



国家开发银行
CHINA DEVELOPMENT BANK

SUSTAINABILITY REPORT 2016





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Bank Profile

The China Development Bank (CDB or the Bank), established in 1994, is a state-funded and state-owned development finance institution (DFI) operating as an independent legal entity under the direct leadership of the State Council. The Bank is dedicated to supporting China's economic development in key industries and underdeveloped sectors.

Committed to strengthening national competitiveness and improving people's livelihood, the Bank aligns its business focus with China's major medium- and long-term economic development strategies by leveraging its unrivalled position as a leading bank for medium- and long-term financing and comprehensive financial services, so as to raise and channel economic resources in support of the following areas:

- Economic and social development, including infrastructure, basic industries, pillar industries, public services and management;
- New urbanization, urban-rural integration, and balanced regional development;
- Programs vital for national competitiveness, including energy conservation, environmental protection, high-end manufacturing, and the transformation and upgrading of traditional industries;
- Public welfare, including affordable housing, poverty alleviation, student loans, and inclusive finance;

- National strategies including those in science and technology, culture, and people-to-people exchange;
- International cooperation, including the Belt and Road Initiative, industrial capacity and equipment manufacturing projects, infrastructure connectivity, energy and resources, and Chinese enterprises "Going Global";
- Initiatives that support China's development needs and economic and financial reforms;
- Other areas as mandated by and aligned with national development strategies and policies.

CDB strives to become a world-class DFI and provide sustained support for China's economic and social development. To this end, it pursues reform and innovation and taps into its strengths as a DFI that supports national strategies, operates on market principles with the backing of sovereign credit, and ensures principal safety and modest profitability. CDB never ceases to enhance its own competitiveness, relevance and presence, as well as risk resilience.



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Chairman's Review

In 2016, CDB made new contributions to China's sustainable development and secured a solid beginning for the 13th Five-Year Plan Period, as it continued to pursue a proactive yet prudent approach, reinvent itself through reform and innovation, and focus on supporting the state's supply-side structural reform. In November 2016, the Bank's Articles of Association was approved by the State Council, marking the successful achievement of the Three-Step Reform Strategy and serving as an enduring driving force to enable CDB to better support China's strategies and sustainable development. 2016 was also the 10th year since CDB joined the United Nations Global Compact (UNGC) and institutionalized sustainability with right policies and processes in place. The past ten years have witnessed CDB's remarkable efforts in applying its development finance strength to its social mandate of pursuing sustainable development goals.

Back in 2006, CDB became the first Chinese state-owned financial institution to sign up to the UNGC, and since then, the bank has begun its new chapter of driving development through sustainability. Since the first social responsibility report in 2007, we have gone a long way in our pursuit of sustainable development. In 2009, we set the six priority areas, namely, enhancing responsibility governance, supporting the state's strategies, fulfilling global commitments, delivering inclusive finance, raising awareness of climate change, and promoting social harmony. In 2013, we drew up a special plan on social responsibility. In 2015, we established our positioning as a DFI. On this journey, we remain the leader and champion in driving social responsibilities, and we never cease to engage all the stakeholders in our efforts.

In the past ten years, in fulfilling its mission of strengthening China's competitiveness and improving people's livelihood, CDB has balanced its role in supporting China's development and living up to its social responsibilities with its own growth. Be it the international financial crisis or the supply-side structural reform, CDB has been able to provide the reliable financial support needed for sustainable development, as it continues to align its priorities with the state's medium- and long-term development strategies, focus on priority and weak areas in economic and social development, bring its strength in development finance and medium- and long-term financing, and channel both public and private funds to help ease funding bottlenecks. Meanwhile, CDB has grown to be a champion in driving China's new urbanization and overseas investments and financing, established itself to be a world-class DFI, and proved itself an irreplaceable major player in China's economic and social development.

In the past ten years, CDB has been committed to a business growth led by social mandate, and effectively embedded the sustainable development concepts in its strategies and daily operations. We believe that responsibility creates value. In CDB, social responsibilities were intertwined with financing activities, and permeate the bank's strategy and operations, including planning, review and approval, credit management, and risk prevention and control. CDB has applied sustainable development principles to drive innovation in services and products, and achieved organic balance between the strategic necessity of projects, overall financial equilibrium, and the Bank's sustainability. Meanwhile, we are committed to promoting communications and cooperation with all stakeholders. Being open and proactive, we engage all parties to work together in addressing global challenges.

In the past ten years, CDB's market-driven pursuit of sustainable development has won wide recognition. For 11 consecutive years, CDB has been the winner of the People's Social Responsibility Award from people.com.cn; CDB is also the six-time winner of the award for the Most Socially Responsible Financial Institution of the Year from China Banking Association; and the outstanding performance in 2016 has garnered a large number of honours and award for

CDB, including Leading Enterprise in Achieving Sustainable Development Goals from the United Nations Global Compact Network China, 2016 Special Contribution Award for Corporate Social Responsibility from xinhuanet.com, Distinguished Financial Institution in Contributing to Poverty Alleviation in China, and Bank of the Year for Best Contribution to the Supply-Side Structural Reform, among others.

Standing at a new starting point of reform and development, CDB, a mandated DFI, faces new challenges and tasks in supporting China's sustainable development. China pays increasingly greater attention to environmental protection and takes proactive measures to address climate changes while advancing its economic and social development, particularly following the coming into effect of the United Nation's 2030 Agenda for Sustainable Development and the Paris Agreement. President Xi declared that China is determined to help shape and drive the green development and lifestyle, and strives to ensure that the economic and social development goes hand in hand with ecological and environmental protection. The State Council has made special arrangements recently to build experimental zones for green financial reform and innovation, and to promote green economic transformation. China shares the same goal with the world to promote a sustainable development featuring economic prosperity, social progress, and beautiful environment. As China's national DFI, CDB has an inherent obligation to play a more significant role.

- We continue to play our role as a major bank for medium- and long-term investments and financing; focus on key areas, including the infrastructure, basic industries, pillar industries, and new urbanization; increase its support to the state's major projects and priority constructions; and help firm up the foundation for transforming China's economic development.
- We pool resources and take precise actions to address weak areas in China's economic and social development, including poverty alleviation, affordable housing, education, and health and medical care.
- We align our efforts with green development goals, increase innovation in green financial products, continue to enhance our capability to deliver green financial services, and promote the integration of economic, social and environmental benefits.
- We take the Belt and Road Initiative as an opportunity to increase support to infrastructure connectivity and international cooperation on production capacity, drive the inclusive economic growth around the world, and promote well-being for all.

The challenges ahead can be daunting, yet our determination will never yield. The decade-long practicing social responsibilities has laid a solid foundation and the successful completion of the Three-Step Reform Strategy marks a new beginning. Aiming to be a world-class DFI committed to social responsibilities, we will be firm, be dedicated, be courageous and be purposeful, and will join hands with all stakeholders to create a brighter future.





President's Report

In 2016, the international landscape remained complicated, while the characteristics of the New Normal became more pronounced in China's economic development. In this context, CDB remained steadfast in its positioning as a DFI, endeavored to fulfill its mission of strengthening China's competitiveness and improving people's livelihood, continued to deepen its comprehensive reform, delivered maximal support to the supply-side structural reform, further strengthened its operations and risk control, and was able to make new achievements in promoting sustainable economic, social and environmental development. We ended the year of 2016 with remarkable results for the beginning of the 13th Five-Year Plan Period, with total assets of RMB14.3 trillion, a balance of loans of RMB10.3 trillion, and an NPL ratio 0.88%, a record sustained under 1% for 47 consecutive quarters.

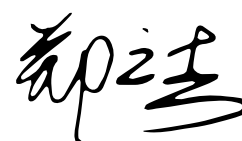
Serving national strategies and promoting economic prosperity. We brought our strength in medium- and long-term investments and financing to bolster state's infrastructures, basic industries and pillar industries. We lent RMB1,590 billion to new urbanization, RMB172.5 billion railway, and RMB81.1 billion water resources. In order to promote the innovation-driven strategy and the upgrade of traditional industries, RMB236.8 billion loans were made to support the strategic emerging industries. USD 12.6 billion loans were made to fund the Belt and Road Initiative programs, key priorities of the Bank through which we strived to promote major projects and international cooperation.

Improving people's livelihood and wellbeing, and helping build a moderately prosperous society. CDB devoted itself to overcoming the biggest barrier to the goal of building a moderately prosperous society, and helped secure victories in the battles against poverty, by providing RMB315.3 billion poverty alleviation loans to cover 727 nationally registered underprivileged counties and highly poverty-stricken regions and counties in 2016. With RMB972.5 billion urban renewal loans, the Bank continued to serve as the major funding channel for urban renewal projects, as it further strengthened the availability of funds, increased support to key targets and toughest areas, and helped absorb the housing oversupply. We also undertook to develop holistic plans and pool resources to promote balanced regional development between urban and rural areas, between the eastern and western regions, and new economic zones and old industrial bases, including RMB58 billion and RMB27.2 billion loans to aid the development in Xinjiang and Tibetan regions.

Staying green and driving ecologically sustainable development. We are committed to promoting good ecological environment as a pillar for underpinning the sustainable and robust development of the economy and society, as we continued to uphold the principles of ecological sustainability, drive the establishment of sound rules and procedures for green financing, promote green lending, design and offer innovative green financial products, and support our top priorities in the environmental protection cause, including energy saving and emission reduction, prevention and remediation of pollutions, clean energies, and ecological restoration. At the end of 2016, the balance of our green loans amounted to RMB1,571.6 billion.

Stepping up operation management and enhancing sustainable development capability. We delivered record highs in fund raising in both Renminbi and foreign currencies, as we continued to enhance our funding systems and promote our market-driven funding activities. By optimizing our asset and liability management and vigorously pursuing cost reduction and performance enhancement, we are able to heighten the efficiency of our development. We also strived to expand our advantages as a group corporation by deepening reforms to promote individualized strategies for each and every one of our branches and subsidiaries, as well as driving synergies through combinations between investments and loans, debts and loans, and leases and loans. Our good asset quality was maintained, thanks to continued strengthening of our enterprise-wide risk management, effective risk warnings, heightened capability in responding to and resolving of various risk events, and greater efforts in mitigating risks.

As 2017 represents a new starting point for our reform and development, the Bank will continue to pursue a proactive yet prudent approach, take accountability and initiative to make ongoing contributions to the supply-side structural reform, live up to its role as a DFI in serving the national strategies, and deliver perpetual support to the economic and social development.



Delivery of the Three-Step Reform Strategy

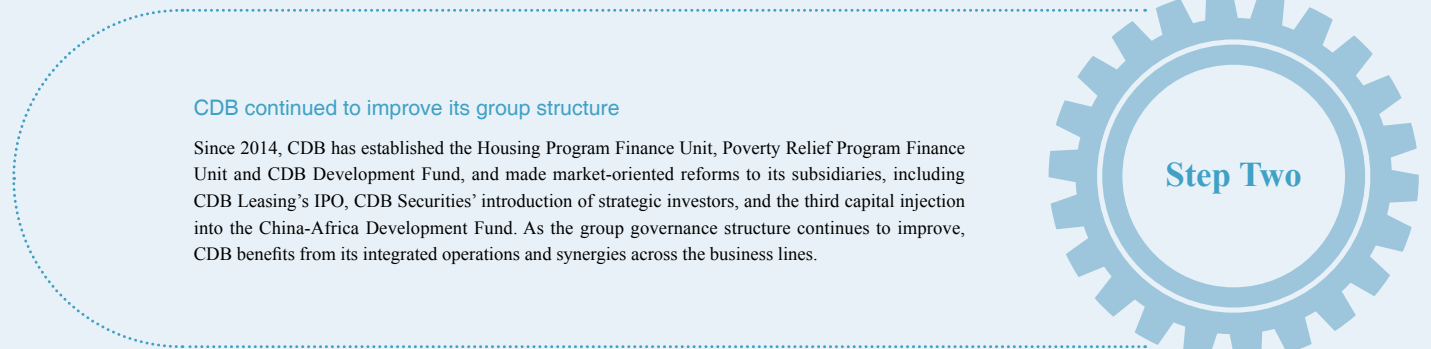


To follow through on the decision of the State Council to deepen the reform of CDB, the Bank put forward a Three-Step Reform Strategy in July 2013. The three steps are: first, obtaining permanent sovereign credit support for CDB bonds with zero risk weight; second, shaping up a group governance structure; and third, receiving an official mandate for CDB as a DFI. The Three-Step Strategy lays out specific measures to meet the central government's requirements for China's financial reform, and embodies the Bank's vision for deepening its ambitious yet results-oriented reform. In November 2016, the Articles of Association of China Development Bank were approved by the State Council, marking the fulfilment of the Three-Step Reform Strategy. These efforts put the Bank on a firm ground, inject sustainable impetus into its development, and take it to a new starting point as it continues to support China's economic and social development.



CDB obtained explicit sovereign credit support for its bonds

On March 20, 2015, in its approval of the CDB Reform Plan, the State Council confirmed the Bank's role as a DFI and specified policy support and institutional arrangements. On May 21 of the same year, the China Banking Regulatory Commission (CBRC) laid out its policy on the credit rating of CDB bonds, and assigned zero risk weight to CDB's RMB bonds and foreign currency-denominated bonds for an indefinite period, thus removing the uncertainty over the Bank's bond credit rating.



CDB continued to improve its group structure

Since 2014, CDB has established the Housing Program Finance Unit, Poverty Relief Program Finance Unit and CDB Development Fund, and made market-oriented reforms to its subsidiaries, including CDB Leasing's IPO, CDB Securities' introduction of strategic investors, and the third capital injection into the China-Africa Development Fund. As the group governance structure continues to improve, CDB benefits from its integrated operations and synergies across the business lines.



The Bank's Articles of Association were amended

On November 24, 2016, the State Council approved CDB's new Articles of Association. As a major breakthrough in CDB's endeavors to operate in compliance with rules and laws, the Articles of Association include specific provisions in areas including business scope, bond credit policies, governance structure, organizational structure, risk management, and oversight and performance assessment. The Articles of Association not only provide an overarching framework for the Bank to better perform its role as a DFI, but also serve as the basis for CDB's operations, governance, oversight and assessment.



Ten Years of Pursuit of Innovation and Responsibility

Soon after it became the first state-owned bank to join the UNGC, CDB published its first social responsibility report in 2007, and established its reporting practices on CDB's unique social responsibility philosophy and activities as a DFI, which strengthened its dialogues and communications with other stakeholders. This report won the Bank the Award for Exemplary Report of United Nations Global Compact.

In 2008, CDB launched its joint-stock structural reform to establish its modern corporate governance structure comprising the shareholders' meeting, the board of directors, the board of supervisors and the executive management, and also the One Group Company Plus Two Subsidiaries organizational structure, as CDB sailed into a new stage of its development. By supporting the state's strategies, maintaining its own robust development, diligent work to address the international financial crisis, and continued contributions to the state's development strategies through its medium- and long-term investment and financing advantages, CDB demonstrated its outstanding value of a DFI in promoting the sustainable economic, social and environmental development.

In 2010, CDB worked diligently to take advantage of the long-term prospect of China's trending up economy, and helped consolidate the fruits from overcoming the financial crisis. After carefully going through the exploration and practice in social responsibility, incorporating advanced concept from home and abroad, and soliciting opinions and recommendations from within and outside the Bank, CDB selected 142 key indicators for economic, social, environmental and responsibility/accountability management, and has since adopted these key indicators to underpin its social responsibility work.

2007

2008

2009

2010

In 2009, CDB leveraged its unique strength in medium- and long-term investments and financing to moderate the cyclical impact, and continued to prove a reliable backbone in sustaining the major medium- and long-term economic development strategies of China. Drawing on its years of experience in delivering social responsibilities, CDB underlined six priority areas, namely, enhancing responsibility governance, supporting the state's strategies, fulfilling global commitments, delivering inclusive finance, raising awareness of climate change, and promoting social harmony, so as to better guide the Bank in more concrete and systematic fulfillment of its social responsibilities.

In 2015, resolute in its positioning as a DFI and guided by the development concepts of being innovative, balanced, green, open and inclusive development, CDB leveraged its role as a major DFI to support key industries and underdeveloped sectors during critical periods, actively explored new opportunities for development finance to promote sustainable development, and endeavored to achieve a higher level of organic integration between its own values and the sustainable economic, social, and environmental development.

In 2016, CDB successfully achieved its Three-Step Reform Strategy and significantly heightened the Bank's capability to serve the national strategies and support sustainable development, bringing the Bank to a new starting point for contributing to the Chinese economic and social development. Looking forward on the way ahead in pursuing its development finance missions, CDB is dedicated to challenging itself to better the best in delivering development finance, meeting its accountability, and opening a grand new chapter in serving the national strategies.

2014 was the 20th anniversary of CDB. Over the 20 years, CDB remained focused on serving the state's strategies, made remarkable contributions in many areas, including supporting the state's infrastructure, basic industries and pillar industries, driving new urbanization, balanced regional development and industrial transformation and upgrade, promoting inclusive finance and sustaining and improving the people's livelihood, and engaging and expanding international cooperation. Meanwhile, CDB achieved growth by leaps and bounds and delivered top performance in the marketplace.

In 2011, CDB delivered crucial support to aid the development of China in its most urgent areas, and made solid contributions to help China move into an innovation-driven track of intrinsic growth and sustainable development. With its growing influence in the social responsibility area, CDB was invited to join the UNGC LEAD and United Nations Environment Programme Financial Initiative, (UNEP FI) as the Bank continued to deepen its dialogues and cooperation with stakeholders and further heighten its sustainable development capabilities.

