage for more than 330,000 elevators. Apart from its insurance products, it also introduced the innovative "PICC Elevator Security Guard" system for a real-time monitoring of the elevator maintenance. Such an integrated operation model combining insurance guarantee and maintenance leads to a significant rise in the elevator maintenance quality, an effective reduction in elevator risks and an all-round guarantee for elevator safety.



Mediation scenario under "Yuhang Model"

#### Traffic Accident Handling "Yuhang Model" -- New-type Diversified Dispute Solving Mechanism in the Internet Era

The "Yuhang Model" highlights connection to all functional departments and units involved in disposal of traffic accidents. Supported by consistency in procedures, connection between systems and data sharing by all organizations participating in handling the traffic accidents, the whole-process handling of traffic accidents was realized. Parties involved in traffic accidents can have access to services such as online calculation of the amount of compensation for personal injury, compensation mediation, claim reception and response and insurance compensation, an indication that the Internet technologies play a crucial role in saving customers and the injured the trouble of going back and forth on the strength of increasing access to data traffic". In 2017, PICC P&C mediated 1,566 personal physical injury cases involving motor vehicle insurance in Yuhang district, with the success rate of mediation exceeding 95%; and the average cycle of claims settlement of personal physical injury cases for PICC P&C Yuhang branch was reduced from 62.78 days in 2016 to 55.7 in 2017. So far, the "Yuhang model" has debuted in 18 provincial affiliates. To be specific, 5,535 cases were successfully solved through mediation. The number of face-to-face communication with the Higher People's Court, the Intermediate People's Court and the basic People's Court of each province totaled 75, 516 and 1,700, respectively.



PICC P&C coped with catastrophe involved in 2017



180,000

Claims with



RMB 7.6 billion

We endeavored to improve the disaster prevention and relief system. To cope with frequent extreme weathers and climate changes, special insurance types like catastrophe disaster insurance and weather index insurance were introduced targeted at earthquakes, landslides, mudslides, floods, forest fires and other disasters. We continued efforts to formulate catastrophe insurance systems, optimize the top-level design for catastrophe insurance, vigorously promote pilot projects on the local level, and pursue catastrophe insurance services of increasingly higher quality. PICC P&C provided customers with hydrometeorological prediction services to reduce the incidence of risks and insurance compensation; explored real-time monitoring of urban flooding based on the Internet of Things with real-time pre-warning and disaster and loss prevention services; counted on advanced technologies to conduct disaster research and introduced the satellite remote sensing and geographical information system to

facilitate disaster monitoring, pre-warning and assessment in order to provide a reference for real-time pre-warning and customer services; activated the emergency mechanism in time and assigned the professional team responsible for catastrophe claims to provide assistance in the disaster area, thus building a green path for smooth disposal of catastrophe insurance claims. In the face of major disasters and emergencies including such major natural disasters as rainstorm in southern China and Jilin province, the flood in Yulin of Shanxi province, the earthquake in Jiuzhaigou county, Aba and the Typhoon Hato, We never forgot our promises to give a play to insurance's role in providing compensation. Endowed with a strong awareness of responsibility and mission, We actively carried out disaster survey and claims as part of the disaster resistance and relief in order to help out the whole country and the people. PICC P&C coped with 180,000 catastrophe claims with RMB7.6 billion involved in 2017.



