



# 2016 CCB BRASIL ANNUAL AND SUSTAINABILITY REPORT

PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY



# BRANCH NETWORK

## SOUTHEAST REGION

MINAS GERAIS  
Belo Horizonte  
Uberlândia

RIO DE JANEIRO  
Rio de Janeiro

SÃO PAULO  
Alphaville  
Campinas  
Ribeirão Preto  
Santos  
São Paulo (Capital)  
Berrini  
Brasil  
Brigadeiro  
Ibirapuera

## SOUTHERN REGION

PARANÁ  
Curitiba  
Londrina

RIO GRANDE DO SUL  
Caxias do Sul  
Porto Alegre

SANTA CATARINA  
Blumenau  
Chapecó  
Florianópolis

## NORTHEAST REGION

ALAGOAS  
Maceió

BAHIA  
Salvador

CEARÁ  
Aldeota  
Centro  
Juazeiro do Norte

MARANHÃO  
São Luís

PARAÍBA  
João Pessoa

PERNAMBUCO  
Recife

PIAUÍ  
Teresina

RIO GRANDE DO NORTE  
Natal

SERGIPE  
Aracajú

GRAND  
CAYMAN



## MIDWEST REGION

DISTRITO FEDERAL  
Brasília

GOIÁS  
Goiânia

MATO GROSSO  
Cuiabá

## NORTH REGION

PARÁ  
Belém

# MAIN HIGHLIGHTS



ECONOMIC  
Revenue **R\$ 2.4 billion**



SOCIAL  
**733** employees



ENVIRONMENTAL  
**20%**  
reduction in  
greenhouse gas



BUSINESSES/MARKET  
**2,913** company clients  
**490,307** individual clients  
**850** suppliers  
**100%** of contracts with suppliers and  
company clients were assessed using  
social and environmental criteria  
**195,251** individual clients served by  
CCB Brasil Financeira

CCB Corporation **2nd largest**  
bank in the world



PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

# COMMITMENT TO TRANSPARENCY

THIS REPORT PRESENTS THE BANK'S  
FINANCIAL AND NON-FINANCIAL  
INFORMATION, UNDERSCORING THE  
TOPICS IN ITS MATERIALITY MATRIX

With a commitment to driving improved communication between the CCB Brasil conglomerate and its strategic stakeholders – clients, parent company (shareholder), employees, suppliers, society and the environment –the 2016 CCB Brasil Annual and Sustainability Report presents key information on the organization's performance. The document also provides information on medium to long-term strategy, which is aimed at expanding and bolstering commercial relations between Brazil and China through the concession of loans.

The publication once again follows the Global Reporting Initiative (GRI) G4 guidelines – a key international standard for sustainability reporting - using the Comprehensive “in accordance” option. We are therefore presenting information on the organization's strategy, analysis, governance, ethics and integrity, reporting our performance on a broad front and the indicators corresponding to the topics and aspects prioritized in the bank's Materiality Matrix. [listed on the right-hand side of the page](#)

In Profile, you will learn more about CCB Brasil's structure. Management and Corporate Governance describes how we do business. The chapter Value Generation presents how we generate value for our parent company and for our employees, clients, suppliers, society and the environment. Lastly, in About the Report, further details are presented about the CCB Brasil Materiality Matrix, which was revised for this publication.

The financial figures in this report are presented in accordance with accounting standards, unless otherwise indicated.

Throughout the text there are hyperlinks to facilitate navigation. This enables a better understanding of the contents given that the organization's actions are integrated and cross cutting, and the topics are interlinked.

HYPERLINKS TO  
FACILITATE NAVIGATION



**PERSONNEL  
MANAGEMENT AND  
WELL-BEING**



**ECONOMIC  
PERFORMANCE  
AND BALANCE**



**RISK MANAGEMENT  
AND GOVERNANCE**



**INTEGRATING SOCIAL  
AND ENVIRONMENTAL  
RISKS INTO  
FINANCIAL  
OPERATIONS**



**CLIENT  
SATISFACTION**



# SOLID BASES FOR A PROSPEROUS FUTURE

## MESSAGE FROM THE PRESIDENT G4-1

We have completed two years of activity in Brazil and are immensely satisfied to have concluded the integration of the bank in Brazil with the CCB Corporation.

Even though milestones have been achieved, we face new challenges given the bank's commitment to driving sustainable development and ensuring the satisfaction of its clients, employees, suppliers and society. Working together, we need to continually rethink our way of doing business and our activities, enabling us to adapt to cyclical changes in the economy, in particular in Brazil.