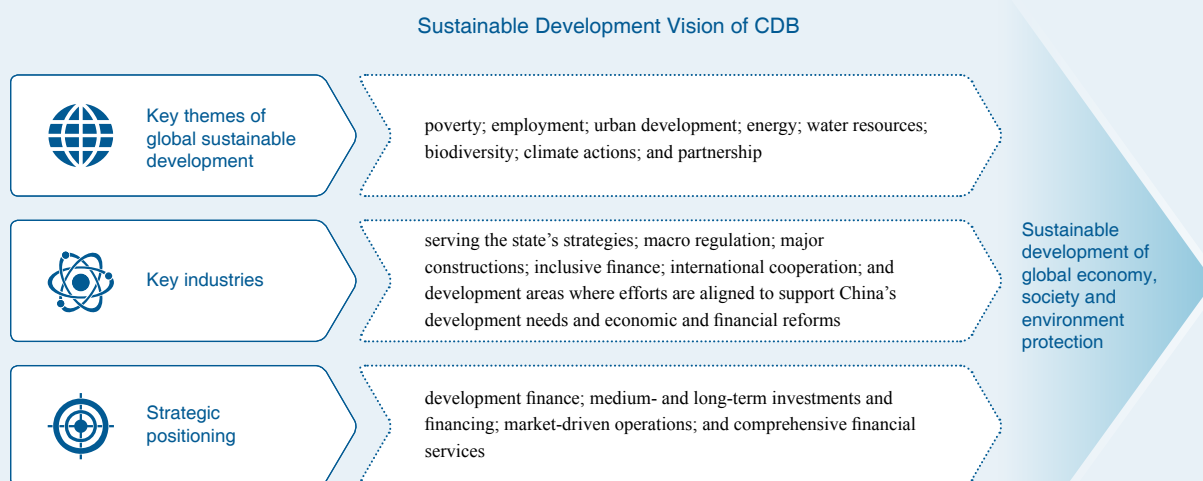
In 2012, in tune with the world's sustainable development trends as part of its ongoing efforts to stay current and ahead of social responsibility developments, CDB adopted the best practices to move from social responsibility reporting to sustainability reporting, so as to report, with greater foresight and in greater scope, on the Bank's efforts in meeting its responsibilities in promoting the balanced and sustainable economic, social, and environmental development, as well as its own sustainable growth.

In 2013, CDB put forward its Three-Step Strategy for deepening the Bank's reform in an effort to clarify its positioning as a DFI and also to drive the formulation of clear policies and rules for DFIs. The Bank devoted great efforts in developing the *CDB Social Responsibility Plan* to set out clearer sustainable development goals, provide a greater selection of tools and methods for achieving these goals, and lay a solid foundation to enable the Bank to better leverage development finance to support the sustainable development of China and the whole world.

Sustainable Development Strategy

» Our Vision

For the purpose of helping drive the sustainable economic, social and environmental development in China and around the world, CDB, as China’s leading DFI, is dedicated to the core values of responsibility, innovation, green banking, prudence and win-win solutions, and applying best practices and pursuing sustainable development, and engaged in sustainable development activities adapted to the Chinese environment, in line with international standards, and effectively reflecting the feature of medium- and long-term investments and financing, as we undertake to deliver the greatest value from development finance in key industries, underdeveloped sectors and critical periods, and focus on the six priority areas set for the Bank, namely, enhancing responsibility governance, supporting the state’s strategies, fulfilling global commitments, delivering inclusive finance, raising awareness of climate change, and promoting social harmony.



» Our Goals

Our goals are to be able to provide strong financial support to China’s continued and robust economic development by adapting to the needs and requirements of China’s national development and its economic and financial reforms, closely aligning its operations with supporting China’s major medium- and long-term economic development strategies, establishing market-driven operations and practices and effective checks and balances, and maintain adequate capital, sound governance, effective internal controls, safe operations, top quality services, and high performing assets as a DFI.

» Our Methods

In order to promote the continued and robust development of the Chinese economy and society, we are dedicated to leveraging the strength of development finance which is geared to supporting China’s strategies, centering on credit support, market-driven, and ensuring principal safety and modest profitability; bringing the capabilities of medium- and long-term investments and financing on maintaining stable growth and streamlining structural adjustments; contributing to the achievement of the government’s development goals, improving the efficiency in allocating social resources, and easing of fluctuations associated with economic cycles; and increasing support to key industries and underdeveloped sectors.

Sustainable Corporate Governance

» Enhancement of Corporate Governance

In 2016, in accordance with the CDB Reform Plan and CDB's Articles of Association approved by the State Council, the Bank continued to improve its corporate governance, and established modern governance mechanisms to facilitate the Bank's reform and development through effective decision-making, execution and oversight.

In November 2016, the State Council approved the Articles of Association of CDB. In accordance with the positioning of China Development Bank as a DFI as determined in the CDB Reform Plan, the revised Articles of Association represents the systematic overarching design and scheme of rules for its role as a DFI based on the general and specific environment of China, as well as the long-term practices of the Bank and international experience, serves as the point of reference for the Bank's operations, governance, oversight, and evaluation, and lays a solid foundations of rules and procedures for more effective delivery of the functions and values of development finance.

In accordance with the Bank's Articles of Association, the Board of Directors was expanded to include officials from government agencies including the National Development and Reform Commission (NDRC), Ministry of Finance (MOF), Ministry of Commerce (MOFCOM), and People's Bank of China (PBOC) as government agency directors. These directors act as coordinators in the making and implementation of major decisions while the Board takes charge of the Bank's strategic planning and overall business development policies. The Bank's Board of Supervisors was transformed from an internal Supervisory body into one comprising dispatched supervisors. Each of them is selected as per the *State Council's Provisional Regulations on the Board of Supervisors of Key State-owned Financial Institutions* (State Council Order No. 282), and reports to the State Council.

» Strengthening Risk Management and Control

We have built a risk governance framework to cover all types of risks with four hierarchies, three defense lines, robust board-based deliberation and decision-making mechanisms, and advanced risk measurement systems and highly effective IT systems. In 2016, we properly dealt with external changes, and aligned our efforts in balancing development and risks. We continued to streamline our risk management system, strengthen risk prevention and control in key areas, increase efforts in risk mitigation, and ensure we meet all of our risk management targets and standards. By the end of 2016, the Bank's NPL ratio was under 1% at 0.88% for 47 consecutive quarters.

Enhancing rules and practices. In addition to embedding the concept that everyone is equal when facing risks and everyone is responsible for risk management, we enabled proper risk management covering all streamlines, business, products, and areas across departments, branches, products, and currencies, while further sharpening our foresight in anticipating and mitigating risks.

Stepping up control over critical areas. Focusing on top priorities without losing sight of the overall progress, we applied strict control over credit review and approval points, and took comprehensive and multi-dimensional considerations, including economic cycles, industries, clients, and projects to ensure risks were properly addressed from the very beginning. Ongoing efforts were also made to study and evaluate risks upfront, screen risks and perform stress testing on key regions, industries, clients, and countries, in order to formulate risk response plans. Thanks to thorough analyses of the risk profiles of projects and greater frequency, depth and breadth in identifying risks, we were able to put in place rapid response measures, enhance the relevance and effectiveness of risk control, and ultimately maintain our solid asset quality.

Strengthening internal control and compliance management. In light of our own needs and circumstance as well as the regulatory requirements, we continued to make improvements to our internal control and management systems and mechanisms, and raised the Bank's compliance awareness and capability in meeting operational compliance requirements, so as to safeguard the solid development of our business activities. Internal control assessments were conducted on a regular basis, as we continued to improve assessment methods and criteria to ensure the overall effectiveness of our internal controls.

Building our risk culture. In addition to promoting our risk culture, we made concrete efforts to heighten the understanding of risk management concepts and compliance mindset of our staff. We also organized various risk management training programs to enhance the skills and competence of our risk management personnel across the Bank.

» Anti-Corruption and Integrity Advocacy

As part of our efforts to promote anti-corruption and integrity, we combine anti-corruption with risk prevention and mitigation, and the prevention and mitigation of integrity risk with those of business risks. We have established robust oversight over integrity risk associated with individual roles and responsibilities to effectively address commercial bribes. Anti-corruption and ethical rules and procedures are developed and upgraded as educational campaigns are launched to promote our people's integrity and compliance with our code of conduct. We have also established our anti-money laundering system, while we continue to heighten their anti-money laundering awareness and competence.

Enhancing corruption punishment and prevention system. We are diligently carrying out *The Implementation Measures of China Development Bank for Delivering the 2013-2017 Work Plan for Establishing and Enhancing the Corruption Punishment and Prevention System*, including the introduction of the concept for preventing conflicts of interests, and we are carrying out *The Provisional Rules for Employees of China Development Bank for Prevention of Conflicts of Interests*, in order to drive the anti-corruption campaign from simply preventing exchanges of power for economic gains to preventing conflicts of interests.

Stepping up internal inspections on irregular activities and violations. In doing so, we ensure that every report is followed up, proper action is taken against every corruption identified, and every case is properly handled. Zero tolerance is applied to severe cases, and serious effort will be taken to pursue

the responsibility of the personnel concerned. Any vulnerabilities in our management practices or loopholes in our rules and procedures identified in the inspections will be followed up and rectified in a timely manner to eliminate any potential threats.

Strengthening the management and oversight of our managerial employees.

In accordance with the talent management guidelines that require us to look for people with both integrity and competence, evaluate them based on competence and performance, and engage them, we have streamlined rules and procedures for selecting and using people, adopted procedures to document the appointment of managerial positions, and put in place sound rules for the appointment and oversight of officials whose direct relatives have emigrated abroad, so as to deliver concrete results in enhancing oversight.

Intensifying audit of financial accountability. By establishing a solid foundation of rules and measures for financial accountability audit and putting in place the rules and procedures underpinned by the financial accountability audit manual, we endeavor to provide a strong framework to enable our managerial personnel to maintain their integrity in discharging their financial duties and to strengthen the check and oversight over the operation of the powers.











» Engagement of the Stakeholders

We respect the wishes and expectations of the stakeholders, and it is an essential part of our social responsibilities to address the needs of our stakeholders. In 2016, we further enhanced our practices for engaging the stakeholders, strengthened communications, and promoted the synergic growth of the Bank and the stakeholders.

Stepping up information disclosure on social responsibilities. Through various channels and in different forms, the information disclosure of our social responsibilities, including our annual sustainability report, plays a major role in enhancing communications and mutual understanding between the Bank and the stakeholders. We have created a special niche for social responsibilities on our official website (www.cdb.com.cn), where relevant information is regularly released and updated. Other trendy media, including our official Wechat and Weibo, are also used to provide easy and greater access to our social responsibility activities.

Engaging in social responsibility dialogues and exchanges. By maintaining close ties with international social responsibility organizations, including the UNGC, the UNEP, and Global Reporting Initiative (GRI), as well as domestic stakeholders, including China Banking Association and other domestic banks, we seek to deepen cooperation with the stakeholders in sustainable development and social responsibility causes, while stay abreast with the latest developments and trends in these areas, as we continue to heighten our sustainability. Through active participation in the Fifth GRI Global Conference, the GRI Regional Hub China Annual Reporters Meeting as well as the research programs organized by UNGC for the 2030 Agenda for Sustainable Development, among other events and activities, we discussed the actionable paths for delivering the 2030 Agenda for Sustainable Development with relevant stakeholders, as part of our ongoing efforts to drive sustainable development in China and around the globe.

Communications with the Stakeholders and Our Responses

Stakeholder	Expectations and Needs	Our Responses
 <p>国家开发银行 CHINA DEVELOPMENT BANK</p>	 <p>Governments</p> <p>Remain firmly committed to serving the major medium- and long-term development strategies of the national economy; more effectively and broadly deliver the functions and values of development finance in key industries, underdeveloped sectors and critical periods; and help promote the continued and robust development of the national economy</p>	<p>By focusing on supporting the supply-side structural reform and leveraging our strength in medium- and long-term investments and financing as well as our ability to deliver comprehensive financial services, we raised and channeled private funds to support infrastructures, basic industries, pillar industries, public facilities and administration, among other economic and social development sectors; new urbanization, urban and rural integration, and regional balanced development; transformation, upgrade and structural adjustments of traditional industries; energy saving, high-end equipment manufacturing, and other areas that would elevate China's overall competitiveness; affordable housing, poverty alleviation, education loans, inclusive finance and areas that will help our people to improve their welfare and quality of life; the Belt and Road Initiative, Go Global efforts of Chinese enterprises, and other international cooperation areas; and relevant areas in support of the state's development and the economic and financial reforms.</p>
	 <p>Regulators</p> <p>Maintain prudent and robust operations, comply with relevant laws and regulations, and effectively manage its risks</p>	<p>The Bank ensured compliance in its operations by adhering to the laws and regulations, applying higher standards where appropriate, establishing enterprise-wide risk management system, strengthening internal controls, and increasing the oversight by internal audit.</p>
	 <p>Shareholders</p> <p>Continuously enhance its corporate governance and safeguard and increase the value of state-owned assets</p>	<p>We strived to safeguard and increase the value of state-owned assets by continuously elevating our governance capability, enhancing corporate governance practices, and delivering first-class operating results against international criteria.</p>
	 <p>Investors</p> <p>Deliver reasonable and stable investment returns, make timely and accurately information disclosure, and provide good services</p>	<p>The Bank continued to strengthen investor relationship, improve its information disclosure, and heighten its business management capabilities in order to achieve steady and sustainable development.</p>
	 <p>Clients</p> <p>Continue to improve its service quality and provide innovative services and products</p>	<p>The Bank continued to enhance its service system, and adopted various means and methods to heighten its comprehensive financial service capabilities, including innovative investment and financing solutions, public-private partnership (PPP), and government procurement of services, in order to deliver professional and diversified financial services to its clients.</p>
	 <p>Environment</p> <p>Promote green finance, maintain green operations, and protect the eco-environment</p>	<p>The Bank continued to enhance its green lending rules and practices, made strong investments in promoting green finance, and actively pursued green causes in all of its operations.</p>
	 <p>Employees</p> <p>Safeguard their lawful rights and interests, provide good development opportunities, and help promote their individual career development</p>	<p>The Bank adopted open and competitive recruitment practices, continued to streamline the paths for its people's education and growth, organized diversified training programs, continued to strengthen the workforce and cultivation of talents, put in place mechanisms to aid people in need, and strived to enhance employee engagement and satisfaction.</p>
	 <p>Partners</p> <p>Build and maintain good partnerships and achieve mutually beneficial results</p>	<p>The Bank actively engaged in cooperation with its suppliers, academic institutions, and government agencies, and strived to grow together with its partners and deliver mutually beneficial values.</p>
	 <p>Public and Communities</p> <p>Provide quality financial services, organize outreach and volunteer service activities, and help promote the development of the communities</p>	<p>As part of CDB's commitment to helping build harmonious communities, the Bank organized various programs in response to the needs and concerns of the public and communities, including financial knowledge sharing, and undertook all types of welfare cooperation project in China and abroad.</p>

Challenges

“ We recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development. ”

—United Nations, *Transforming our World: The 2030 Agenda for Sustainable Development*

“ By 2020, we aim to deliver solid results in ensuring that underprivileged people in rural areas will be free from worries about food and daily needs, and will be able to enjoy the benefits of compulsory education, basic medical care and safe housing. ”

—Decisions of the Central Committee of the Chinese Communist Party and the State Council regarding *Overcoming Poverty in China*

Actions

“ As a DFI, China Development Bank is obligated to play a central role in leveraging finance to support poverty alleviation. This is not only CDB’s unshirkable duty and mission, but also a strategic choice we have made to take up the social responsibilities, contribute to social progress, and become a leader in the financial sector in our pursuit of building a moderately prosperous society in all aspects. ”

—Hu Huaibang, Chairman of China Development Bank, *Draw on Development Finance to Help Overcome Poverty*

Eradicating poverty, improving livelihood and gradually achieving shared prosperity of all people are essential requirements of socialism, and also the most urgent issues that demand attention and resolution to achieve sustainable development. As a DFI, CDB takes it upon itself to apply development finance to help tackle these issues, makes dedicated and solid efforts, and takes major responsibility in driving the campaign to leverage finance to support poverty alleviation, as the Bank continues to increase its input in promoting poverty alleviation, help address weaknesses that may hinder the progress for building a moderately prosperous society, and contribute to the pursuit of the Chinese dream of the great rejuvenation of the China.



Poverty Alleviation

19 Clear Roadmap

20 Enhanced Support

21 Concrete Actions

Full commitment to support poverty alleviation

By 2015 this proportion had fallen to 12 per cent, meaning that more than 1 billion people had been lifted out of extreme poverty. While a very significant achievement, approximately 836 million remain in extreme poverty.

—UNCTAD Development and Globalization: Facts and Figures

Impoverished population living in rural areas has been reduced from 770 million in 1978 to 55.75 million in 2015, a reduction of 714.64 million or 92.8%; meanwhile, the prevalence of poverty in rural areas has dropped by 91.8% from 97.5% to 5.7%.

—China Poverty Alleviation and Development Report 2016

In 2016, CDB provided RMB315.3 billion loans to support targeted poverty alleviation, including cross-regional resettlement, infrastructure, industry development, education, medical and health care, and student loans.

315.3 billion
RMB loans carefully planned to support poverty alleviation efforts



Cross-regional resettlement

RMB446.1 billion cross-regional resettlement loan commitments will make a difference to 9.11 million registered underprivileged people and 2.53 million relocated population. RMB31.06 billion were disbursed in 2016.

9.11 million people
benefit from the cross-regional resettlement



Infrastructure

RMB225.5 billion loan commitments for rural infrastructure will cover 22 provinces (municipalities) and 417 underprivileged counties, and will benefit 30,147 registered underprivileged villages and 52.59 million people, including 13.54 million registered underprivileged people. In 2016, RMB151.3 billion rural infrastructure loans were disbursed.