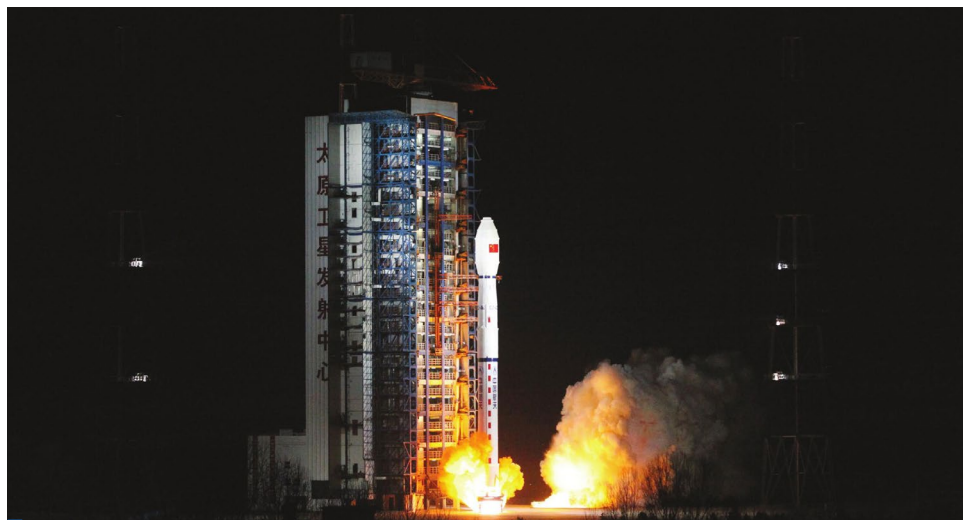
When a magnitude-5.5 earthquake struck the Tashkurgan County in Xinjiang, China on May 11, 2017, PICC P&C Kashgar affiliate activated the emergency plan in response to a major emergency and immediately came to the disaster area to carry out post-disaster survey and rescue.



## Serving the Real Economy for Upgrade and Better Performance

We endeavored to better serve the development of the real economy under the guidance of the five documents ("1+4" series) issued by the CIRC in a move to put into practice the spirit of the National Financial Work Conference and meet the requirements specified in the *Guiding Opinions of the China Insurance Regulatory Commission on Role of Insurance Industry in Supporting Development of the Real Economy* (B.J.F. [2017] No.42). We established the protection system against real economy risks and provided comprehensive protection solutions for enterprises regarding P&C insurance, engineering insurance, liability insurance and accident/injury insurance. In 2017, PICC P&C, with an amount of RMB387 trillion for risk coverage, actively underwrote engineering insurance and major livelihood projects, and created new ways to offer risk management services. PICC P&C was the only insurer underwriting China's first large amphibious aircraft AG600 Kunlong for operations of fire suppression/water rescue which made its first flight successfully from the Zhuhai Jinwan Airport; provided "ChinaSat 16" satellite with China's first custom-made "High Throughput Satellite (HTS)" insurance term to steer China's satcom into the HT era; served as the chief insurer to undertake the launching insurance and launching third-party liability insurance for YF-3D meteorological satellite; and proactively pushed ahead with full-range management of major engineering insurance projects. For instance, among the bid for 39 subway lines in 2017, insurance for 26 ones including the rail traffic line B1 in Binhai district of Tianjin and the Phase-I of Urumqi subway Line 2 was undertaken by chief insurer PICC P&C.

As a supporter of the "Belt and Road" initiative and coordinated strategy for regional development, We advanced the supply-side structural reform in insurance capital. We pushed the export credit insurance into high gear to assist small and medium-sized enterprises in "going global". We provided 3,771 customers in 67 overseas countries of Chinese enterprises along the "Belt and Road" route with USD1.56 billion O/A credit. Furthermore, We constantly innovated the service model through such business models as re-insurance and catastrophe insurance, and brought optimal anti-risk solutions to China's high-tech fields like overseas engineering and equipment manufacture. PICC P&C served as chief insurer for the Pakistan Karachi K2/K3 nuclear power project, China's first landmark project that marks the beginning of the global presence of China's nuclear power industry on the whole. In addition, PICC P&C has been a very active presence in a slew of projects along the "Belt and Road" by serving as chief insurer, including such flagship projects as the Pakistan Dasu hydropower project undertaken by China Gezhouba Group, the East Coast Rail Link project in Malaysia whose construction is led by China Communications Construction Company (CCCC), and the Pakistan Coal-Fired Port Power Project constructed by the Power Construction Corporation of China (POWERCHINA). Moreover, PICC P&C, together with ACE USA, visited important clients like Tianjin Pipe (Group) Corporation to provide special training on engineering insurance and SPPI so that Chinese enterprises with global layout are given direct access to disaster and loss prevention services.



PICC served as chief insurer for the YF-3D satellite.