2016 was fundamental for laying the groundwork for the future that we envisage. On the one hand, we are able to depend on robust support from the CCB Corporation, while, on the other hand, here in Brazil we have a highly qualified team with extensive experience in the Brazilian market. This gives us the confidence and assurance we need to overcome the challenging situation in Brazil and to be sure we are on the right path.

Our strategy is underpinned by a solid and secure structure. We are investing in training and driving the cultural integration of our teams; improving our pro-

cesses and internal controls; developing new products and services; investing in technology; and working on our institutional branding.

We are signatories to the United Nations Organization's Global Compact and are intent on disseminating and exercising our values, which encompass defending human rights, combating corruption and caring for the environment, among our employees, clients, suppliers and society.

This will drive ongoing improvement in the quality of our products and services and will boost our half-year results as early as 2017, producing an even stronger effect in 2018.

We are prepared not only to contribute to but also to foster the credit process between China and Brazil. We want to play a leading role in strengthening commercial relations between the two countries, helping to establish connections that drive gains for all parties.

**Xi Zhang**  
President, CCB Brasil





PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

# GLOBAL EXCELLENCE AND A PARTNER FOREVER

CCB GROUP ESTABLISHES  
THE LARGEST CHINESE BANKING  
OPERATION IN BRAZIL



The China Construction Bank (Brasil) Banco Múltiplo S/A – CCB Brasil [G4-3](#) –operations consist of funding and investment in its commercial, real estate finance, investment and foreign-exchange portfolios. The organization was incorporated in August 2014, when the China Construction Bank Corporation (CCB Corporation) acquired a medium-sized Brazilian bank with more than 75 years’ experience in the market.

CCB Brasil combines experience and knowledge of the Brazilian market with the global market expertise of the CCB Corporation, which is the second largest bank in China and the second largest publicly traded corporation in the world, according to the 2016 Forbes Global 2000 ranking.

Headquartered in the city of São Paulo [G4-5](#), CCB Brasil operates in every region of the country and maintains an international branch in Grand Cayman [G4-6](#).

The main products and services provided by CCB Brasil and its subsidiaries – identified jointly as the conglomerate in this report – include working capital loans, commercial leasing, sureties, trade finance services, derivatives and fixed income investment products. The conglomerate also works with payroll deductible loans, personal loans and credit cards [G4-4](#).

In the local market, the bank’s main clients are Brazilian and international companies in the corporate and middle market segments [G4-6](#). In 2016, the bank’s portfolio was expanded to include large Brazilian companies with their headquarters in China, as well as Brazilian companies that have Chinese commercial partners [G4-8](#).



The CCB Corporation  
holds 99.34% of CCB  
Brasil stock

OWNERSHIP STRUCTURE

CCB Brasil has been a private limited liability company since October 19,, 2015 [G4-7](#). Its main shareholder is CCB Brasil Financial Holding – Investimentos e Participações Ltda. (CCB Holding company), a company incorporated in Brazil by the China Construction Bank Corporation (CCB Corporation) and Sunny Silver Investments Limited for the acquisition of BICBANCO.

Through CCB Holding, the CCB Corporation repurchased the 4.88% of shares which had been held by other shareholders in 2016, ending the year with the equivalent of 99.34% of CCB Brasil stock (or 97.53% of its stock excluding treasury shares) [G4-13](#). This operation was the result of a public offering on September 28, 2015, which consolidated the transfer of share control to the holding company.



# SUBSIDIARIES

PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

**CCB BRASIL  
FINANCIAL HOLDING  
INVESTIMENTOS E  
PARTICIPAÇÕES LTDA.**

Called CCB Holding, it comprises the China Construction Bank Corporation and Sunny Silver Investments Limited. It holds 99.34% of CCB Brasil stock.

**CHINA CONSTRUCTION BANK  
(BRASIL) BANCO MÚLTIPLO S/A**

The name of CCB Brasil. The bank has 100% control over its subsidiaries.

**CCB BRASIL ARRENDAMENTO  
MERCANTIL S.A.**

Also known as CCB Leasing, it undertakes leasing operations for companies, with emphasis on the real estate, vehicle and machinery and equipment segments.

**CCB BRASIL FINANCEIRA S.A.  
CRÉDITO, FINANCIAMENTOS E  
INVESTIMENTOS**

Also known as CCB Brasil Financeira, it specializes in financing vehicles and providing payroll deductible loans for individuals in the retail market.

**CCB BRASIL DTVM  
DISTRIBUIDORA DE TÍTULOS E  
VALORES MOBILIÁRIOS S.A.**

Responsible for the bank's securities trading operations.

**CCB BRASIL INFORMÁTICA S.A.**

The company provides data processing and technical support services for the conglomerate.