52.59 million people
benefit from the infrastructure development



Industrial development

RMB27.67 billion loans were made in 2016 to aid poverty alleviation through promoting industry development in 146 underprivileged counties, delivering change to 3.1 million people, including 157 thousand registered underprivileged people

3.1 million people
benefit from industrial development



Education

A cumulative total of RMB110.8 billion were made to 18.55 million underprivileged students, 2,711 higher education institutions, 2,094 counties, and 26 provinces (municipalities and autonomous regions), including more than 1 million registered underprivileged students

18.55 million people
underprivileged students benefit from student loans

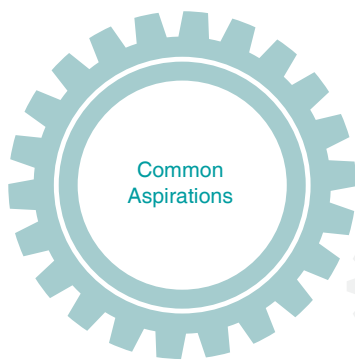


» Clear Roadmap

We have established an approach to poverty alleviation that is geared to promote sustainable development through cultivating self-reliance and establishing sound rules and procedures; efficiently prioritized by registering underprivileged villages and population; focused on providing funding support as well as empowering the people with better access to expertise and information; and based on the strategy of being precise and specific in our actions to finance provincial programs for relocating poor populations, county programs for infrastructure development, and village programs for nurturing industrial development, and gave financial support for poor students to innovate their studies, as the Bank continues to identify new ways and methods for leveraging finance to support poverty alleviation, enhancing policies and measures for leveraging finance to support poverty alleviation, and pool quality resources. We have also developed a roadmap for overcoming poverty.



Chairman Hu Huaibang out to gain first-hand information about roads, safe drinking water and other aspects of local production and life at Qiyao Village, Wushan County, Gansu



Chinese Government:
Building a moderately prosperous society in all aspects by the 100th anniversary of the Chinese Communist Party

UN:
Transforming our World: The 2030 Agenda for Sustainable Development
Eradicating poverty in all its forms and dimensions

China:
Helping lift out of poverty by 2020 all underprivileged people in rural areas as defined by current criteria

UN:
Ending extreme poverty for all the people around the world by 2030



Established Poverty Relief Program Finance

Deepening cooperation between the Bank and local governments

Leveraging the advantages in intellectual support

Provincial programs for relocating poor populations

Village programs for nurturing industrial development

County programs for infrastructure development

Financial support for poor students to pursue their studies

» Enhanced Support

We actively implement the requirements of the *Decisions of the Central Committee of the Chinese Communist Party and the State Council regarding Overcoming Poverty in China*, and established the Poverty Relief Program Finance in May 2016, which enabled us to be organizationally prepared for the uphill battle against poverty alleviation.

Principles

Leveraging the policy instrument; operating on market principles; specialized management; separate accounting; and ensuring principal safety and modest profitability

Strategy

Be targeted in poverty alleviation efforts

Priority Areas

Cross-regional resettlement, unique industries, education and medical care, as well as infrastructure improvements in underprivileged areas, including transport, water resources, electric power, Internet Plus, renewal of dilapidated housing in rural areas, and remediation of dwelling environment, and other poverty alleviation tasks designated by the State Council

Goals

Ease the funding constraints faced by the underprivileged areas, and provide reliable support and safeguard for poverty alleviation



Poverty Relief Program Finance founded in May 2016



» Concrete Actions



President Zheng Zhijie out to gain first-hand knowledge of poverty alleviation progress and challenges at Shibadong Village, Huatan County, Hunan

Overcoming poverty is an imperative in pursuit of a moderately prosperous society. To this end, we endeavor to deliver quality against time, strengthen support in funding as well in expertise and information, identify opportunities for better drive poverty alleviation, and follow through the strategy for delivering the four priorities, as we devote ourselves and apply due care and diligence to the cause, and spare no efforts in pushing forward and overcoming one challenge after another.

In driving poverty alleviation efforts, we help the underprivileged regions to adopt diversified and sustainable development finance mechanisms to improve efficiency in allocating public and private resources. Through planning, advisory, education and training programs, we bring greater access to financial information and expertise to local governments. We also designate resident financial experts to lead local poverty alleviation activities, in order to not only enhance the self-sustainability of the underprivileged regions, but support and guide their development in accordance with best practices.

Rules and Procedures

- ▶ Circulated poverty alleviation rules and procedures for various areas, including informatization management, IT system management, credit review, risk management, internal control, and statistics

Education and Training

- ▶ Organized poverty alleviation training courses for 464 local cadres from 391 underprivileged counties in 8 highly poverty-stricken regions
- ▶ Organized the Investing and Financing Workshops for Cross-Regional Relocations in China to systematically explain cross-regional relocation policies to 138 local government officials from 22 provinces

Formulation of Plans

- ▶ Participated in the formulation of poverty alleviation plans for 22 provinces
- ▶ Organized the formulation of financing plans for 28 poverty alleviation programs, including those for the highly poverty-stricken regions along the Dabie Mountains
- ▶ Engaged in pilot cooperation in financing planning with 22 national poverty-stricken counties

Financial Experts

- ▶ Allocated 183 financial experts to provide onsite assistance to 174 underprivileged areas
- ▶ Organized poverty alleviation workshops with the financial experts and thematic training programs

Cooperation with Local Governments

- ▶ Participated in studies and formulation of policies and plans for poverty alleviation
- ▶ Signed cooperation agreements with 21 provinces (municipalities/autonomous regions) to leverage development finance to support poverty alleviation
- ▶ Drove the setup of offices for cooperation in leveraging development finance to support poverty alleviation at provincial, city and county levels
- ▶ Encouraged local governments to put in place sound risk participation and compensation mechanisms for financing the development of underprivileged areas

Comprehensive Support in Funding and Intelligence

Financial experts for poverty alleviation



Communication

- ▶ Promoted the state's poverty alleviation policies
- ▶ Promoted CDB's efforts to leverage financial support poverty alleviation



Planning

- ▶ Assisted local governments in properly formulating poverty alleviation and development plans and systematic financing plans
- ▶ Worked with local governments in mapping out the poverty alleviation and development projects



Connection

- ▶ Served as a bridge to facilitate communications between the Bank and local governments
- ▶ Helped local governments address practical difficulties and issues in their poverty alleviation efforts

“To do a good job in poverty alleviation, one needs to focus on hard work and hard facts with empathy; it requires good understanding of the policies, so that poverty alleviation work is firmly grounded, and it needs to be methodical, and requires us to continue to seek new options to better deliver our financing services.”

—Dong Shuiping, financial expert from Jiangxi Branch



I have this to say

“I came from the countryside, and know how hard life is for the farmers, so it's natural for me to care about my work. This care is our attitude, the source of our strength, and the driving force behind productive poverty alleviation work.”

—Qian Jian, financial expert from Guangxi Branch

“The expectations in the eyes of the folks weigh so heavy on my shoulders, and I am really committed to being the link that bring the local governments and the Bank together, and help turn our poverty alleviation ideas into operable solutions, and transform each solution into concrete projects and results.”

—Ge Wei, financial expert from Anhui Branch

Case A poverty alleviation champion in a Wuling village



Fu Zhangrong works at CDB Hunan Branch. When the branch sent its resident poverty alleviation team to Xinzhuang Village, Dashuao Township, Zhijiang Dong Autonomous County, Huaihua City, Hunan, he became the First Party Secretary of the village. In his one-and-a-half-year stay at the village, he made the village his home, pulled the whole village together, and transformed the village.

Bringing insights to drive development. He led the work team to conduct in-depth studies to identify challenges and responses. The achievements include a new 7.2-kilometre road that connects every household in the village; access to safe drinking water for villager; and upgrade of the vineyards to increase income by RMB5,000 per mu (approximately 667 square meters).

Bringing care and commitment to enhance harmony. He encouraged the villagers to bring care and commitment to the place they live, and work together to transform their village to one that is founded on self-reliance, gratitude, green growth, and legacy, and instilled a positive state of mind to the people so as to ensure what had been achieved would be sustained. In July 2016 when Xinzhuang Village was hit by a rare major flood, he fought the flood day and night at the forefront of the battle, diligently organized self-bail out efforts and post-disaster reconstructions, raised more than RMB90,000 in disaster aid, and more than 10,000 kilograms of rice to the villagers.

Working together to create a brighter future. As financial experts dedicated to poverty alleviation, Fu Zhangrong and his other 182 colleagues continue to anchor themselves to these remote areas and drive development finance to deliver results in support of poverty alleviation.



»» Province-By-Province Resettlement Programs

Resettlement programs are the toughest nut to crack in the Five Lots precision poverty alleviation undertaking. We have assisted the local government of 22 provinces (municipalities/autonomous regions) to set up their poverty alleviation-oriented investing and financing vehicles, and implemented the approach for centralized loan origination, centralized government procurement, and centralized loan repayments at the provincial level, in order to more effectively manage loans for cross-regional resettlement.

Streamlining funding transactions

- Developed tailored and localized support policies
- Assisted the setup of poverty alleviation-oriented investing and financing vehicles for 22 provincial (municipal/autonomous region) governments
- Set up three-tier funds management system at provincial, city and county levels to apply consistent and effective funds management practices
- Organized the Investing and Financing Workshops for Cross-Regional Resettlement in China

Strengthening fundraising

- Issued 9 financial bonds to raise RMB33.6 billion

Case

Poverty alleviation through relocation to achieve secured housing and improvement of livelihood

In order to support the poverty alleviation campaign of Guangxi Province, Guangxi Branch became the first to adopt the tone-at-the-top strategy and maintain an approach characterized by centralized origination at the provincial level, wholesale commitments, and separate signing of individual contracts, so that the poverty alleviation projects, fragmented in nature and widely different in terms of timing and duration, may be effectively organized and conducted through the centralized provincial lending platform and with the backing of government procurement of services at completion of these projects, delivering a solution that is duplicable and adaptable elsewhere.

In May 2016, we provided RMB200 million loans to the relocation projects as part of Guangxi's poverty alleviation campaign (lot one). As the first loan issued for poverty alleviation with the overall backing of the provincial government, it has been used for the relocation of Zhendong District, Long'an County, Nanning City, in support of the construction of affordable housing units, schools, hospitals, among other public service facilities, as well as the auxiliary roads, and will enable 14.2 thousand people to relocate and enjoy a better living condition.



»» County-By-County Infrastructure Planning and Construction

Inadequate infrastructures are a crucial barrier to eradicate poverty. Focusing on the tough challenges and weak areas, including roads, drinking water, environmental remediation, and school-building safety, among others, we pool funds and resources for the underprivileged counties, help strengthen rules and procedures for ensuring effective management and utilization of fiscal funds for agricultural programs, rural areas and farmers, and make intensive efforts to accelerate the infrastructural transformation of registered underprivileged areas.

260 thousand kilometers
village road construction supported

4,908 projects
for improving safety of
school buildings

19.04 million people
whose drinking water safety
issue has been resolved

19,288 registered
underprivileged villages
have completed environmental
remediation projects

Deepened cooperation between CDB and local governments

- Provided funding support for infrastructural construction in rural areas on a county-by-county basis
- Worked with the Ministry of Transport to support poverty alleviation by building a million kilometers of roads and completing hundred transport projects

Innovative financing solutions

- Strengthened the rules and procedures of rural infrastructure loans that incorporated special fiscal funds.
- Pooled special fiscal funds to leverage credit funds to support poverty alleviation initiatives

Strengthening availability of funds

- Remained dedicated to properly delivering good causes, and ensured proper preparation before launching any project
- Strengthened payment/disbursement management to minimize idleness of funds
- Provided fast-track channels to accelerate project review and approval



Jiangxi's rural-urban integrated water supply project



Case

Development finance brings water to the thirsty and warmth to the cold

Poverty due to the water and hardship because of the roads are true descriptions of the dire conditions in the underprivileged counties in Anhui. Knowing this, Anhui Branch makes ongoing efforts to increase funding to infrastructure improvements in water resources and transport projects. RMB1.5 billion loan commitments have been made for safe drinking water improvement and upgrade projects in rural areas in Fuyang in the 13th Five-Year Period, and the projects will deliver safe drinking water to a total of 2.9 million people in 7 underprivileged counties in Fuyang, including 183 registered underprivileged villages and 296 thousand registered underprivileged people. In order to make concrete improvements to the traffic conditions in rural areas, the Branch made a loan commitment of RMB 750 million to the rural road construction project in Lixin County and thus 38.8 thousand registered underprivileged people from 90 villages will be connected. The projects are aiming to resolve the immediate concerns that are directly relevant to the everyday life of the local people, including roads in poor conditions and water resources that are often out of reach, and laying a solid foundation for the local people to lift themselves out of poverty.



Main tunnel construction site of Gongqiao Centreal Waterworks in Funan county



The rural road construction project in Lixin County

»» Industrial Development Projects Planned and Implemented on an Individual Village (Household) Basis

Poverty alleviation through industrial development is a key component in the campaigns to overcome poverty. By adhering to a localized and customized approach and adopting a *Four Platforms + Agencies* lending model that combines the management platform, the financing platform, the guarantee platform, the public information platform and the credit enhancement agencies, CDB provides solid supports to the specialized cooperatives and collective economies in rural areas to help them develop their unique industries, encourage the underprivileged households to fully engage in industrial development, and enhance the self-sustaining capability of the underprivileged areas.

Localization

- Conducted thorough studies of the 14 highly poverty-stricken regions to identify their resources and potentials
- Assisted the local people to determine their industrial development targets and priorities
- Provided strong support to target industries, including special farming, produce processing, household handicraft, produce logistics, leisure agriculture and tourism

Individualized solutions

- Improved and promoted the *Four Platforms + Agencies* lending model to help underprivileged households to overcome poverty
- Facilitated leading local enterprises in driving local development
- Conducted pilot programs for poverty alleviation on lending to guide and channel private funds and deliver synergies

Long-term benefits

- Placed high priorities on supporting subsequent industrial development following relocations
- Facilitated poverty alleviation planning for industrial development in relocation areas

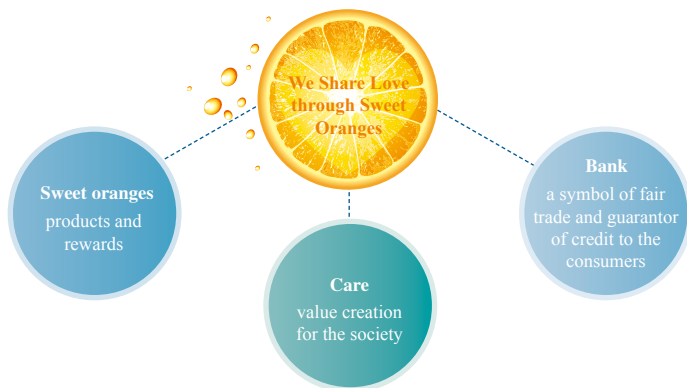
Case

Big love in small oranges as the public crowdfunds hope

Gulin County, located in Southwestern Sichuan, is a nationally registered underprivileged county. In response to the call of the state to rise to the challenges of pre-emptive poverty alleviation and self-reinvention, a delegate of CDB, served as the First Party Secretary of Maliutan Village in Gulin, set his eyes on sweet oranges, an economic crop widely cultivated in this region, encouraged and guided the villagers to plant thousands of mu of the orange saplings, and set up a village collective agricultural company, in a dedicated effort to develop its sweet orange industry and in the hope that the underprivileged village may shed poverty by realizing its unique potentials.

Planting the saplings is only a beginning, and it takes two years before the saplings begin to bear fruits, a rather long waiting period where continued investments are needed. In view of this problem, a crowdfunding program—We Share Love through Sweet Oranges: Adoption of Gulin Sweet Oranges Trees—was born to call for people to adopt one orange tree for one underprivileged household, a campaign aimed to raise funds from the whole society through the Internet+Agriculture model, where a consumer may adopt an orange tree for a little more than RMB100, the funds raised will be invested in the management and maintenance of the saplings during the two-year period, and the adopters will receive several dozen kilograms of fresh oranges when the trees bear fruits.

One invests in love and receives rewards in the form of sweet oranges. The launch of the crowdfunding program was enthusiastically received, and the fundraising target was met soon as the several dozen mu of orange saplings planted by 667 households in Gulin's Maliutan Village were all adopted in one of the outstanding examples of poverty alleviation through industrial development.



Case

Localized industrial development

Shaanxi Branch has provided a cumulative total of RMB58.79 million poverty alleviation loans in support of the industrial development in Hanzhong City, including black fungus plantation, tea farming, pig farming and village tourism, among other local industries, enabling about 4,000 underprivileged households to lift themselves out of poverty.





»» Education Aid by Household (Applicant)

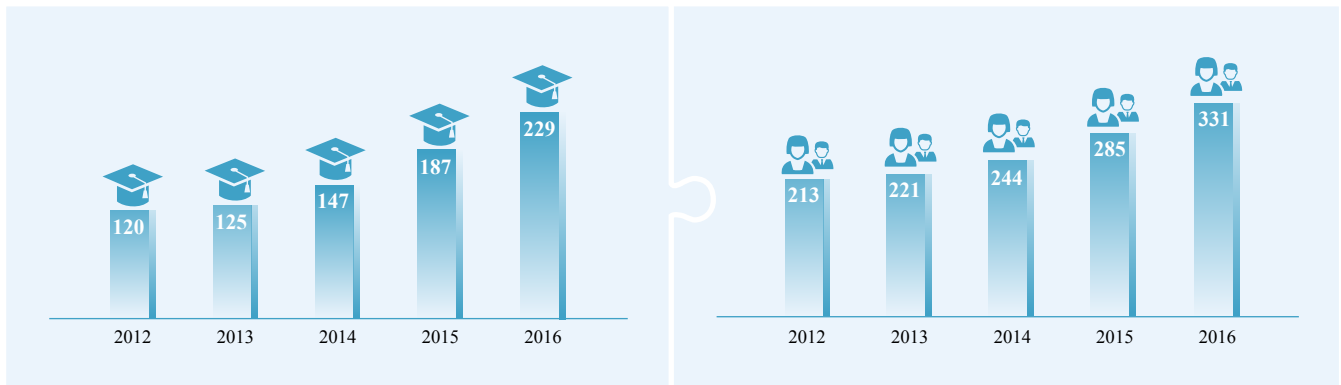
It is our firm belief that in order to alleviate poverty, we have to first prepare the people's mindset, and teach the people to learn and utilize their intelligence. For the purpose of raising the overall competency of the people and improve their ability to secure employment and start their own businesses, we are committed to providing funding support to all who qualify, continue to increase the supply, coverage and depth of our education loans, and support the construction of occupational schools and training bases for migrant workers, in order to help the underprivileged people to shed poverty and become self-reliant and prevent poverty from passing to the next generation.