The principle of "supporting San Nong and small & micro businesses with inclusive finance" underlies our efforts in serving the real economy, based on which We created a service model for small and medium-sized enterprises featuring "scale-based connection, specialized operation and intensive management". The amount of risk coverage in the insurance products tailored for 34,305 small and medium-sized enterprises surpassed RMB83.39 billion in 2017. Our loan assistance insurance helped more than 200,000

clients across 31 provinces, autonomous regions and municipalities directly under the Central Government obtain capital amounting to over ten billion yuan. For the whole year, PICC P&C provided trade credit insurance for 17,713 small and minor businesses in China, an annual increase of 76.83%, with the amount of their export trade totaling RMB118.8 billion.



PICC Group and COMAC signed strategic cooperation agreement.

Provided trade credit insurance for small and minor businesses



17,713

Small and minor businesses increase of



76.83%

Supporting small and minor businesses of their export trade



RMB 118.8 billion

## Promoting the Development of Public Welfare Undertakings

Taking the PICC Charity Foundation as the exclusive platform for good causes, the Group has been throwing itself into charitable and public-service activities, with a long-term focus on the health of children and women. All affiliates have established the public service management system of their own. During 2017, the PICC Charity Foundation donated RMB7.23 million in total, and PICC P&C donated a total of RMB84.685 million.

We initiated colorful public-service activities, such as: sponsoring the PICC Chinese Classics Summer Camp, where nearly 100 excellent primary student representatives and teachers from eight nationalities in four provinces and regions in central and western

China were invited to take part in a series of activities to study Chinese classics; making donations to the “One Century” Education Development Fund established by Beijing Normal University that are used for quality education of kindergarten teachers and for offering financial aid to the voluntary teaching program that teachers of Beijing Normal University Kindergarten (BNUK) participated in. The donation is also aimed to subsidize children studying at BNUK whose parent is declared a martyr for assisting others in need during an emergency or who are from poor families with special difficulties; making donations to the “Special Fund for Ethnic Orphans” of China Children and Teenagers’ Fund to assist Yunnan’s Lijiang Ethnic Orphan School in providing free education for orphans



Participants of “PICC Summer Camp for Chinese Classics” gave their paintings to PICC as a present.

### PICC P&C Volunteer Activities

Year	2015	2016	2017
Service time (hour)	4,794.5	6,497	11,307.5
Number of volunteers (person)	2,966	3,202	4,826
Number of main service recipients and beneficiaries (person)	approx. 19,368 (based on available statistics)	approx. 39,372 (based on available statistics)	approx. 39,280 (based on available statistics)

The PICC Charity Foundation donated



RMB 7.23 million

2017 PICC P&C donated a total of



RMB 84.685 million

from earthquake-stricken areas in Sichuan, Xinjiang, Tibet, Yunnan and other places; contributing to the Beijing Research Association of the New Fourth Army in the lead up to a series of activities including holding “the 90th Anniversary of the People’s Liberation Army and the 80th Anniversary of the New Fourth Army”, and extending greetings to veterans of the New Fourth Army, in a move to promote the great spirit of resisting aggression and display PICC’s support for the Army and the CPC with practical actions; conducting various kinds of micro charitable activities such as caring for left-behind children, helping the disabled and the poor, showing love to single mothers, empty

nesters and autistic children, and environmental protection; and conveying greetings to children at Yunnan’s Lijiang Ethnic Orphan School by giving them multi-use suitcases and other daily necessities.

We have received many awards for our charitable activities, including “2017 Annual Enterprises for Charity”, “2017 Excellent Chinese Enterprise for CSR”, “China Women and Children Philanthropy Award”, “Jinnuo Award” and “Annual Excellent CSR Communication Award”.



The bookcase in “PICC Hope Classroom for Learning the Chinese Classics”.