**CCB BRASIL ADMINISTRADORA  
DE CARTÕES DE CRÉDITO LTDA.**

Issues and manages credit cards and prepaid cards. It is a subsidiary of CCB Brasil Financeira.

**CCB BRASIL  
PROMOTORA DE  
VENDAS LTDA.**

**CCB BRASIL  
COBRANÇA LTDA.**



PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

# CCB BRASIL IS THE MAIN FINANCIAL LINK BETWEEN BRAZIL AND CHINA

THE BANK'S OBJECTIVE IS TO ASSIST IN FINANCING INFRASTRUCTURE OPERATIONS AND TO FORGE CLOSER COMMERCIAL RELATIONS BETWEEN CHINA AND BRAZIL

In the medium and long term, CCB Brasil aims to improve the business environment and international cooperation, promoting quality partnerships between Brazilian and Chinese companies, as well as corporations in other Latin American countries. To achieve this, it intends to expand its loan portfolio for the installation and expansion projects for Chinese companies in Brazil and for Brazilian companies that do business with or plan to establish businesses in cooperation with China.

There is potential to put this strategic plan into practice in the infrastructure, energy, agribusiness and clothing segments, among others. Brazil is considered to be an attractive market for Chinese investors. For eight years running, China was Brazil's most important commercial partner.

Although the economic and political crisis in 2016 caused this process to decelerate, during the year US\$ 12 billion was invested in the country. With the economy recovery in the first quarter of 2017, this binational relationship will tend to be further strengthened.

## BASES FOR DEVELOPMENT

2016 was dedicated to strengthening the internal bases in order to drive CCB Brasil's development. This involved enhancing management and service provision in line with the requirements for a modern, global bank with high-level relationships – a subsidiary of the CCB Corporation. In the near future, CCB Brasil will become a major international player, in which time adjustments required for this transformation will take place.

During the year, processes were reassessed and methodologies were improved, as were compliance and the internal controls necessary for risk management and for driving new business. Work was also done on aligning the bank's strategy, communications and reporting practices with those of the parent company (CCB Corporation).

CCB Brasil is improving constantly, in alignment with the requirements for a global bank

CCB carried out studies for new products  
aimed at the international market

Studies were undertaken for the development of new products and services attuned to the bank's internationalization strategy. Similarly, there were investments in information technology in order to bring CCB Brasil up to par with the CCB Corporation's other subsidiaries. One example was the preparation and approval of the project for the implementation of the new Internet Banking service in 2017.

Strategic planning was reviewed to adjust the bank's direction in the light of changes in the macroeconomic context in Brazil, China and worldwide. These changes will be submitted for the approval of the Board of Directors and CCB Corporation in the first half of 2017.

BRAND AND IMAGE

The CCB Brasil brand, a key intangible asset for the organization, completed one year of existence on December 16, 2016. Throughout the year, measures to bolster the brand and image were undertaken. The main one was the unification of visual language by means of integrated communication, with standardization of the use of the brand at all the bank's points of contact with its diverse stakeholders. The CCB

Brasil Visual Identity Manual is aligned with the standards of the CCB Corporation.

From the north to the south of the country, commercial managers worked on mapping, prospecting and building relations with Corporate clients to present CCB Brasil to this new client base, further strengthening the brand.

CCB Brasil ensures that all the bank's marketing and communication actions – including processes in the business areas, such as contracts and rates – are compliant with the guidelines laid down by the different regulatory authorities, including those of the advertising self-regulatory council Conar (*Conselho Nacional de Autorregulação Publicitária*); the Brazilian banking federation Febraban (*Federação Brasileira de Bancos*); the Procon consumer protection program (*Programa de Orientação e Proteção ao Consumidor*) and Brazilian Central Bank standards, which address the treatment of and relations with clients [G4-PR3](#).

In 2016, there were no cases of non-compliance with regulations or codes related to communication, marketing (including advertising, promotion and sponsorship) and product labeling [G4-PR4](#) and [G4-PR7](#).



CCB Brasil Financeira  
moves to a more  
modern and  
comfortable space

ADAPTATION OF BRANCHES

Over the last two years, the bank's branches have been modified as part of the brand positioning process, aimed at serving a more sophisticated audience. This process involved the branches in Brasília (DF), Campinas (SP) and Alphaville (SP) in 2016, and Maceió (AL), Aracaju (SE), Belém (PA), João Pessoa (PB), Natal (RN) and Uberlândia (MG) in 2015.

The CCB Brasil Financeira head office moved to more modern and comfortable premises in the Santa Catarina building on Avenida Paulista, in the heart of the city of São Paulo 64-22. The new office enabled greater integration between the different areas, driving team productivity and enhanced customer service.