Amount of education loans

(100 Million RMB)

Number of students supported by the loans

(10 Thousand)



Increased funding support

- Provided 100% guarantee for meeting the needs for loans of the registered underprivileged students
- Conducted pilot programs for occupational education loans in Gulin County, Sichuan, and supplementary education loans in Chongqing
- Expanded the coverage to include 83 districts and counties

Improved services

- Launched the first mobile phone APP to increase service channels and methods
- Provided a fast track channel for registered underprivileged students to enter into loan contracts exempting from qualification review
- Conducted more than 20 job fairs in 11 provinces for graduates who were recipients of education loans, and helped the students reach 32 thousand preliminary agreements with potential employers

Case

Education loans illuminate the path of life for underprivileged students

Shandong Branch began to provide education loans to local students since 2008, and has since continued to improve relevant practices, including the acceptance, pre-lending review, post-lending management, risk compensation, and default recovery of education loans, in order to maximize the coverage of education loans as well as minimize their risks. At the end of 2016, the education loans of the Branch were available to 144 counties and districts across the province, accounted for more than 95% of the education loans in the province, and provided a major source of light in illuminating the path of life for the underprivileged students.



Challenges

“ During the 13th Five-Year Plan Period, China will focus on supply-side structural reform to expand effective supply and meet effective demand, accelerate the formation of institutions, mechanisms, and development models that steer the New Normal in economic development, and ensure moderate- and high-speed economic growth and moderate- and high-level of production. ”

—China’s National Plan on Implementation of the 2030 Agenda for Sustainable Development

Actions

“ We will undertake to diligently implement the vision of the Central Party Committee; actively adapt to the economic New Normal; pursue a proactive yet prudent approach; act in the spirit of being innovative, coordinated, green, open and inclusive development; focus on the business principles of continuously maintaining solid growth, improving competitiveness, strengthening management, and effectively mitigate risks; and deepen reform and innovation, so as to enable the Bank to better deliver development finance, support the state’s development strategies, help secure a solid beginning for the 13th Five-Year Plan Period, and make greater contributions to building a moderately prosperous society in all aspects. ”

—Hu Huaibang, Chairman of China Development Bank

In 2016, China entered the 13th Five-Year Plan Period, a new phase when the New Normal features became more distinctive. CDB adheres to the new development concepts, aligns its operations to support the supply-side structural reform, continues to increase support to the key industries and underdeveloped sectors, and continues to make solid contributions to the economic prosperity of China



Economic Prosperity

30 Infrastructure Development

36 Industrial Transformation and Upgrade

39 The Belt and Road Initiative

» Infrastructure Development

Transportation



Supported

- major railway projects
- state's major highway projects and auxiliary infrastructure
- airports and surrounding economic districts
- urban rail transit systems

more than RMB **1.5** trillion cumulative lending to the railway industry representing approximately 20% of all fixed asset investments in China during the same period

more than RMB **2.6** trillion cumulative lending to the highway industry representing more than 10% of all highway fixed asset investments in China during the same period

more than **90** airport projects sponsored cumulatively accounting for 43% of all airports in China

2,827 kilometers urban rail transit built cumulatively cumulative lending to urban rail transit systems was RMB393.4 billion





Energy



Promoted energy structure adjustments; supported major projects, including West-to-East Power Transmission, and also large hydropower bases in western regions; and increased support to clean energy efforts

● RMB **295.7** billion
cumulative lending to nuclear power projects
accounting for approximately 30% of the total investments to the nuclear power industry

● RMB **445.4** billion
cumulative lending to hydro power projects
accounting for approximately 22% of the total investments to the hydropower industry

● **43.4** million kilowatt hours
cumulative capacity of the installation of wind power generators

● **14.02** million kilowatt hours
cumulative capacity of the installation of solar power generators



Water Resources



Supported

- major water resources projects
- underdeveloped sectors such as drinking water safety in rural areas

● **59**
major national water resources projects supported cumulatively

● RMB **818.4** billion
cumulative lending to water resource industry



»» Modern Transit and Transportation Systems

Modern transit and transportation systems are fundamental to the functioning and development of the economy and society, and play a crucial role in promoting regional economic development, furthering opening-up, and heightening the people's livelihood. In 2016, in our dedicated efforts to help build safe and efficient, smart and green, and interconnected modern infrastructure networks, we provided strong support to the high-speed railway construction, the state's major highway construction, hub airport and mainline airport construction projects.



The section from Qingshan to Baigeda (on the border of Inner Mongolia and Gansu) of the Beijing-to-Urumqi Highway of the national highway network

Case

Connectivity revives former revolutionary base areas

As a former revolutionary base area, Minxi in Southern Jiangxi is a mountainous region where the development of local economy and society was severely hindered. CDB helped resolve this bottleneck by providing a loan commitment of RMB5.7 billion to fund the construction of the Gan-Rui-Long Railway to connect the revolutionary base with the outside, a project that not only ended Minxi's history with no access to high-speed railways, but, upon completion, will slash the journey times from Ganzhou to Xiamen from 6.5 hours to 3 hours.





»» Urban Infrastructure

In 2016, as part of our effort to build and upgrade a smartly distributed, fully equipped and streamlined, ready to deliver designed functions, safe and efficient urban infrastructure system with comprehensive functions, we provided strong funding support to urban rail transit systems and utility tunnels. We also funded the urban ecological facilities and sponge cities to improve the urban environment, enhance the people's quality of life, and enable the cities to become more harmonious and friendly, more lively, and more distinct.



Utility tunnels at a glance

Definition

A utility tunnel is an underground public passage in a city built to carry utility lines, including electric power, communications, cable TV, water, sewage, heat and gas.

Purpose

- 1) make a safer city with enhanced city functions, improved landscape, promoted cost-effectiveness and efficiency, and drive its transformation and development;
- 2) raise a city's overall resilience and sustainability as well as the quality of urbanization;
- 3) increase the productive investments in public goods, mobilize participation of private funds, and develop new driving forces for economic development.

Goal

By 2020, a host of utility tunnels designed and built with international standards are to become operational, and will help avoid repeated digging up of roads, enhance the safety of the pipes and cables and the ability to prevent and survive disasters, gradually eliminate the spider web of overhead cables and lines above major streets, and lift up the city landscape.

Policy Requirements

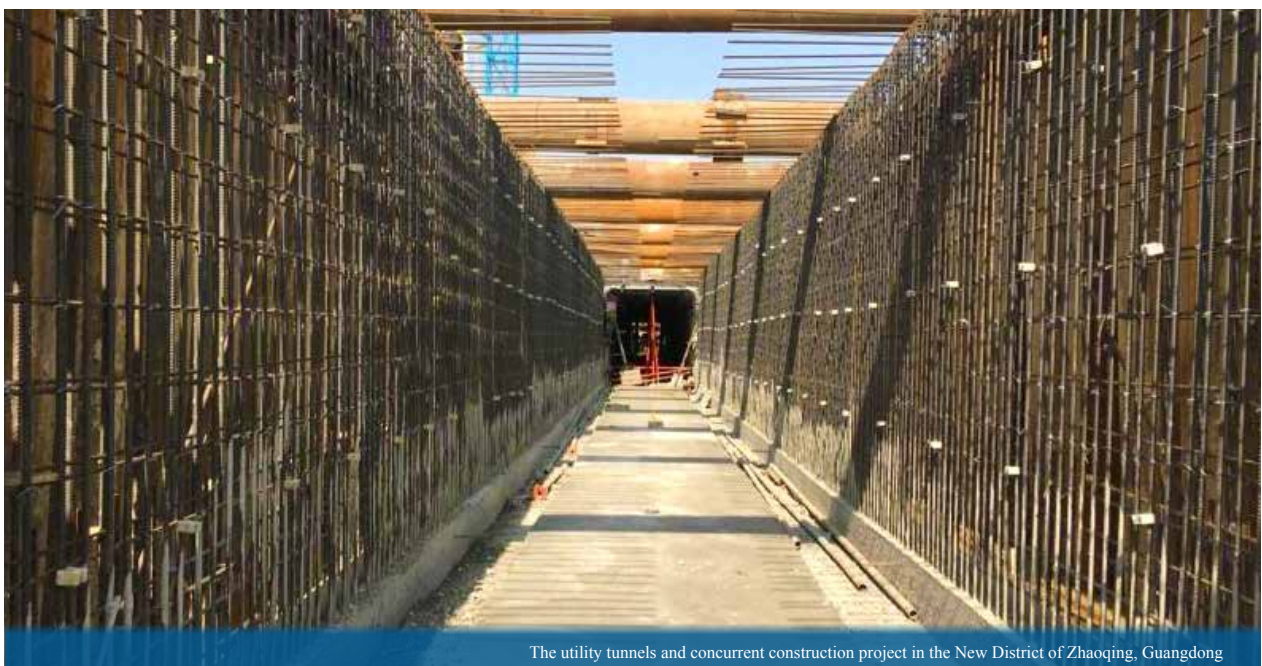
In the spirit of development finance, CDB encourages

- 1) relevant financial institutions to increase funding support to utility tunnel constructions;
- 2) banks to provide medium- and long-term funding support to utility tunnel projects on condition that risks are properly managed and these projects are commercially sustainable.

Our Actions

By applying appropriate options including public-private partnerships (PPPs), government procurement of services, and evaluations through established processes and against established criteria, we assisted the local governments in planning the construction and operation model, financing model and loan tenures, and provided medium- and long-term loans to facilitate the construction of utility tunnels.

At the end of 2016, cumulative loan commitments for urban utility tunnels across China were RMB61.152 billion.



The utility tunnels and concurrent construction project in the New District of Zhaoqing, Guangdong

Sanya's Urban Construction Phase I project is a key component of the pilot city's efforts encompassing city repair, ecological restoration, sponge city, and utility tunnel construction, aiming to improve its ecological environment and urban landscape. CDB committed RMB2.6 billion in funding, and the balance was RMB600 million at the end of 2016.

《《The water quality is getting good. No wonder the egrets are coming.》》

——Zhang Gaoli, member of the Standing Committee of the Political Bureau of the CPC Central Committee and vice premier of the State Council, during his inspection of the Sanya River in May, 2016





Case

Perpetual financing in support of rail transit constructions

Xuzhou Rail Transit is one of the first exemplary PPP projects approved by the Ministry of Finance and carried out in Jiangsu. In 2016, CDB committed to providing funding support to the Line 3 construction project of Xuzhou Rail Transit, which eventually adopted BOT model, and introduced the “perpetual financing”, an innovative solution that is inspirational for both the PPP approach and the market building of urban rail transit systems.



»» Distinct and Unique Towns

Developing towns that are distinct and unique for their resources and potentials, their locations and cultural heritage is not only one innovative field in the new urbanization, but also a major initiative to drive industrial integration and upgrade and promote the supply-side structural reform. In 2016, the Ministry of Housing and Urban-Rural Construction, National Development and Reform Commission, and Ministry of Finance jointly proposed to build 1,000 distinct and unique towns in China by 2020, and have already identified the first group of 127 targets in October 2016. CDB draws on its innovative financing advantages to support the development of these towns, and promote their long-term sustainable growth through investments to improve local infrastructure and public facilities, and by helping channel public service resources, including quality education and medical care, to medium and small cities as well as small towns.

Case

Ancient town takes on a glorious new life

Puyuan, located in Tongxiang City, Zhejiang, one of the five vintage towns in Southern China during Ming and Qing Dynasties, is renowned for land of honey and milk and land of blossom. Its well-preserved streets and houses can trace back over nearly 900 years. Puyuan is also a target identified by the Ministry of Housing and Urban-Rural Construction. In 2016, CDB adopted a new approach that combined government purchase and additional capital contributions from shareholders to support the tailored upgrade of Puyuan’s central scenic district, an endeavor to drive synergies between the government and local enterprises to promote industrial integration and upgrade as part of the tourism industry development.



» Industrial Transformation and Upgrade

In 2016, we made steady and active efforts to promote the optimization and upgrade of traditional industries, while reducing new loans to global over capacity industries. As part of our commitment to support the state's innovation-driven development strategy, we increased our investments in the strategic emerging industries and modern service industries.

- With top priority placed on planning, we actively took part in the formulation and study of the state's major industrial strategies and plans, comprehended industry trends and regulatory requirements, so as to more effectively delivered the task of cutting overcapacity and reduced lending to over capacity industries

● RMB **38.6** billion
reductions in loans to the coal industry

● RMB **33.4** billion
reductions in loans to the steel industry

- Actively explored new channels and options, including multifaceted innovations in financial products, financing solutions, management practices and executions, in order to meet the individualized needs of strategic emerging industries for financial services
- Adhered to the opening-up strategy, and drove strategic emerging industries to become fully engaged in the open economy system and international competitions

● RMB **236.8** billion
loans to strategic emerging industries in 2016





»» Strategic Emerging Industries

Strategic emerging industries are cradles of technological innovations and engines for driving China's economic transportation and upgrade. In 2016, we made diligent efforts to identify ways in which development finance could support strategic emerging industries and cultivate new economic growth opportunities. Our funding not only fueled the industrial development for integrated circuit, flat panel display, aircraft equipment, and shipbuilding, among other industries, but also underpinned a host of key innovation projects in the technological industry, including the memories project of Yangtze River Storage Technology and Inspur's cloud computing center.

Case

Unmanned terminal adds new power to international shipping

Xiamen Ocean Gate Container Terminal, located within the Xiamen Haicang Free Trade Port Area, is the first fourth generation unmanned fully automated container terminal in the world. Powered by electricity, the terminal reduces energy consumption by more than 25% and also carbon emission by more than 16%, as compared with traditional terminals.



» Technological Start-Ups and Innovative Enterprises

Technological innovations are characterized by high investments, high risks and high returns, and it is common for technological start-ups to face difficulties in accessibility to financing and cost. We take upon ourselves to explore investment and financing solutions most appropriate for Chinese technological start-ups, including conducting pilot programs that combine investments and loans, and formulating and improving relevant business management rules and procedures.

In 2016, by combining loans and equity investments, the Bank provided solid support to projects including Beijing Rechsand Ecological Environment Protection, Tianjin Jiuri New Materials, Shanghai ZM Logistics, Rogrand of Wuhan, and Huada Automotive Technology of Shaanxi. For a combined funding of RMB196 million, RMB137 million had been made available. The Bank thus took the lead in launching the pilot programs in China and covering all target areas within the pilot programs.

Case

The first combination of loans and investments pilot programs launching in China

On 25 November 2016, CDB and Beijing Rechsand Ecological Environment Protection, a lead technological start-up in Zhongguancun, Beijing, entered into a combination of loans and investments, and RMB30 million in investments and RMB30 million in loans were made available on the very day to assist the start-up in its R&D in green and recyclable products, marking the successful launch of China's first combination of loans and investments project in support of a technological start-up.



Case

Timely loans aid the robust growth of small- and medium-sized enterprises

In 2016, Henan Branch joined force with the Financial Services Office of Luoyang City and Luoyang SMEs Asset Management Company to offer the first-ever working capital loans to SMEs which are start-ups or engaged in innovative undertakings, or those focusing on fields such as poverty alleviation, agriculture, pensions, and to provide funding aid to ease their temporary working capital strains, a highly beneficial initiative in safeguarding the robust sustainable development of local SMEs.





» The Belt and Road Initiative

The goal of sustainable development is to achieve common prosperity of all humanity, and it is also the inherent proposition of the Belt and Road Initiative building a community of “common destiny”. As a leading bank for the Belt and Road Initiative, we have stepped up efforts in increasing cooperation in studies and planning with countries along the Belt and Road routes, driving the progress of major projects and constructions, and expanding room for bilateral and multilateral cooperation, so as to bring the benefit of development finance to more countries and regions.

CDB's Support

- Directed funding support to promote China's cooperation with countries along the routes, especially in key areas such as infrastructure connectivity, production capacity cooperation, equipment manufacturing, and overseas industrial parks
- To optimize its overseas service networks, the Bank set up a representative office in Vientiane, Laos. In order to provide efficient and secure funding channels, the Bank entered into correspondent banking relationships with more than 170 banks in countries along the routes.
- Compiled China's first Report on the Legal Risks of Countries along the Belt and Road to establish country by country legal risk assessment criteria

● USD **12.6** billion
loans to support the Belt and
Road Initiative in 2016



China-Belarus Industrial Park Project

» Greater Efforts in Research and Planning

Placing top priority on planning, CDB has established a three-year rolling mechanism for the Belt and Road Initiative plans, and issued the guidelines for supporting the launch of major Belt and Road Initiative projects. Intensive policy studies in different dimensions and levels have been conducted, including regional planning, project planning, and country by country planning, and major planning have been developed, as a solid basis of insights for future efforts, for China-Pakistan Economic Corridor, Bangladesh-China-India-Myanmar Economic Corridor, and China-Mongolia-Russia Economic Corridor, among others.

»» Driving the Progress of Major Projects

By drawing on the potentials of the Belt and Road Initiative and major international undertakings to drive cooperation and actions, stepping up strategic planning and management of business activities, and identifying and focusing on opportunities in energies resources, infrastructure connectivity, production capacity cooperation, economic and trade cooperation zones, and financial cooperation, CDB made concrete contributions in promoting solid progress of the Belt and Road Initiative and other major international undertakings, in addition to providing fundings to local economic development and regional cultural exchanges.