A Lecture on Chinese Classics



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**For Environment**  
Green Operation,  
Green Finance



## Developing Green Finance

### Green Finance

In response to the state's "13th Five-Year Plan" idea of green development, We took an active part in financial system and mechanism innovation. We were devoted to establishing green finance systems and incorporating innovation into practical businesses, with useful attempts in the likes of environmental liability insurance, green construction insurance, eco-friendly technical equipment, green business loan guarantee insurance, and green agricultural insurance. PICC P&C had a head start in the insurance industry by developing and using the environmental risk service platform centered on environmental risk management. Relying on this platform, it offered environmental risk assessment services in an active way, and gave industries such as oil & gas exploitation, coal & non-coal mining, chemical industry, heavy metal and machinery manufacturing protection against environmental risks, thus helping enterprises raise their disaster and loss prevention abilities with a higher level of environmental risk management. The environmental liability insurance business was expanded to 30 provinces, autonomous regions and municipalities in 2017, with an amount of RMB10.7 billion risk coverage going to 5,726 enterprises that were served. According to the environmental risk "examination" services provided for 1,241 firms, a total

of nearly 9,124 risk hazards were found, followed with 7,550 suggestions on risk prevention.

In 2017, We went to the five green finance reform innovation pilot zones in Zhejiang, Jiangxi, Guangdong, Guizhou and Xinjiang that were newly established by the state in a timely manner before carrying out surveys. We also communicated with local governments and showed our support for the transformation and upgrade of green economy. We signed the Strategic Cooperation Agreement on Promoting the Construction of Green Finance Reform Innovation Pilot Zone with the Zhejiang municipal government. Besides, We also had exchanges with the Guangdong municipal government actively and both sides have reached consensus regarding documentation of the strategic cooperation agreement on green finance reform innovation pilot zone, with the official agreement slated to be signed at a proper time. The Group also partnered with the Insurance Society of China and Paulson Institute to jointly conduct pilot green insurance projects and related researches, as part of proactive efforts to explore insurance mechanism to help solve severe problems facing the green development.



#### PICC P&C Environmental Pollution Liability Insurance "Wuxi Model".

PICC P&C Wuxi affiliate started to try out the environmental liability insurance business from 2009, and introduced innovatively third-party experts in environmental risk management to assess and check environmental risks for enterprises before and in the course of insurance duration. These efforts proved effective in helping the insured enterprises make progress in their pollution control and environmental management ability, truly nip various environmental risks in the bud, and prevent all kinds of risk incidents from happening as much as possible. Ever since the trial implementation, PICC P&C carried out on-site environmental risk investigation and assessment for more than 4,500 firms, and issued over 4,500 assessment reports which summarized 118 subcategories of problems subsumed under 14 categories. In the process, 6,500 severe environmental pollution safety hazards were identified and 28,290 problems were found out, with 32,851 suggestions related to environmental safety. Also, more than 4,500 security personnel (person times) from these firms attended our risk prevention training. As of the end of 2017, 1,090 of the 6,309 insured enterprises in Wuxi were still our clients, with the amount of risk coverage totaling RMB5.9 billion.



#### PICC P&C Safe Production + Environmental Liability Insurance "Quzhou Model".

We were engaged in green finance development through insurance innovation. We made efforts to drive the construction of national green finance reform innovation pilot zone and debuted China's first "safe production + environmental liability comprehensive liability insurance" policy in Quzhou. In partnership with third-party institutions providing services related to safe production and environmental protection, We put an emphasis on offering services like risk rating, safety tests and safety training to the insured enterprises, realizing a shift and extension in our service model from "compensation" to "insurance + services"



Personnel of PICC P&C Quzhou affiliate in Zhejiang province and Tsinghua University Center for Strategic Environmental Assessment were conducting risk assessment in Zhejiang Change Silicone Materials Co., Ltd.

#### PICC P&C Live Pigs Insurance "Longyou Model".

In Longyou county of Quzhou, PICC P&C revised the original terms concerning live pig's insurance, and solved the environmental pollution and food safety problems such as unregulated dumping of diseased dead pigs and food made from dead pigs in a fundamentally way that combines unified insurance of live pigs and harmless disposal.



A representative of PICC P&C Longyou branch was in an interview concerning the pioneering "Longyou Model" nationwide with a combination of unified insurance of live pigs and harmless disposal.



Green Investment

We adopted effective measures to serve the guarantee and financing needs in green industrial development, and explored ways to boost green investment into fields including green energy, energy saving and environmental protection, and circular economy. The investment of PICC Group is realized as per the guiding principle of pursuing all-out pollution prevention and control.

With full consideration given to environmental factors, high-energy-consuming industries, high-polluting industries, and industries with massive over-capacity are excluded from the investment choices of our insurance capital. We focused on new-energy fields and injected more capital into clean energy sectors such as wind power, hydropower and nuclear power through infrastructure bond investment plans, equity plans, project and asset support plans and other means.

PICC-Sanxia New Energy Wind Power Debt Investment Plan: this plan was officially set up on March 29, 2013, with RMB1.2 billion raised as insurance capital, which was invested in the Xiangshui wind power plant project in Jiangsu province and Phase II-IV wind power plant project in Huade county of Inner Mongolia through the bonds means.

PICC AMC-CECEP Green Building Environmental Protection Industrial Fund Equity Investment Plan: this plan officially debuted on April 19, 2016, with

RMB1 billion raised from qualified investors. With subscription for the LP shares of Ningbo Huayu New Energy Investment Partnership (limited partnership), more capital was injected into CECEP Green Building Industry Co., Ltd. with more shares, which was finally used for the energy saving and environmental protection construction project in the charge of CECEP Green Building Industry Co., Ltd.

PICC AMC-Qianhai FOF Equity Investment Plan: this plan was officially established on August 16, 2016 with RMB200 million raised in the first-round funding. Through the Qianhai FOF, the capital was invested in the likes of emerging strategic industrial funds and entrepreneurial investments funds indirectly before finally turning to newly developing industries such as biotechnology and health, new energy and new media, information technology, and new material and chemical engineering.

PICC-Huadian New Energy Project Debt Investment Plan: this plan was officially set up on September 26, 2014, with RMB2 billion raised as insurance capital. Through debt investment, the capital was invested in the Huadian Wutaohai wind power project, Huadian Jieji Phase-II-Fuyu wind power project, the Huadian Tieling Lijiatusun wind farm project, the Yilan Huaifu Phase-II wind power project, and the Huadian Huiteng Xile wind power & Huadian Kulun Phase-I project, among others.

infrastructure like the computer room and network and IT devices such as servers, storage and office computers are well-equipped and under safe, stable operation, offering a secure foundation for electronic operation. We continued to promote the construction of auxiliary electronic platforms, accelerate applications of such digitalized tools as electronic policy and electronic invoice, in an effort to increase the insurance technology service level, reduce the operation cost, save energy and reduce consumption based on a whole-process electronic product sales and service model.

E-policy Downloads of Some Affiliates

Unit: policy number

Year	PICC P&C	PICC Life	PICC Health
2015	886,114	23,887,536	2,032,056
2016	1,897,443	8,755,669	1,369,816
2017	14,050,866	8,012,247	1,931,935

Note: As the integrated electronic document management platform of PICC P&C came into use in 2016, the e-policy downloads in 2016 and 2017 were calculated by the elife system downloads of electronic policy + downloads of electronic document on the integrated management system.

Advocating Green Office

Having support for green office, We proactively pursued a higher level of automation in both the Group and branches at all levels, relied on e-mail and other communications tools to make communications and exchanges, and drove the paperless office movement in favor of printing on both sides of paper to reduce its consumption. We established and operated more than 40 application systems: application system center, office automation system, financial transaction, core business system, customer platform, maintenance management platform, report system and cross-selling, to name a few. IT

Emissions of the Company mainly include greenhouse gases due to consumption of electricity, natural gas, gasoline, diesel and other energies, waste gas, and wastewater and solid wastes from the office. In 2017, the energy consumption of some offices of the Group in Beijing (the Group's office building, and offices of PICC P&C, PICC Life, PICC Health and Zhongsheng International Insurance Brokers Co., Ltd.) added up to 45,040,097,408KJ.