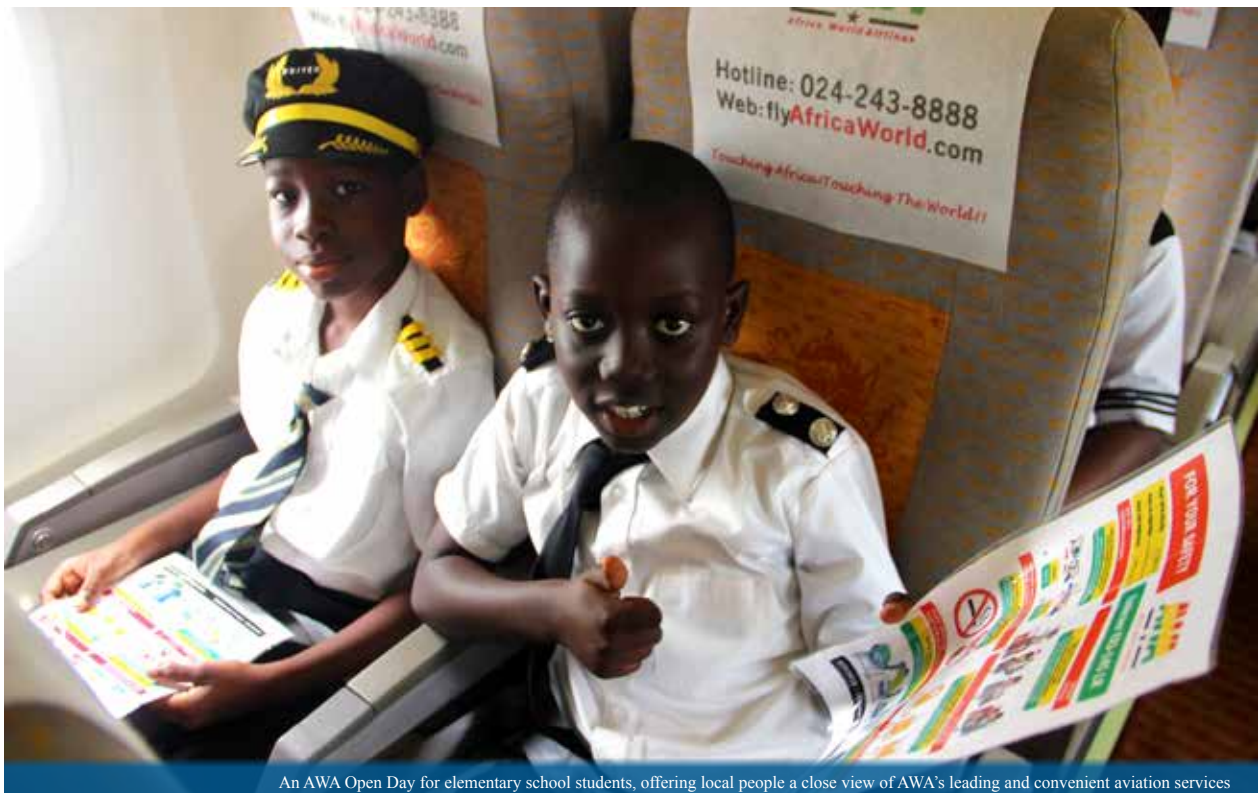
We continue to explore options of how best green lending may contribute to major international project constructions, and are determined to incorporate sustainability in international cooperation, and embed green lending provisions in financing agreements so as to impose binding social and environmental obligations on both parties in a financing transaction. Upon signing a contract for a Belt and Road Initiative project or any major international project we maintain a whole life-cycle supervision and control over the project to ensure the project does make solid contributions to promoting local economic development, meeting the needs and expectations of local people, and complying with environmental protection laws and regulations as well as local social conventions.

Case

New power to drive the development of African countries

“This company is pretty new. But since I heard that Chinese enterprises were involved in its management and operations, I am at ease with the safety of its flights.” This airline as referred to by Ghanaian businessman Appiah is Africa World Airlines (known as AWA), jointly funded by the CAD Fund, HNA Group, SAS Finance Group of Ghana, and the Social Security and National Insurance Trust (SSNIT), and it is the first overseas air transport investment project of the Chinese civil aviation industry.

Since its opening for business, AWA has maintained an outstanding record in flight safety, and as its market share continues to expand, it has provided a huge relief to the aviation capacity strain in western Africa, offering a new option of safe, convenient and high-quality experience to African travelers. In 2016, AWA became the first Chinese funded overseas airline to receive the IATA Operational Safety Audit (IOSA) from the International Air Transport Association (IATA). The Ghanaian president believed that the operation of this airline not only facilitated the travelling of the local people, but injected new life into the economic development of the country, providing new power that would enable Ghana to improve its investment environment, attract foreign investments, and drive the growth of associated industries.



An AWA Open Day for elementary school students, offering local people a close view of AWA's leading and convenient aviation services



»» Expanding Bilateral and Multilateral Cooperation

In 2016, we employed various means and methods to help improve the growth capability of our partner countries, and reach out to and connect the people along the Belt and Road. Greater efforts were made to expand and deepen cooperation with other banks of Shanghai Cooperation Organization Interbank Association, China-ASEAN Interbank Association, and BRICS Interbank Cooperation Mechanism. The Bank also hosted several multilateral conferences, notably the Long-Term Investors Club (LTIC) Steering Committee meeting and the D20 Annual Conference, and launched the 2nd Investing in Africa Forum (IAF) and the Investing in Africa Think Tank Alliance (IATTA) with the World Bank. In the past year, CDB organized 20 bilateral and multilateral training programs for countries along the Belt and Road, attracting 903 participations, and provided subsidies to 98 foreign students from 18 countries to study in China.

Case

The first overseas infrastructure development platform

In August 2016, a plaque unveiling ceremony was conducted to mark the foundation of China Overseas Infrastructure Development and Investment Corporation Limited (COIDIC), China's first overseas infrastructure development platform. COIDIC, funded by CAD Fund as the lead sponsor, has a total capital of USD500 million, and as China's largest overseas infrastructure development platform. Its purpose is to increase mutually beneficial cooperation in infrastructure constructions between China and African countries, and enhance Africa's sustainable development capabilities.



Challenges

“ We resolve to combat inequalities within and among countries; to build peaceful, just and inclusive societies. ”

—United Nations, *Transforming our World: The 2030 Agenda for Sustainable Development*

“ Inclusive development is an essential requirement of socialism with Chinese characteristics. We strongly hold on to the philosophy that development for the people, by the people and to the benefit of all the people, and develop better systematic structure so that the general public enjoys a stronger sense of reward in the course of economic development and distribution, which also increases motivation of development and unites our people to steadily advance to the goal of common wealth and well-being. ”

—Outline of the 13th Five-Year Plan for the National Economic and Social Development of China

Actions

“ The Bank is an active supporter of people-centered new urbanization, including support for promoting the development of the Western China and the new round of reviving the old industrial bases in the Northeast, identifying new solutions in support of the coordinated development of the Beijing-Tianjin-Hebei Region, fueling the development of the Yangtze River Economic Zone, and implementing preferential credit policies for Tibet and Xinjiang. ”

—Hu Huaibang, Chairman of China Development Bank, *Draw on Development Finance to Promote Sustainable Development*

Social equitability is a key principle as well as the purpose in our pursuit of economic and social development. As CDB committed to strengthen China's competitiveness and improve people's livelihood, it makes continued efforts in supporting rural renewal projects, helping underprivileged people to fight poverty and improve their livelihood, guiding coordinated regional development, contributing to disaster aid and relief causes, so as to help make a inclusive, equitable and sustainable development.





Social Equitability

44 Urban Renewal

46 Balanced Regional Development

49 Disaster Aid and Relief

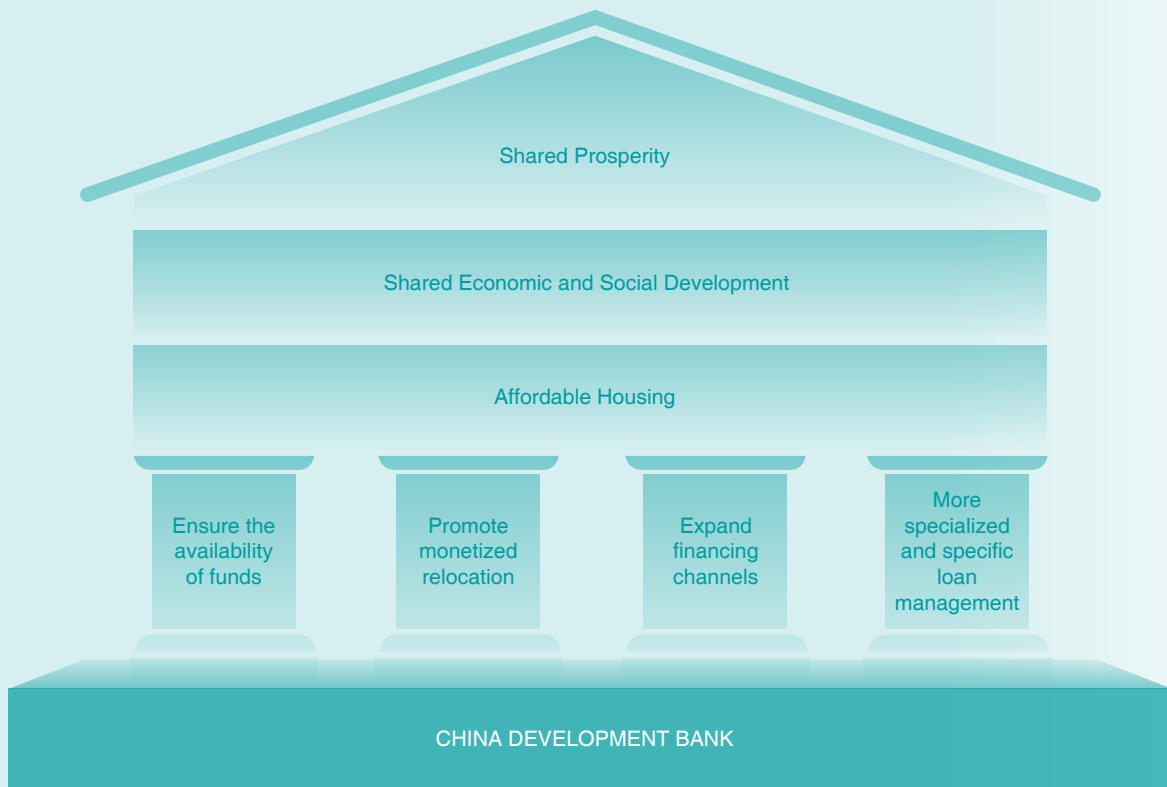


» Urban Renewal

Adequate housing is imperative for people to fully commit to their work and live a cozy life. As a major funding source for urban renewal projects, we continue to improve the availability of funds, increase funding to top target regions and those particularly tough regions, promote the reduction of marketable housing, and enable more pre-renewal dwellers from owners of affordable housing units to owners of even good-quality housing units, so that more people will be able to enjoy the benefits of economic and social development.



Presidents Zheng Zhijie onsite to inspect the Beiliang urban renewal project in Baotou, Inner Mongolia



At the end of 2016, the cumulative total of urban renewal loans was RMB **2,527.5** billion, helping improve housing condition for more than **18** million households.



Ensure sufficient funding for urban renewal

- Aligned the funding with the local three-year urban renewal plans
- Increased commitments to urban renewal projects in priority regions, including forest regions, reclamation regions, SOE residential districts, and coal mining subsidence regions

Promote monetized relocation programs

- Set out clear requirements for monetized relocation programs in renewal projects
- Developed and implemented localized solutions, and aligned monetized relocation with efforts to reduce surplus housing
- Disbursed relocation loans of RMB543.5 billion to enable the market to absorb more than 700,000 housing units, or 65 million square meters of floor space

Expand financing channels for urban renewal

- Deepened cooperation with local governments and promoted government purchase of services
- Promoted urban renewal asset-backed securitization products, and have issued 3 urban renewal ABS products for RMB21.8 billion
- Led syndication efforts, and explored options to engage more financial institutions, including insurance companies, to support urban renewal

Improve more specialized and specific loan management for urban renewal

- Enhanced the evaluation and approval of renewal loan origination and disbursement, and ensured the loans are used for the approved purposes
- Developed effective disbursement plans and optimized the fund disbursement and management processes
- Ensured the quality of renewal loans and maintained an NPL-free record

Case

Innovative solutions for SOE residential district urban renewal projects

The residential urban renewal project for Guangdong Rising is the first project in Guangdong funded by CDB through the SOE residential renewal financing solution, and it has created huge social benefits after delivering 10,336 affordable housing units to resolve the housing difficulties of nearly 10,000 needy employee households of the state-owned enterprise and greatly improve their living conditions. CDB committed RMB2.355 billion loans in this RMB3.658 billion project. The successful financing of this project has paved the way for financing other SOE residential urban renewal projects in Guangdong for 38,000 households and with a funding need of nearly RMB8 billion.



»» Balanced Regional Development

Coordination is an inherent need for sustainable robust development. We aim to help promote a balanced development in China and build a moderately prosperous society that will benefit more than 1 billion people. To this end, we endeavor to find the optimal balance between urban and rural areas, between the eastern and western regions, and between emerging economic zones and old industrial bases.

Funding in support of coordinated regional development

● RMB **1,250.3** billion
loans to mid-western regions

● RMB **178.2** billion
loans to old industrial basis in the Northeast

● RMB **486** billion
loans to Beijing-Tianjin-Hebei Region

● RMB **886.4** billion
loans to the Yangtze River Economic Zone

● RMB **58** billion
loans to aid development in Xinjiang

● RMB **27.2** billion
loans to aid development in Tibetan regions

»» Balanced Development in the Beijing-Tianjin-Hebei Region

With a clear understanding of the functional propositions of the Beijing-Tianjin-Hebei region, and by focusing on transport system integration, ecological and environmental protection and industrial upgrade and transformation, CDB adopts a comprehensive approach in prioritizing and allocating its resources and leveraging its development finance advantages to support technological innovations, resources and energy availability, poverty alleviation and internal and external opening-up, so as to underpin the balanced development of the Beijing-Tianjin-Hebei region.

Restructuring and streamlining of functions

Offload Beijing's non-capital functions, and resolved Beijing's metropolitan problems

- Supported the construction of Beijing's sub-center with cumulative lending of RMB **29.3** billion

Transport system integration

Build a multi-hub, grid-structured and full-coverage transport network based on rail transit

- Set up the Beijing-Tianjin-Hebei Transport Integration Task Force, and established the "1+3" model for cooperation between the head office and branches
- Provided RMB **52.68** billion in loan commitments for 9 highway construction projects in the transport system integration plan in Beijing-Tianjin-Hebei region
- Provided RMB **44.35** billion in loan commitments for 3 railway projects, including the Beijing-Zhangjiakou line
- Provided loan commitments of RMB **14.3** billion for eight rail transit lines in Beijing; RMB **62.9** billion for rail transit projects in Tianjin; and RMB **8** billion for rail transit projects in Shijiazhuang

Industrial upgrade and transformation

Promote the accelerated industrial upgrade and transformation, and help build industrial clusters with not only strong local footing but national and international presence

- Entered into an "investments+loans" contract with Beijing Rechsand Ecological Environment Protection to deliver the first project in China funded with a combination of investments and loans
- Provided RMB **7.435** billion loans to help industrial upgrade and transformation in Tianjin region, with a loan balance of RMB **12.911** billion
- Provided RMB **10.31** billion in funding support to promote industrial upgrade and transformation in Hebei



»» Revival of the Old Industrial Bases in the Northeast

In delivering our commitment to assist the economy of Northeast China to revive and move up, we faithfully implemented the latest strategic arrangements of the central government for revival of the Northeast, and continued to increase our efforts to pursue this end, including stronger and deeper cooperation with government agencies and local governments, greater support in funding and financial expertise and information, unflagging focus on key areas and weak sectors critical in the revival of the Northeast, and adoption of innovative financial services and solutions to ensure the availability of funds to these key areas and key projects.

Greater alignment of policies

- Focusing on urgent and tough issues faced by the development of the Northeast, CDB continued to strengthen high-level communications, explored new options for funding and financial expertise, and drove forward the implementation of the latest strategic revival arrangements
- Worked with government agencies, including National Development and Reform Commission, to conduct special studies, improved the alignment between policies and measures for planning, project implementation and financing to conduct PPP pilot programs
- Worked with relevant government agencies to issue guidelines and implementation plans, so as to more effectively drive the reform and development of old industrial bases in industrial transformation, private enterprises, and cultivation of talents, among other areas
- Deepened cooperation with Heilongjiang, Jilin, Liaoning and Inner Mongolia, including the signing of the Framework Agreement for Cooperation with the Pilot Province in Nationwide Comprehensive Utility Tunnels Constructions with the Ministry of Housing and Urban-Rural Construction and Jilin provincial government

More efficient resource allocation

- Placed top priority on meeting the funding needs of urban renewal, railway, highway, public infrastructure, rail transit; utility tunnels, petrochemical, water resources, among others
- Took various measures to ensure funding supply and facilitated the progress and delivery of projects, including large-amount pre-approval for projects of strategic plans, facilitating PPP projects, and organizing syndication loans
- Expanded funding channels through trusts, bond underwriting, *Yinzhengzhai* (a mechanism through which the Bank works with securities companies to issue debts), *Yinzhengxin* (a mechanism through which the Bank worked with securities companies to issue loans or provide financing through trust plans), among others

Innovative financial services

- Proposed to Jilin provincial government to set up an FOF to channel funds specifically to support the reform of the three designated provincial SOEs
- Assisted Liaoning to build the strategic base and core cluster for high-end equipment and smart equipment manufacturing industries. Compiled the Systematic Financing Plan for China-Germany Equipment Manufacturing Industrial Park in Shenyang in order to promote the building of industrial parks

Case Help Shenyang Machine Tool go global

During the 13th Five-Year Plan Period, as part of the efforts to deepen comprehensive cooperation and partnership between industrial groups and financial groups, our Liaoning Branch committed to providing all-round support to Shenyang Machine Tool (Group) in its technological upgrade and innovation, industrial chain enhancement, and mergers and acquisitions, among others. One of the top priority in this partnership was to help the group implement the model characterized by R&D in Germany, made in China, and sold around the globe, a goal to be achieved by helping the Group build its overseas sales channels, develop its international marketing platform and service system based on the Internet Plus strategy, and promote the export of its high-end pre-assembled equipment, high-end machine tools, and high-tech equipment, among other lead products. Working with CDB, Shenyang Machine Tool has strengthened its R&D capability with global reach, and was recognized as one of the China's Top Ten Innovative Enterprises.