2017Energy Structure and Consumption of Beijing-based Offices of the Group and Some Affiliates

	Group Head Office	PICC P&C	PICC Life	PICC Health	Zhongsheng International
Electricity consumption (kilowatt-hour)	3,530,469	5,765,499	1,578,821.75	320,122	118,688
Gas consumption (m³)	61,579.9	49,158	—	—	—
Number of personnel inside office (person)	2,157	2,150	617	423	160
Electricity consumption per capita (kilowatt-hour)	1,636.75	2,460.92	2,558.87	756.79	741.80
Gas consumption per capita(m³)	28.55	22.86	—	—	—

- Note:
1. “—” means zero consumption.
  2. The office staff in the Group Head Office include those of the Group Company, PICC AMC Beijing office, PICC Investment Holding, PICC Capital, PICC Reinsurance and PICC Pension.
  3. The electricity consumption per capita of the Group Head Office, PICC P&C and PICC life is relatively high as it includes the power consumption in the public areas.
  4. Conversion coefficient used in calculation of the total energy consumption: 1 kilo-watt hour = 3,600 KJ. The lower heating value of 1 m³ gas stands at 38,931 KJ.

GHG Emissions of Beijing-based Offices of the Group and Some Affiliates in 2017

Unit: tCO<sub>2</sub>e

Category	Volume (tCO <sub>2</sub> e)
Emissions from natural gas combustion	242.1
Emissions from purchased electricity	6,902.427464

- Note:
1. Given the large number and complexity of the operating locations of the huge PICC system, the statistics above fails to contain the energy consumption of the whole system, and the greenhouse gas emissions disclosed for the year 2017 only include emissions from the public buildings of the Group's Head Office and the Beijing-based offices of its four affiliates including PICC Health, PICC Life, Zhongsheng International and PICC P&C.
  2. The operational boundaries of GHG emissions for the Company include direct emissions (scope 1) and indirect emissions (scope 2) of energies, with other indirect emissions excluded from the scope of GHG disclosure in this report.
  3. In accordance with the Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Public Building Operation Units (Enterprises) (Trial) issued by the National Development and Reform Commission (NDRC) and the emission factors and released by IPCC in 2006, the GHG is categorized into CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.
  4. The electricity emission factor complies with the average emission factor of the national power grid in 2015, 0.6101tCO<sub>2</sub>/MWh from the official website of the NDRC: [http://www.ndrc.gov.cn/zcfb/zcfbtz/201712/t20171215\\_870543.html](http://www.ndrc.gov.cn/zcfb/zcfbtz/201712/t20171215_870543.html)



### Water Consumption in Some Office Spaces of the Group in 2017

	Group Head Office	PICC P&C	PICC Life
Water consumption (ton)	9,566	21,288	3,320.68
Number of personnel (person)	2,157	2,150	617
Water consumption per capita (ton)	4.43	9.9	5.38

Note: The water consumption of the Group's Head Office, PICC P&C and PICC Life refers to new municipal water withdrawal of the office buildings, not including the usage of recycled water and barreled water.

All waste water produced during daily operations enters into the municipal wastewater network system and relevant fees shall be paid for the treatment of municipal wastewater as required. Some offices use the recycled water system with uniform treatment and supply by the municipal administration. As is stipulated by the *Notice on the Administration of Further Regulating Emissions Inspection and Strengthening Environmental Supervision on Motor Vehicles* released by the Ministry of Ecology and Environment, the Company's vehicles for official use and claims disposal should receive regular maintenance and emissions inspection on vehicles should be carried out to ensure that the exhaust emissions meet the national emission standard for motor vehicles and other requirements specified in related laws and regulations that are currently effective. It is suggested to weed out old and ancient vehicles as per regulations with the engine type and oil consumption factored in. And it is encouraged to hold video or telephone working meetings to decrease carbon emissions caused by business trips.

Classification of waste from office activities is necessary for further disposal. Relevant personnel should classify the waste into domestic waste, construction waste

and kitchen waste before it is transported to qualified plants for specialized treatment, in order to meet the requirements in national regulations. Given the large number and complexity of the operating locations of the huge PICC system, complete statistics of the total waste of the whole system fails to be offered.

As for information devices and office computers that are judged by technicians to have been out of commission, they should be transferred to the agency designated by the Company for destruction upon approval as per the internal procedures.

Low-carbon maintenance is spread across the board in the loss assessment and claim procedure of auto insurance, with a low-carbon maintenance network gradually established at the Head Office level and the provincial level. Meanwhile, the information system is developed for the purpose of relevant management and control. Hazardous waste produced during maintenance should be handled by related departments that are designated by the environmental protection authority as qualified to deal with hazardous waste.



# SGS

## ASSURANCE STATEMENT

### SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PEOPLE'S INSURANCE COMPANY(GROUP) OF CHINA LIMITED'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2017

#### NATURE AND SCOPE OF THE ASSURANCE

SGS-CSTC Standards Technical Services Co., Ltd. was commissioned by The People's Insurance Company (Group) of China Limited. (hereafter as PICC) to conduct an independent assurance of the 2017 Corporate and Social Responsibility Report (hereafter as 2017 CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text and data in accompanying tables, contained in the Chinese version of the 2017 CSR Report. Data and information for companies other than the three companies including located at PICC Building, NO. 88 West Chang'an Avenue, Xicheng District, Beijing, P. R. China named The People's Insurance Company (Group) of China Limited., located at Tower 2, No. 2 Jianguomenwai Avenue, Chaoyang District, Beijing, P. R. China named PICC Property and Casualty Company Limited and PICC Life Building, 18 North Chaoyangmen Avenue, Chaoyang District, Beijing, P. R. China named PICC Life Insurance Company Limited is not included in this assurance process.

The information in the 2017 CSR Report of PICC and its presentation are the responsibility of the directors and the management 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 was based on accredited guidance, including GRI report guidance accurate and reliable principle and 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 the Global Reporting Initiative Sustainability Reporting Guidelines (2013).

The assurance comprised a combination of pre-assurance research, Documentation and record review, site assurance, and interviews with relevant employees at The People's Insurance Company (Group) of China Limited., PICC Property and Casualty Company Limited. and PICC Life Insurance Company Limited.



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

The SGS Group of companies is the world leader in inspection, testing, verification and certification, providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. 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 Sustainability Reporting Assuror, SAI Registered SA 8000 Lead Auditor, CCAA ISO 14001 Lead Auditor, CCAA OHSAS 18001 Lead Auditor, etc.

#### ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, the information and data contained within 2017CSR Report is basically accurate. The assurance team is of the opinion that the 2017 CSR Report can be used by the Reporting Organization's Stakeholders.

In our opinion, PICC has chosen an appropriate level of assurance for this stage in their reporting.

#### CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

##### Stakeholder Inclusiveness

PICC had identified relevant stakeholders, think about the reasonable expectations and interests from stakeholders basically, established the channel and platform for stakeholders' inclusiveness and took some certain ways to communicate and exchange information.

##### 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

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.

#### 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 2017, previous data of key indicators were disclosed, which could help stakeholders to understand the improvement performance year by year.

#### Accuracy

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

#### Timeliness

Assurance to know that the data and information was 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 describe with actual cases as well to ensure the stakeholders understanding easily.

#### Reliability

Through information and data collecting, recording, analyzing and disclosing methods managing and controlling in CSR report, the data and information was reliable.

#### Signed:

For and on behalf of SGS-CSTC Standards Technical Services Co., Ltd.



Director, China and Hong Kong  
Certification and Business Enhancement  
18 Apr. 2018

A-16F, Century Yuhui Mansion, No.73, Fucheng Road, Beijing City, P. R. China  
[WWW.CN.SGS.COM](http://WWW.CN.SGS.COM)



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	KPI A2.1 Direct and/or indirect energy by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P60-62 Advocating Green Office
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P62 Advocating Green Office
	KPI A2.3 Description of energy use efficiency initiatives and results achieved.	P61 Advocating Green Office
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P62 Advocating Green Office
Aspect A2: Use of Resources	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P60 Advocating Green Office
	General Disclosure	P60-62 Advocating Green Office
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P60-62 Advocating Green Office
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