»» Balanced Development of the Mid-Western Regions

We leveraged our unrivalled position as a leading bank for medium- and long-term financing capabilities and comprehensive financial services, so as to build diverse financing channels and talent retaining system, in support of the rise of the central regions and the development of western regions and assist Xinjiang and regions with predominant Tibetan populations to achieve the goal of a moderately prosperous society in all aspects.

Aid to regions with predominant Tibetan populations

- Signed the cooperation memorandum for the 13th Five-Year Period with Tibet
- Issued *The Guidelines of China Development Bank regarding the Application of Development Finance to Support Tibet's Development in the 13th Five-Year Period*, and take various measures to further increase support to Tibet's economic and social development in the 13th Five-Year Period, including prioritized allocation of resources, differentiated credit policies, and pricing policies
- Placed top priority in various fields, including infrastructure, basic and pillar industries, urban renewal, poverty alleviation, and education loans

Aid to Xinjiang

- Signed the cooperation memorandum for the 13th Five-Year Plan Period with Xinjiang, and *The Cooperation Agreement for Financing Poverty Alleviation Initiatives in Southern Xinjiang* with the Xinjiang State-owned Assets Supervision and Administration Commission
- Placed high priority on supporting major projects in Xinjiang, including its expressway networking project and the upgrade and expansion of Urumqi airport



The Xinjiang Fuli Zhenlun Spinning Company funded by CDB with an annual spinning capacity of one million spindles will create about 1,600 jobs for local people upon its completion



» Disaster Aid and Relief

Disasters could happen unexpected, but caring people are always ready to lend a hand. When natural disasters such as typhoons and earthquakes happen, we are always among the first to take actions and activate our disaster response mechanisms as we work closely with the Ministry of Civil Affairs and other agencies or organizations, stay on top of the state of affairs as well as the disaster aid and relief needs, and ready ourselves with emergency loans, so as to help the affected people and areas to overcome the difficult time. In 2016, our emergency loans amounted to RMB13.84 billion.

Emergency loans issued in 2016

Type of emergency	Region(s)	Amount (Million RMB)
Floods	Anhui, Hubei, Jiangsu, etc.	9,950
Typhoons	Ningbo, Guangdong, Fujian, etc.	2,590
Droughts	Inner Mongolia, Qingdao, etc.	600
Winds and hails	Jiangsu	400
Mud-rock flows	Qinghai	300

Case Timely relief for the drought

In the summer of 2016, Hulunbuir was hit by a prolonged two-month drought, which caused severe loss of moisture content in the soil, large areas of the grasslands to wither, and locust pestilence in certain regions. During this critical period, Inner Mongolia Branch remained highly attentive to the situation, activated its disaster response plan in a timely manner, issued RMB200 million emergency relief loans, which delivered timely relief to the people of Hulunbuir.

Challenges

“Committed to green development, China will adhere to the basic national policy of resource conservation and environmental protection, follow a civilized development path that ensures increased levels of production, better living standards, and a sound ecology. China will pursue green development by promoting a green and low-carbon development model and lifestyle, actively addressing the climate change and protecting ecological system.”

—China’s National Plan on Implementation of the 2030 Agenda for Sustainable Development

Actions

“We will stay committed to green development and drive ecological civilization. We will focus on supporting key ecological protection efforts, including the prevention and remediation of air, water and soil pollutions. We will support the state’s efforts in building national reserve forest bases, promote the green, low-carbon and renewable solutions for economic development, including new energies and renewable energies, energy saving, environment protection, and modern agriculture, in order to improve the ecological robustness and sustainability.”

—Hu Huaibang, Chairman of China Development Bank, Draw on the Five Development Propositions to Guide the Practices and Activities of Development Finance

A good ecological environment is the most equitable public good and the most inclusive blessing for the well-being of the people. Facing the severe environmental challenges, we are dedicated in our pursuit of ecologically sustainable development, and staying green is always a critical component in fulfilling our social responsibilities, a key principle and criterion in carrying our lending activities, and a restraining force for our development efforts, as we support green, renewable and low-carbon solutions, promote green financing, adopt green practices, and promote ecological civilization.





Ecological Sustainability

52 Staying Green

53 Green Finance System

57 Green Office Solutions



» Staying Green

Promote ecological civilization

- Strengthened green lending capabilities, and established a comprehensive green lending implementation system
- Pooled credit resources to strongly support green, low-carbon and renewable economies

Promote clients' green development

- Assisted clients in taking active measures to minimize emissions of pollutants and prevent the pollution of soil and underground water
- Assisted clients in taking effective measures to protect the environment and biodiversity and prevent the destruction of major wildlife habitats, designated preservation areas and ecosystems in ecologically vulnerable regions

Promote self sustainable development

- Increased training on green lending and sustainable financial skills, and continuously improved the front-office people's capabilities in identifying environmental issues and risks as well as delivering quality credit services
- Maximized energy saving and minimized power consumption through green lighting, green office practices, reducing the consumption of water, electric power, natural gas, fuel and paper, and the emissions of greenhouse gases

● **52.52** million tons per year
energy saving equivalent to standard coal

● **131.25** million tons per year
reduction of the emissions of carbon dioxide

● **1.64** million tons per year
reduction of the emissions of sulfur dioxide

● **850** thousand tons per year
reduction of the emissions of nitrogen oxides

● **70** thousand tons per year
reduction of the emissions of amine oxides

● **700** thousand tons per year
reduction of chemical oxygen demand

● **292.62** million tons per year
water saving





» Green Finance System

We have incorporated green commitment, sustainability and win-win solutions as key hallmarks of CDB's business operations, and by increasing green financing and offering innovative and diverse green financial products, we strived to employ green finance to drive sustainable development and achieve an optimal balance between economic, social and ecological outcomes. The Bank was the largest lender in the banking industries to green development with a loan balance of RMB1,571.6 billion at the end of 2016.

» Building a Green Finance System

As part of our effort to build a green finance system, we undertake to establish and expand cooperation in planning and projects with government agencies and local governments, as well as cooperation with experts in different areas, continuously enhance our green lending rules and management practices, and heighten our green finance service capabilities.

Improving the rules and procedures of green loans

- Participated in the formulation of environmental policies, including *Green Lending Guidelines*, *Action Plan for Air Pollution Prevention and Remediation*, *Action Plan for Water Pollution Prevention and Remediation*, *Comprehensive Implementation of Extra Low Emission and Energy Saving Restructuring of Coal-Fired Power Plants Work Program*, etc.
- Formulated green lending rules and procedures, including *Decisions on Further Enhancement of Work relating to Green Lending*, and *CDB Interim Measures of Renminbi Green Bonds Management*
- Worked closely with National Development and Reform Commission, Ministry of Environmental Protection, Ministry of Industry and Information Technology, and Ministry of Housing and Urban-Rural Construction, among others, to engage in environmental protection and ecological planning and studies of the development and financing options for low-carbon ecological parks

Improving green lending capabilities

- Set up the Green Lending Task Force to develop interim measures for green lending management and other policies
- Improved the environmental efficiency evaluation system and green lending information system for all loan projects across the Bank to deliver systematic and IT-enabled environmental efficiency assessment for green lending activities
- Greater efforts in training on and promotion of green lending

» Focusing Credit Support on Key Areas

We work aggressively to optimize our resource allocation so as to better support renewable economies, air and water pollution prevention and remediation, energy saving and environmentally friendly industries, clean and renewable energies, green agriculture, and green transportation, as well as environmental initiatives that are closely linked to the daily life of the general public, including urban sewage treatment and non-industrial waste treatment. In 2016, RMB239.14 billion loans were made to support environmental protection, energy saving and emission reduction.

Industrial energy saving and emission reduction

- Exercised strict control over loans to high energy consumption and emission industries, reduced the size of loans to over-capacity industries, and supported R&D in energy-saving and environmental protection technologies and equipment

New and clean energies

- Supported the development of clean and renewable energies, including solar power and wind power, and the balance of loans to these industries was RMB402.4 billion at the end of 2016

Ecological protection and restoration

- Undertook comprehensive remediation of river regions, supported the development of modern agriculture, and contributed to ecological and environmental restoration of forest lands, lakes, deserts and mining regions

Waste treatment and pollution prevention and remediation

- Supported non-industrial waste treatment in urban and rural regions, and supported the construction of sewage pipeline networks

Case

Improve the water ecology to build eco-friendly city

The Follow-Up Project for the Comprehensive Remediation of East Taihu Lake (Qidu-Daquegang section of the Lake Rim Embankment) is one of the 172 national major water resource constructions, and by improving the water quality and ecology of the lake, strengthening interconnections of the water system, and upgrading nearby flood control infrastructure, the project played a key role in making the city a more eco-friendly place to live.





Case

Combination of forest lands and photovoltaic technology to lead new energy development

Chint Group's 200-megawatt photovoltaic surface power plant in Jiangshan, Zhejiang, is a demonstrative new energy project designed to promote the comprehensive development of the region and encompassing photovoltaic power generation, modern agriculture and ecotourism, and is also the largest power generation project in Eastern China aiming to take advantage of the forest lands and photovoltaic technology. With an annual power generation capacity of 200 megawatt-hours, the power plant will produce 4900 megawatt-hours of clean energy in its 25-year service life, and save 1.63 million tons of standard coal. The Bank has provided RMB212 million loans on this project.



»» Innovating Diverse Green Financial Products

Case

Innovative hybrid instrument that combined green debts, equity and loans

As the lead underwriter financing coordinator, CDB helped Wuhan Metro Group to successfully issue its medium-term notes that combined debts, equity and loans. The proceeds raised from the note issuance would be entirely used to support Wuhan's rail transport constructions and the repayment of green loans.



Case

Green fund to support the construction of the international tourism district

Anhui Branch has joined force with CDB Securities, China-Africa Xinyin Investment Management Co. and Huangshan Municipal Government to set up the Xin'anjiang Green Development Fund, the first cross-provincial-border fund in China dedicated to green purposes, with total capital contributions of RMB2 billion for the first phase of 8 years.

At the end of 2016, the first investment of 30 million had been completed and made to priority areas, including ecological remediation, environmental protection, green industry development, and cultural tourism. The Fund aims to effectively attract and channel private capital to support Xin'anjiang's environmental protection and ecological building effort, facilitate the construction of the international tourism district in Wannan of south Anhui, promote industrial transformation and green development, and shape the environmental protection and development approach to maximize social participation, diversity and long-term benefits.



Case

Underwriting of the first non-financial institution green bond

The wind power generation project of Century Concord Wind Power Investment Company (Concord Wind Power) is a key component in the new energy industry of Qinghai. In April 2016, Qinghai Branch helped Concord Wind Power issue China's first non-financial institution green bond through National Association of Financial Market Institutional Investors. The phase-one RMB200 million issuance is vital in expanding the funding channels for new energy enterprises in Qinghai as well as establishing Qinghai's status as a green development leader.





» Green Office Solutions

We adhere to green operation principles, and by continuously raising our staff's environmental protection awareness, striving to be more thorough and specific in our management and execution, and strictly implementing our energy saving and emission reduction solutions, we undertake to minimize our consumption of energies and our negative impact on the environment in our business operations.



1,046 video conferences to help reduced **24,852** tons of carbon dioxide emission

Reduction in consumption of **1.137** million sheets of A4 paper through paperless conference systems

RMB 1.05 million or approximately 30% in reduction of printing budget for large printing projects from the previous year



Implementing green office practices

Communications on green office concepts and practices

- Continued to elevate our people's energy saving and environmental protection awareness through various means and methods, including WeChat, posters, desktop wallpaper, and proposals

Promotion of energy saving green office practices

- Tightened control over and implemented quantitative monitoring over consumables, including electric power, water and paper
- Identified paperless office options to reduce budget for large printing projects and significantly cut down print-outs at the head office
- Strengthened expense management for office supplies and established strictly control over the scope and criteria for office supply purchases

Maximizing the utilization of office supplies

- Improved the proper and efficient allocation of office furniture and resources, and improved their functionality and adaptability
- Minimized waste, including extended usage of aging furniture and appliances and the proper disposal of retired and aging fixed assets

Challenges

“We are determined to mobilize the means required to implement this Agenda through a revitalized Global Partnership for Sustainable Development, based on a spirit of strengthened global solidarity, focused in particular on the needs of the poorest and most vulnerable and with the participation of all countries, all stakeholders and all people.”

—United Nations, *Transforming our World: The 2030 Agenda for Sustainable Development*

Actions

“CDB has significantly improved its operating, management and service capabilities, thanks to its unflinching endeavours in pursuing lean management, streamlining its processes and organizational structure, adhering to the principle of “Operate as One CDB, Deliver Customer Experience as One CDB and Deliver Services as One CDB”, providing diversified and comprehensive financial services, and cost-cutting and efficiency-improving.”

—Hu Huaibang, Chairman of China Development Bank

CDB always binds its own development with national strategies and people's interests. In pursuing of becoming a world-class DFI and providing sustainable support to China's economic and social development, we continue to strengthen partnerships with our stakeholders, including the clients, people and the communities, with a commitment to building a bright future together.





Partnerships

60 Client Services

62 Staff Development

66 Social Harmony



» Client Services

We are dedicated to serving our clients in good faith. By drawing on our advantages as a DFI, we provide diversified and comprehensive financial products and services to our clients around the globe, in order to achieve long-term win-win development.

94%
client satisfaction rate

» Comprehensive Service Platform

In order to comprehensively improve the client experience and the quality of our service, we sped up the development of e-banking as well as system upgrades, and expanded our call center functions to build a comprehensive service platform. In 2016, the 95593 Call Center received more than 650 thousands of various enquiry calls with an overall call completion rate of above 95% and a first call resolution rate of 99%.

E-banking

- Advanced the upgrade and promotion of the secure platform for e-banking
- Provided 33 thousand second-generation USB keys

95593 Call Center

- Strengthened the staffing of the Call Center and expanded the functions
- Delivered successful support to process education loan applications during the peak season

Enhancing service efficiency

- Pilot programs to reduce burdens and improve efficiency of account managers were carried out in Anhui Branch, Tianjin Branch, Jilin Branch, Hunan Branch, Chongqing Branch and Shaanxi Branch
- Simplified and streamlined the process for signing and changing contracts, enhanced job allocation and segregation for the supervision of loan origination and disbursement, optimized loan management report, and improved account-specific reporting
- Compiled the Fact Book on Key Points for Account Managers to clarify the rules and requirements for account management, facilitated account management activities, and concretely improved daily efficiency and performance

» Stepping Up Services to Group Clients

We strengthened the connections and interactions at the head office level, and entered into *Development Finance Cooperation Agreement* and *Strategic Cooperation Agreement* with 9 central group companies, including China Nuclear Engineering & Construction (Group) Corporation, China Communications Construction Group, State Grid Corporation of China and China Poly Group Corporation, as part of the Bank's effort to enhance its group client management and strengthen its comprehensive capability to deliver client services. At the end of 2016, our total cumulative loans to 123 central group companies amounted to RMB559.2 billion.



Case

Love through a Call — 95593 Call Center stepping up to help needy students

In support of the state's education loans, CDB's 95593 Call Center provided consultation to more than 8 million subsidized students from more than 2,000 counties and more than 2,700 higher education institutions around the country. From June to August in 2016, the Call Center adopted various improvements and measures to streamline services and ensure the quality of the hotlines, and completed 327 thousand enquiry and consultation calls in relation to education loans, delivering valuable support for education loan applications during the peak season.

China National Center for Student Financial Aid under the Ministry of Education presented a Love through a Call pennon to the 95593 Call Center in honour of its professional and warm services to the needy students. One secondee posted to the Call Center had this statement to make, "To do a good job in student aid requires us to not only promote the state's macro aid policies, but convey the message of care to each and every student in need. We aim at letting every student in need benefit from the aid policy."



Case

Focusing on civility and high standards to enhance client services

The Inner Mongolia Branch focused on civility and high standards to enhance client services and increased efforts in service innovation to elevate its competitiveness, as received wide praises from clients as well as interbank, including the Five-Star Banking Outlet in China in 2015 and Top 1000 Banking Organization in China Distinguished for Civilized and Exemplary Services in 2016.



» Staff Development

We place our staff first, and we take concrete actions to protect our employees' lawful rights and interests and strengthen our culture so that our people and the Bank share the same interests, the same cause and the same future.

98%
employee satisfaction rate

» Protection of Our Employees' Rights and Interests

Protection of our employees' rights and interests is always the top priority of our work, and we promote a democratic way of bank management and adhere to the laws in safeguarding our people's lawful rights and interests. We continued to optimize our recruitment practices, and offered strong compensations and benefits to attract the best people. By the end of 2016, we had a staff of 8,939 people, including 40.83% of women employees.

Basic rights and interests

- Optimized welfare safeguards and established rules for paid leaves
- Improved the rules for and the level of IT capability in support of better medical safeguards

Optimized democratic management

- Organized the employee representatives to deliberate the *Rules of China Development Bank for Management of Welfare Expenses and Interim Measures of China Development Bank for Prevention of Conflict of Interests in Employee Departure*, as part of the effort to establish and apply rules to protect our people's right to know, right to participate, and right to express themselves
- Collected 122 proposals for the third session of the Second Employee Representative Congress, covering business development, corporate culture, information management and training, among other aspects

» Career Development

We are committed to continuously enhancing the career development paths for our staff, streamlining procedures and refining the criteria for selecting and promoting managerial talents, and adopting innovative solutions and practices to make our HR management more effective. We continued to strengthen continual education and training so as to enhance the professional competence and comprehensive quality of our staff. In 2016, we released the *Decisions of China Development Bank on Deepening the Reform of Practices for Developing Managerial Talents*, as an effort to step up our work in cultivating managerial talents, and optimized the procedures and measures to our staff development as well as the cultivation, selection, management and supervision of the managerial talents.

Talents development measures

- Released the *Decisions on Further Strengthening Education and Training Activities* to fully launch our talent cultivation and development strategy
- Advanced our management trainee programs, including the first overseas exposure program for the management trainees
- Recruited various talents from campus and the society, including 71 Chinese overseas students from top schools and universities in the UK and the US to work as interns in the head office, branches, and subsidiaries
- Strengthened team building for international operations to ensure a strong pool of talents
- Launched the Quest Operation for cultivating our managerial talents and built reserves of future leaders for the long-term growth of the Bank



● **15,132** participations
in domestic training projects collectively
organized by the CDB head office

● **58,168** participations
in training projects organized by the
branches and subsidiaries

Case Staff development through skill competitions

In 2016, in light of the new trends and requirements faced by our urban renewal efforts, the Bank organized urban renewal competitions to encourage our staff to intensify study on relevant policies and operations, and enhance their comprehensive skills on urban renewal undertakings, so as to enable them to be better equipped for fulfilling the funding needs of urban renewal projects. In a contest with 111 contenders from 37 branches, Qingdao Branch and Hubei Branch came out as top team winners, 10 contenders emerged as individual winners, while Jia Jing, from Qingdao Branch, was presented the National Labour Day Medal of the Financial Sector onsite from the Chinese Financial Workers' Union.



Industrial Upgrade and Financial Innovation Training at the University of Michigan

»» Care for Our Staff

We stay attentive to what our staff feel and think, especially the living standard and needs of those who are going through a difficult time, the women employees and the retired cadres, as well as the well-being of those away from home. We organize various self-empowerment and social responsibility training programs and rich cultural and sports activities, so that our people can grow together with the Bank.



Senior management of Shenzhen Branch sharing quality time with young employees



Outward Bound with Challenges and Leisure



The Interdepartmental Cup basketball game



Women employees of Guangdong Branch taking part in the DIY Course for Fondant Cookies



Long March Once More: Remember How We Came to Be and Carry on the Mission – Hunan Branch looking back to look forward

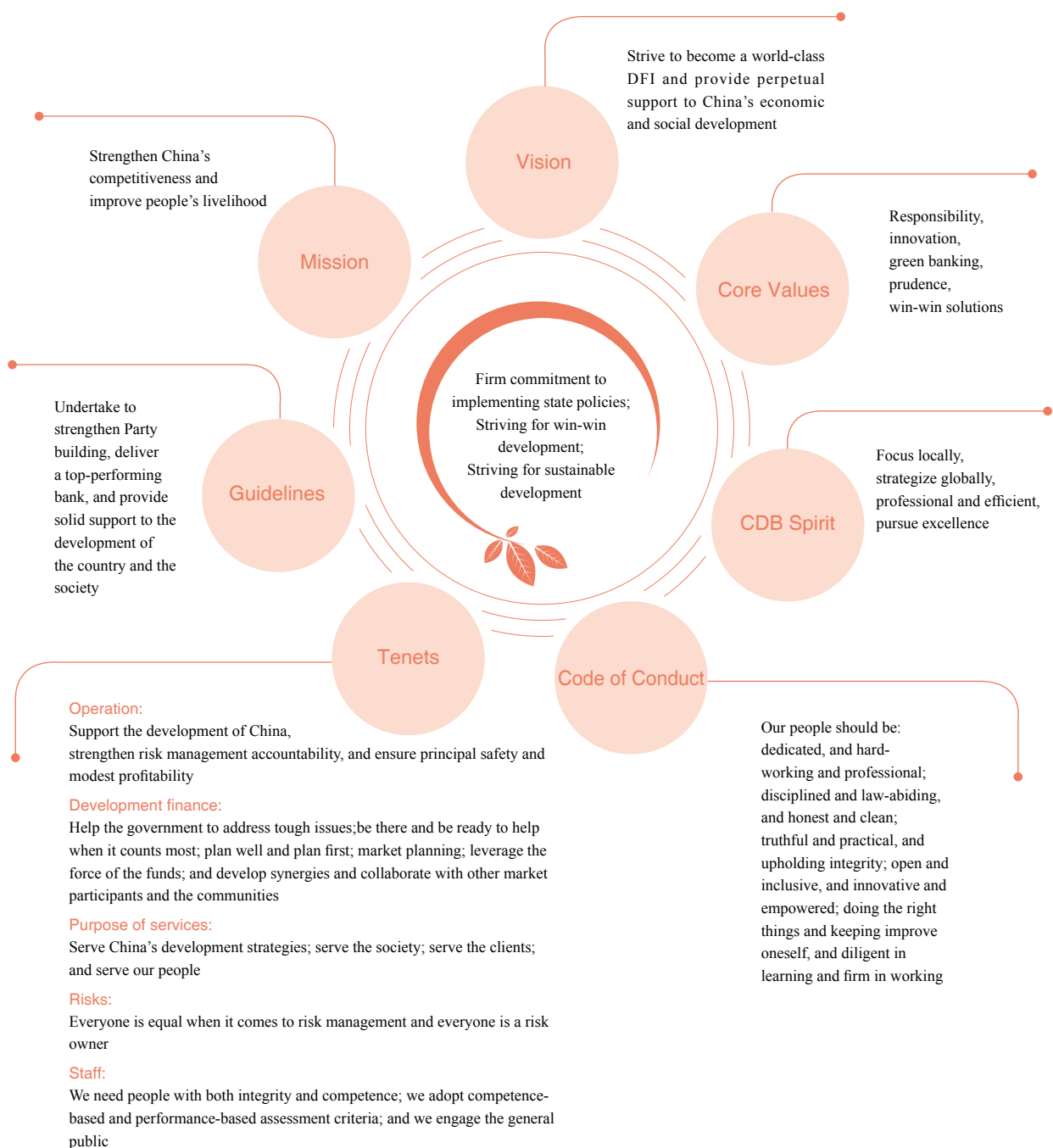


» Dedicated Cultural Building

Superior and distinct cultural genes are critical to the long-term success of an enterprise. In 2016, we released *CDB Culture Manual* to elucidate the Bank's cultural propositions, drive commitment and strength, and help us focus on building our future.

“Cultural building is a fundamental undertaking for CDB to drive commitment and strength as well as consolidate our core competitiveness. In this way, we ought to learn our culture by heart, live our culture in our daily activities, and let our culture nurture us and guide our behavior, so that it serves as the endless unfailing spiritual force that drives forward our reform and development.”

—Hu Huaibang, Chairman of China Development Bank



» Social Harmony

We are fully committed to the cause of public welfare and charities, and work closely with domestic and foreign stakeholders to promote social harmony. As part of our efforts, we founded the Youth Volunteers Association to strengthen the organization and management of public welfare activities. In 2016, our total donations amounted to RMB46.64 million.

RMB **46.64** million
total donation in 2016

» Grants and Donations

In 2016, we further increased our attention to our social and public welfare activities and made solid efforts to help build a firm foundation for a harmonious society, including encouraging our people to participate in various public welfare activities as much as possible, providing concrete support to their participations, and heightening their awareness, responsibility and ownership with respect to the communities as well as the society.

Case The donation and service platform and a giving culture

In order to further raise the awareness and participation of our people in public welfare and charitable causes, the Party Committee of the CDB took the lead in setting the 28th of June as the day of donation, and establishing a poverty alleviation and donation and service platform for the CDB head office units, in an attempt to call our people to commit to voluntary activities, become active givers and build a caring and giving culture. Through the donation platform, the units as well as individual staff members have donated a cumulative total of more than 3,200 pieces of clothing and 300 packages to underprivileged regions. Young employees were actively involved in organizing various thematic activities as well as maintaining the efficient daily operations of the donation and service platform, and participations in voluntary and charitable services numbered more than 260 in the past year.





We Walk Together: We Care in Ghana – A CAD Fund donation drive in Africa

Case

The Yellow Wristband brings seniors safely home

CDB joined force with China Population Welfare Foundation to launch the Yellow Wristband initiative, which, with a donation of RMB4 million and by distributing 3,680 free location-tracking yellow wristbands, aimed to help seniors suffering from Alzheimer's and their families to prevent them from getting lost.

In order to promote the Yellow Wristband Initiative, 6 feature events, including introductory workshops, voluntary medical consultation, and training for medical technicians and caregivers, were held in Beijing, Shanghai, Jinan and Qingdao, and volunteer professionals were also engaged to provide preventive prognoses and medical care for Alzheimer's disease to people from local communities, as well as share expertise and skills with front-line medical workers in relation to early detection of Alzheimer's disease, a tremendous efforts that benefited nearly 1,000 people.



»» Sharing and Transferring of Financial Knowledge

In order to share the knowledge on development finance to the people, we organized a wide variety of programs, including Financial Knowledge at Your Door and Financial Knowledge Promotion Month, and continued to enhance the mechanisms for ensuring the long-term effectiveness of our efforts in delivering consumer education and services, so as to bring finance to benefit more people.

We carried out the Financial Inclusive Operation in 71 counties in Wuling mountainous region, Gulin County in Sichuan, and Quannan County in Jiangxi to offer financial knowledge sharing and transfer sessions to local farmers and households. A total of 331 sessions of various financial knowledge sharing and training activities were organized and attracted approximately 180,000 participations, with 430,000 copies of various materials handed out and approximately 2,900 participations of local volunteers to support with volunteer services.

Our actions included:

- Posting slogans on counter windows, and creating posters and video programs
- Reaching out to townships and villages to promote financial awareness, focusing on the financial needs of low-income people and financially underprivileged people
- Promotional activities focusing on education loans
- Promotional efforts through the official website, special publications, WeChat and SMS, among others



Jilin Branch out to share financial knowledge and promote financial awareness



Shanxi Branch out to share financial knowledge and promote financial awareness



» Voluntary Services

In 2016, we further enhanced our practices for delivering voluntary services, improved the quality and performance of our voluntary work, and organized diverse and rich voluntary activities, all contributing to implanting the voluntary service concept in the hearts of our people.



Technology and Precision Make It Happen – an outreach program for the We Can Class of Cangxi Suburban Middle School in association with Jiangsu Zhongyuan Charity



Big Mountains and Big Dreams – an outreach R&D program on education and poverty alleviation



A young staff member from Shenzhen Branch teaching in a class as part of the poverty alleviation through education program in Shengli Village, Linjiang County, Heyuan City, Guangdong



Let's give and join hands to do better – an outreach effort of Ningbo Branch following the model of Lei Feng, a legend who lived for other people



Staff members of Dalian Branch reaching out to the children of migrant workers at Gezhenbao Central Middle School, Jingzi District, Dalian



We Care and We Make Winter Warmer – one of a series of voluntary poverty alleviation efforts from Tianjin Branch



Books with Love – from Hubei Branch



Better Environment and More Love – collection of used clothing by a team of young volunteers of Hainan Branch

Looking Forward

2017 is a decisive year for China's 13th Five-Year Plan, a year for the country to deepen the supply-side structural reform and one for the Bank to explore new solutions to support national strategies. We will play our role as a leading DFI, adapt to and stay current with and spearhead the economic New Normal, be open-minded and flexible in applying new methods to new issues, and make concrete contributions to the sustainable and robust development of the Chinese economy and society.

Continue to deepen reform and provide enduring drive force for our development. Starting afresh from the successful achievement of the Three-Step Reform Strategy, CDB will continue to further its reform efforts, actively explore ways to combine Party building and corporate governance, and further enhance the Bank's corporate governance. We will streamline the group organizational framework and business processes, as well as the organizational structure. Reform of the subsidiaries will be deepened to enhance their market-driven development capability and promote the growth both in intension and extension.

Focus on strategic priorities and help drive the supply-side structural reform to deliver concrete results. We will make every effort to support the poverty alleviation campaign, improve the rules and procedures and adopt innovative methods, and deliver the goals of lifting more than 10 million rural population out of poverty and the cross-regional relocation of 3.4 million poor population to improve their livelihood. We will continue to drive urban renewal efforts, including the follow-up constructions of urban renewal projects and the funding of urban renewal projects launched in 2017. We will apply ourselves to help revive the real economy, and focus on the state's key investment areas and the 165 major construction projects for the 13th Five-Year Period, as part of our ongoing role in sustaining growth and promoting structural reform through effective investments. In addition to promoting new urbanization and the balanced regional development, we will take a holistic approach in furthering the balanced development of the four major regional blocks (i.e. the eastern coastal region, the western region, the northeastern region, and the central

region) and three major strategies (i.e. the Belt and Road Initiative, the Yangtze River Economic Zone, and the Beijing-Tianjin-Hebei Region), and provide high-level support to the construction of Xiong'an New District.

Double efforts in innovation-driven development, and promote new industries and new economies. We will make active contributions to the innovation-driven development strategy, and strongly promote the development of strategic emerging industries. We will explore and cultivate new business growth points in priority sectors, including new-generation information technology, high-end manufacturing, biotechnology, green and low carbon industry, and digital innovation. We will increase studies of the state's industrial strategies and plans, so as to create synergies from the coordinated development of industrial chains and innovation chains, and to enhance the capability of strategic emerging industries to develop as an industrial cluster. As part of our commitment to innovation-driven development, we will continue to improve on the achievements we have gained in pilot programs combining investments with loans.

Undertake to serve the Belt and Road Initiative and build global partnerships. We will focus on infrastructure connectivity, production capacity cooperation, and trade and industrial cooperation zones of the Belt and Road Initiative, and apply our attention to priority regions, priority countries and priority projects to promote the concrete progress and delivery of a series of key strategic projects. By promoting cross-border RMB trades, we will help Chinese equipment, technologies, standards, and services to go outside China and establish their global presence. As part of our commitment to promote international cooperation and communications, we will actively participate in and contribute to global economic and financial governance, implement key agendas in global sustainable development, promote cooperation and mutually beneficial development by working together in discussions and negotiations, implementation and building, sharing the burdens, responsibilities, and the benefits, and bring the value of development finance to more countries and regions.

Appendices

» Key Data

1 Billion RMB, unless otherwise specified

Key performance indicators	2016	2015	2014
I. Economic indicators			
Total assets	14,340.5	12,619.7	10,317.0
Total loans	10,318.1	9,206.9	7,941.6
Non-performing loan ratio (%)	0.88	0.81	0.65
Allowance for loan losses to total loans	4.11	3.71	3.43
Debt securities issued	7,898.5	7,301.4	6,353.6
Capital adequacy ratio (%)	11.57	10.81	11.88
Net profit	109.7	102.8	97.7
Total shareholders' equity	1,162.7	1,070.3	680.8
ROA (%)	0.81	0.90	1.06
ROE (%)	9.82	11.74	15.63
II. Social indicators			
Balance with the railway industry	729.65	720.90	575.52
Balance with the power industry	821.66	783.12	773.59
Balance with the highway industry	1,576.97	1,559.51	1,387.76
Total loans to the central and western regions ¹	1,250.37	1,093.26	957.22
Total loans to the old industrial bases in Northeast China ²	178.21	203.28	195.09
Total urban renewal loans	972.51	750.89	408.60
Population benefiting from urban renewal loans (in 10,000s)	5,881.47	4,374.17	2,857.00
Urban renewal loans to central/western and northeast regions as a percentage of total urban renewal loans ³	64.81	62.05	-
Total cross-regional relocation loans ⁴	31.06	-	-
Total rural infrastructure loans ⁵	64.30	-	-
Total poverty alleviation loans to local industries ⁶	27.67	-	-
Total education loans	22.9	18.7	14.7
Students benefiting from the education loans (in 10,000 applications)	1,854.9	1,523.5	1,238.9
Total emergency loans ⁷	13.84	9.40	2.08
Total urban infrastructure loans ⁸	259.29	167.90	179.00
Total number of employees (persons) ⁹	8,939	8,838	8,723
Female employees as a percentage (%) ⁹	40.83	40.62	40.17
Public welfare donations (in RMB '0,000) ¹⁰	4,664	3,860	4,063
Employee satisfaction (%)	98	98	94

Key performance indicators	2016	2015	2014
III. Environmental indicators			
Percentage of projects subject to environmental impact assessment	100	100	100
Total loans to environmental protection, energy saving and emission reduction projects ¹¹	239.14	191.8	167.2
Balance of green loans ¹²	1,571.60	1,574.23	1,430.16
Electricity consumption per person at the head office (kwh/person) ¹³	14,509	13,876	14,525
Paper consumption per person at the head office (kg/person) ¹³	18.16	18.49	10.91
Water consumption per person at the head office (m3/person) ¹³	39.39	45.67	43.29
Client satisfaction (%)	94	96	95

- Notes
- 1 This refers to total loans in both RMB and foreign currencies made by branches in central and western regions. The central and western regions include Shanxi, Jilin, Heilongjiang, Anhui, Jiangxi, Henan, Hubei, Henan, Inner Mongolia, Guangxi, Chongqing, Sichuan, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, and Xinjiang.
 - 2 This refers to total loans made to projects located in the three provinces in Northeast China, namely, Liaoning, Jilin and Heilongjiang.
 - 3 This represents the urban renewal loans made to central, western and northeastern regions (including Shanxi, Inner Mongolia, Liaoning, Dalian, Jilin, Heilongjiang, Jiangxi, Henan, Hubei, Henan, Guangxi, Chongqing, Sichuan, Guizhou, Yunnan, Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang) as a percentage of urban renewal loans made to all regions in China.
 - 4 This represents loans provided for cross-regional relocation of registered underprivileged people and the concurrent relocation of non-registered underprivileged population.
 - 5 This represents the loans to rural infrastructure projects located in and designed to serve regions where the registered underprivileged population account for 10% or more of the total local population.
 - 6 This represents loans provided for agricultural development to registered underprivileged population or to projects which can help the registered underprivileged population with the poverty alleviation efforts.
 - 7 This represents loans made within one year (included) based on rapid response decision-making as part of the Bank's scope of business, and provided to local governments and critical enterprises and institutions to aid their efforts in managing emergencies before fiscal aid or relief becomes available or the afflicted enterprises or institutions can resume their normal productions and operations.
 - 8 This represents the loans for projects classified as Urban and Municipal Infrastructure Construction under the heading of Urban Construction, including urban railways, heating, natural gas supply, water supply, sewage treatment, public bus passenger transportation, taxi passenger transportation, passenger ferry transportation, flood prevention and control, urban landscape, environmental hygiene, municipal facilities, and greening management, among other municipal facility construction areas.
 - 9 This does not include employees of rural and township banks as well as subsidiaries.
 - 10 This represents the amount of actual cash donations to external causes made by the head office and the branches.
 - 11 This represents the sum of three major types of loans, namely, those made for comprehensive remediation of river and urban environment, those made to promote industrial pollution remediation and comprehensive utilization of resources, and those made in support of clean energy efforts and the ten energy saving projects.
 - 12 This represents the balance of loans to the 12 categories of projects as set out by China Banking Regulatory Commission (CSRC) in the Circular of CSRC General Office regarding the Reporting of Green Loan Statistics ([2013] No.185).
 - 13 This represents the average consumption per person of electricity, paper and water by full-status employees of the head office, and, in particular, the consumption of paper refers to the total consumption in the head office building of the Bank.

» Honours and Awards

Awards	Awarded by
People's Social Responsibility Award (11th consecutive year)	people.com.cn
2016 Special Contribution Award for Corporate Social Responsibility	www.xinhuanet.com
Most Socially Responsible Financial Institution of the Year	China Banking Association
Leading Enterprise in Achieving Sustainable Development Goals	United Nations Global Compact Network China
Best Corporate Responsibility Report	Chinese Institute of Business Administration
Best Practices in Overseas Communications	Beijing Rongzhi Corporate Social Responsibility Institute
Bank of the Year for Best Contribution to the Supply - Side Structural Reform	<i>Financial News</i> Institute of Finance and Banking of Chinese Academy of Social Sciences
Distinguished Financial Institution in Contributing to Poverty Alleviation in China	<i>Banyuetan</i> magazine
Best Performance in Syndication Loans	
Best Manager of Syndication Loans	China Banking Association
Distinguished Contributions to Great News in the Chinese Banking Sector	
A Rating from the Assessment of the Banks' Compliance with Foreign Exchange Administrative Rules and Regulations	State Administration of Foreign Exchange
Most Influential Bank in the Interbank RMB Market	China Foreign Exchange Trade System
Best Market Maker in the Interbank RMB Market	
Top ABS Sponsor	
Top Member of the Chinese Bond Market – Top Policy Bonds Issuer	China Government Securities Depository Trust & Clearing
Top Member of the Chinese Bond Market – Innovation in Bond Issuance	
Top Financial Services Institution	China Association of Small and Medium Enterprises
Institution of the Year for Distinguished Contributions to the Bond Market	<i>Financial News</i>
Innovative Institution of the Year in the Bond Market	
Banking & Financial Services In-House Team of the Year	Thomson Reuters ALB

» Independent Practitioner's Assurance Report

To the Board of Directors of China Development Bank

We have been engaged to perform a limited assurance engagement on the selected 2016 key data as defined below in the 2016 Sustainability Report ("the Sustainability Report") of China Development Bank (the "Bank").

Selected Key Data

We carried out limited assurance on the environmental indicators and social indicators in the table of key data in the Bank's 2016 Sustainability Report.

Our assurance was with respect to the selected key data in the 2016 Sustainability Report only and we have not performed any procedures with respect to any other elements included in the 2016 Sustainability Report or information in 2015 and earlier periods.

Criteria

The criteria used by the Bank to prepare the selected key data in the 2016 Sustainability Report is set out in the footnotes to the table of key data (the "basis of reporting").

The Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation of the selected key data in the 2016 Sustainability Report in accordance with the basis of reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2016 Sustainability Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

It is our responsibility to express a conclusion on the selected key data in the 2016 Sustainability Report based on our work.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Bank's 2016 selected key data in the 2016 Sustainability Report has been prepared, in all material respects, in accordance with the basis of reporting. Our work involves assessing the risks of material misstatement of the selected key data in the 2016 Sustainability Report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk.

Within the scope of our work, our work was performed at the Head Office and the following branches:

- Shandong Branch
- Jilin Branch
- Yunnan Branch

We performed the following procedures:

- 1) Interviews with relevant departments of the involved in providing information for the selected key data within the Sustainability Report;
- 2) Analytical procedure;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation; and
- 5) Other procedures deemed necessary.

Inherent Limitation

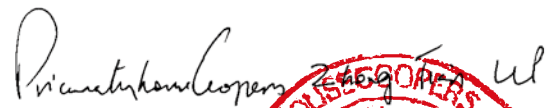
The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

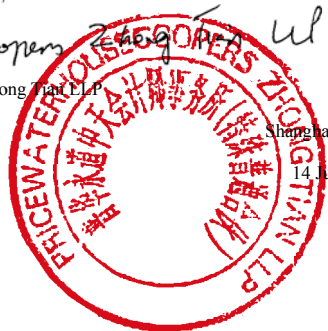
Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2016 selected key data in the 2016 Sustainability Report is not prepared, in all material respects, in accordance with the basis of reporting.

Restriction on Use

Our report has been prepared for and only for the board of directors of the Bank and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.


PricewaterhouseCoopers Zhong Tian LLP
Shanghai, China
14 July 2017



» The Ten Principles United Nations Global Compact

Ten principles of UNGC	Actions and results in 2016
Human rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	We comply with all applicable human rights laws and regulations in China and in regions where we operate, and maintain a 100% record in signing labour contracts with our people. We exercise democratic management and oversight, protect the legal rights and interests of our people, provide five basic insurances for our people, including endowment, basic medical insurance, unemployment, work injury, and maternity, and provide minimum compensations in excess of local minimum wage requirements where we operate.
Principle 2: make sure that they are not complicit in human rights abuses	We comply with all international conventions entered into or recognized by the Chinese government, and we honour the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and other conventions and declarations.
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	We have adopted effective employee representative systems and practices, and met all requirements for establishing labour unions across the Bank.
Principle 4: the elimination of all forms of forced and compulsory labour	We have eliminated all forms of forced and compulsory labour.
Principle 5: the effective abolition of child labour	We have abolished all forms of child labour within the Bank and its supply chains.
Principle 6: the elimination of discrimination in respect of employment and occupation	We adopt practices to ensure the use and selection of our people are based on fairness, equality, competitiveness and merit, and have eliminated discrimination against our people due to race, gender, national origin, age, disability, marriage; religion, culture, language, etc.
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges	We take initiatives to address climate challenges, including strong efforts in promoting green loans and building our green finance system.
Principle 8: undertake initiatives to promote greater environmental responsibility	We provide strong support to recyclable economy, prevention and remediation of air and water pollutions, energy saving and environmental industries, help promote green initiatives, including green agriculture and green transportation, and adopt green procurement and green office practices. In the past year, we provided RMB239.14 billion environmental protection, energy saving and emission reduction loans.
Principle 9: encourage the development and diffusion of environmentally friendly technologies	We support the development of clean and recyclable energies, including solar power and wind power, and the balance of our loans to new and recyclable energy industries amounted to RMB402.4 billion.
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	We continue to increase efforts in improving our systems for preventing and punishing corruptions, organize education and training programs to promote ethics, increase the cleanup of business bribes, and heighten our capability to maintain compliant and transparent operations.

» Mapping of Global Reporting Initiative G4 Indicators

General Standard Disclosures				
Category	No.	Description	Status	Notes
Strategy and analysis	G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Adopted.	
	G4-2	Provide a description of key impacts, risks, and opportunities.	Adopted.	
	G4-3	Report the name of the organization.	Adopted.	
	G4-4	Report the primary brands, products, and services.	Adopted.	
	G4-5	Report the location of the organization's headquarters.	Adopted.	
	G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Partially adopted.	
	G4-7	Report the nature of ownership and legal form.	Adopted.	
	G4-8	Report the markets served.	Adopted.	
	G4-9	Report the scale of the organization.	Adopted.	
	Organizational profile		Report the total number of employees by employment contract and gender.	
		Report the total number of permanent employees by employment type and gender.		
		Report the total workforce by employees and supervised workers and by gender.		
G4-10		Report the total workforce by region and gender.	Partially adopted.	
		Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.		
		Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).		
G4-11		Report the percentage of total employees covered by collective bargaining agreements.	Not adopted.	
G4-12		Describe the organization's supply chain.	Not adopted.	
G4-13		Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Adopted.	
G4-14		Report whether and how the precautionary approach or principle is addressed by the organization.	Adopted.	
Identified material aspects and boundaries	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Adopted.	
	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization holds a position on the governance body; participates in projects or committees; provides substantive funding beyond routine membership dues; and views membership as strategic	Adopted.	
	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents.	Adopted. See the annual report.	
		Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.		
	G4-18	Explain the process for defining the report content and the Aspect Boundaries.	Adopted.	
		Explain how the organization has implemented the Reporting Principles for Defining Report Content.		
	G4-19	List all the material Aspects identified in the process for defining report content.	Adopted.	
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	Adopted.		

General Standard Disclosures					
Category	No.	Description	Status	Notes	
Identified material aspects and boundaries	G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Adopted.		
	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Not available.		
	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Not available.		
Stakeholder Engagement	G4-24	Provide a list of stakeholder groups engaged by the organization.	Adopted.		
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Adopted.		
	G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Adopted.		
	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Adopted.		
	G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Adopted.		
Report Profile	G4-29	Date of most recent previous report (if any).	Adopted.		
	G4-30	Reporting cycle (such as annual, biennial).	Adopted.		
	G4-31	Provide the contact point for questions regarding the report or its contents.	Adopted.		
	G4-32	Report the 'in accordance' option the organization has chosen.	Adopted.		
		Report the GRI Content Index for the chosen option.			
	G4-33	Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	Adopted.		
		Report the organization's policy and current practice with regard to seeking external assurance for the report.			
		If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.			
	Governance	G4-34	Report the relationship between the organization and the assurance providers.	Adopted.	
			Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.		
G4-35		Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Adopted.		
G4-36		Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Adopted.		
G4-37		Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Adopted.		
G4-38		Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Adopted. See the annual report.		
G4-39		Report the composition of the highest governance body and its committees.	Adopted. See the annual report.		
G4-40		Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	Adopted. See the annual report.		
G4-41	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	Adopted. See the annual report.			
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	Adopted. See the annual report.			

General Standard Disclosures

Category	No.	Description	Status	Notes
Governance	G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Adopted.	
	G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Adopted.	
	G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.	Partially adopted.	
		Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.		
	G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.	Adopted.	
		Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.		
	G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Adopted.	
	G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Adopted.	
	G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	Adopted.	
	G4-49	Report the process for communicating critical concerns to the highest governance body.	Adopted.	
	G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	Partially adopted.	
	G4-51	Report the remuneration policies for the highest governance body and senior executives.	Not adopted.	
		Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.		
	G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Partially adopted.	
	G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Not adopted.	
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Not adopted.		
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Not adopted.		
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Adopted.	
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	Adopted.	
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	Adopted.	

Detailed standard disclosures

Category	No.	Heading	Status	Note
Economic	G4-EC1	Direct economic value generated and distributed	Adopted.	
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Adopted.	
	G4-EC3	Coverage of the organization's defined benefit plan obligations	Adopted. See the annual report.	
	G4-EC4	Financial assistance received from government	Adopted. See the annual report.	
	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Not adopted.	
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Not adopted.	
	G4-EC7	Development and impact of infrastructure investments and services supported	Adopted.	
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	Adopted.	
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Not adopted.	
Environmental	G4-EN1	Materials used by weight or volume	Not applicable.	
	G4-EN2	Percentage of materials used that are recycled input materials	Adopted.	
	G4-EN3	Energy consumption within the organization	Adopted.	
	G4-EN4	Energy consumption outside of the organization	Not adopted.	
	G4-EN5	Energy intensity	Adopted.	
	G4-EN6	Reduction of energy consumption	Adopted.	
	G4-EN7	Reductions in energy requirements of products and services	Adopted.	
	G4-EN8	Total water withdrawal by source	Adopted.	
	G4-EN9	Water sources significantly affected by withdrawal of water	Not applicable.	
	G4-EN10	Percentage and total volume of water recycled and reused	Not adopted.	
	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable.	
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Adopted.	
G4-EN13	Habitats protected or restored	Adopted.		
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not applicable.		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Adopted.		
G4-EN16	Direct greenhouse gas (GHG) emissions (Scope 2)	Adopted.		
G4-EN17	Direct greenhouse gas (GHG) emissions (Scope 3)	Not adopted.		
G4-EN18	Greenhouse gas (GHG) emissions intensity	Not adopted.		
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Adopted.		
G4-EN20	Emissions of ozone-depleting substances (ODS)	Not applicable.		
G4-EN21	NO _x , SO _x , and other significant air emissions	Not applicable.		

Detailed standard disclosures				
Category	No.	Heading	Status	Note
Environmental	G4-EN22	Total water discharge by quality and destination	Not applicable.	
	G4-EN23	Total weight of waste by type and disposal method	Adopted.	
	G4-EN24	Total number and volume of significant spills	Not applicable.	None.
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Not applicable.	
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	Not applicable.	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Adopted.	
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Not applicable.	
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Not applicable.	None.
	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Adopted.	
	G4-EN31	Total environmental protection expenditures and investments by type	Adopted.	
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Partially adopted.	
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Partially adopted.	
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Not applicable.	None.
	Labor practices and decent work	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Partially adopted.
G4-LA2		Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Adopted.	
G4-LA3		Return to work and retention rates after parental leave, by gender	Partially adopted.	
G4-LA4		Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Not adopted.	
G4-LA5		Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Partially adopted.	
G4-LA6		Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Partially adopted.	
G4-LA7		Workers with high incidence or high risk of diseases related to their occupation	Not applicable.	
G4-LA8		Health and safety topics covered in formal agreements with trade unions	Adopted.	
G4-LA9		Average hours of training per year per employee by gender, and by employee category	Partially adopted.	
G4-LA10		Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Adopted.	
G4-LA11		Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Partially adopted.	
G4-LA12		Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Adopted.	
G4-LA13		Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Not adopted.	
G4-LA14		Percentage of new suppliers that were screened using labor practices criteria	Partially adopted.	

Detailed standard disclosures				
Category	No.	Heading	Status	Note
Labor practices and decent work	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Adopted.	
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Not adopted.	
Human rights	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Partially adopted.	
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Partially adopted.	
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	Adopted.	
	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Not applicable.	None.
	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Adopted.	
	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Adopted.	
	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Not adopted.	
	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Adopted.	
	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Not applicable.	None.
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Partially adopted.	
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Adopted.	
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Adopted.	
Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Partially adopted.	
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	Not applicable.	None.
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Partially adopted.	
	G4-SO4	Communication and training on anti-corruption policies and procedures	Adopted.	
	G4-SO5	Confirmed incidents of corruption and actions taken	Adopted.	
	G4-SO6	Total value of political contributions by country and recipient/beneficiary	Not adopted.	
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Not applicable.	None.
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Adopted.	
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Not adopted.	
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Partially adopted.	
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Partially adopted.	

Detailed standard disclosures				
Category	No.	Heading	Status	Note
Product responsibility	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Not applicable.	
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Not applicable.	None.
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Not applicable.	
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Adopted.	
	G4-PR5	Results of surveys measuring customer satisfaction	Adopted.	
	G4-PR6	Sale of banned or disputed products	Not applicable.	
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Adopted.	
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Adopted.	
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Adopted.	
Financial Services Sector Supplement	FS1	Policies with specific environmental and social components applied to business lines	Adopted.	
	FS2	Procedures for assessing and screening environmental and social risks in business lines	Adopted.	
	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Adopted.	
	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Adopted.	
	FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Adopted.	
	FS6	Percentage of the portfolio for business lines by specific region, size and by sector	Not adopted.	
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Adopted.	
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Adopted.	
	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	Not adopted.	
	FS11	Percentage of assets subject to positive and negative environmental or social screening	Adopted.	
	FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	Adopted.	
	FS13	Access points in low-populated or economically disadvantaged areas by type	Adopted.	
	FS14	Initiatives to improve access to financial services for disadvantaged people	Adopted.	
	FS15	Policies for the fair design and sale of financial products and services	Adopted.	

» Notes to the Report

This Sustainability Report (the Report) presents the true state of affairs with respect to the sustainable development of China Development Bank.

Time Covered:

1 January 2016 to 31 December 2016, including certain information outside this timeframe.

Frequency of Publication:

The Sustainability Report of China Development Bank is an annual report.

Entities Covered:

The Report covers China Development Bank (as referred to as China Development Bank, CDB or we or us) and its subsidiaries.

References:

ISO 26000 *Guidance on social responsibility* (<http://www.iso.org>); G4 Sustainability Reporting Guidelines (G4 Guidelines) and Financial Services Sector Supplement (<http://www.globalreporting.org>); GB/T 36000 *Guidance on social responsibility*; United Nations, *Transforming our World: The 2030 Agenda for Sustainable Development*; and relevant decisions and guidelines of China Banking Regulatory Commission and China Banking Association.

Assurance:

In order to ensure its truthfulness and reliability, PricewaterhouseCoopers Zhong Tian LLP has been engaged to provide third-party assurance on the Report.

Access to the Report:

The electronic copy of the Report can be found at <http://www.cdb.com.cn>.

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