Brand positioning included  
remodeling the work place  
and branches

RECOGNITION

TOP EMPLOYERS BRASIL

For the sixth year running, CCB Brasil was certified to international standards for its excellence in managing Human Resources by the Top Employers Institute. In 2016, only 26 companies, including multinationals with operations in Brazil, received this certification.

100 MOST ADMIRED IN HR IN BRAZIL

CCB Brasil is rated among the 100 "Most admired in HR in 2016" ranking prepared by the Grupo Gestão RH and published in the magazine Gestão RH. In 2016, the bank was awarded seals in the categories "The 100 Best in Corporate Citizenship"; "Best psychologically healthy companies", "Best companies in Human Organizational Development" and "Best companies in personnel management".



PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

# CORPORATE GOVERNANCE AND MANAGEMENT



# EXCELLENCE AND TRANSPARENCY

A RIGOROUS RISK-CONTROL  
POLICY INSPIRES CONFIDENCE  
IN THE PARENT COMPANY AND  
IN SENIOR MANAGEMENT

The conglomerate's Corporate Governance Policy sets forth principles and practices aimed at driving excellence in CCB Brasil. The bank focuses on transparency, financial discipline and controlling operational and internal risks. The governance framework defines the levels of authority and the responsibilities of the General Meeting, the Board of Directors, the Executive Board and the organization's other levels, as well as establishing policies that ensure independence and effectiveness at all levels of management [G4-14](#).

CCB Brasil has a Board of Directors and an Executive Board. Decision making on economic, social and environmental questions is supported by specialized committees in three areas: Board of Directors Supporting Committees, Executive Committees and Technical Committees. [G4-37](#)

The administration of the bank is guided by a series of policies, which are reviewed annually. These are aligned with Brazilian and international legislation and best market practices.



Members of the Corporate Governance Committee or the Audit Committee are responsible for bringing sustainability-related topics before the Board of Directors for discussion

BOARD OF DIRECTORS G4-34



The Board is CCB Brasil's highest governance body. It comprises four members, two representatives of the CCB Corporation and two independent members. The term of office of all four members ends in August 2017 G4-38.

The Chairman of the Board is Wensheng Yang G4-39. The executive president of the bank, Xi Zhang, also joined the board in 2016. The two independent members are Brazilian: Daniel Joseph McQuoid and Heraldo Gilberto de Oliveira; both are also on the Audit Committee.

Ms. Hong Yang left the Board to assume the position of Executive Vice President. The board members are elected by the General Meeting for a unified two-year term of office, with re-election permitted. All members are aligned with the institution's values. They are executives with a broad vision of the market and a solid academic background G4-40. Board members are required to exempt themselves from decisions in which conflicts of interest may arise G4-41.

The Board is responsible for drafting business strategy, encompassing economic, social and environmental topics G4-45 and G4-46, approving plans and budgets, overseeing compliance with the bank's bylaws and deciding on issues raised by the Audit and Remuneration committees.

Members of the Corporate Governance Committee or the Audit Committee are responsible for bringing sustainability-related topics before the Board of Directors for discussion G4-35 and G4-36.

In 2016, the Board met 17 times. Of these, six were ordinary meetings and 11 extraordinary. Sustainability related topics featured on the agenda of one of the meetings G4-47.



- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT**
- VALUE GENERATION
- CCB CORPORATION (PARENT COMPANY)
- CLIENT RELATIONS
- EMPLOYEES
- SUPPLIERS
- SOCIETY
- ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

Management decisions are supported by the work of 16 committees

**BOARD OF DIRECTORS SUPPORTING COMMITTEES**

G4-34

**AUDIT COMMITTEE**

This comprises three independent members who are responsible for overseeing the bank’s internal controls and the integrity of its accounting data and financial statements. The committee is also responsible for the quality and independence of internal and external audits.

**REMUNERATION COMMITTEE**

A permanent statutory body responsible for establishing the fixed and variable remuneration policy, as well as benefits and special programs for statutory directors and Board members.

**FISCAL COUNCIL**

A non-permanent body whose main function is overseeing management activities, assessing the financial statements and reporting its conclusions to the shareholders. Members are elected by the General Meeting. The Fiscal Council was not active in 2016.

**EXECUTIVE BOARD**

The Executive Board is responsible for running the business and developing projects and measures that enable the bank to achieve its goals. The directors are selected by the Board for a two-year term of office and may be re-elected. The selection of the executives is based on qualifications, business experience and an unblemished reputation.



PRESENTATION

PROFILE

**CORPORATE GOVERNANCE  
AND MANAGEMENT**

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

# COMMITTEES

## GOVERNANCE COMMITTEES

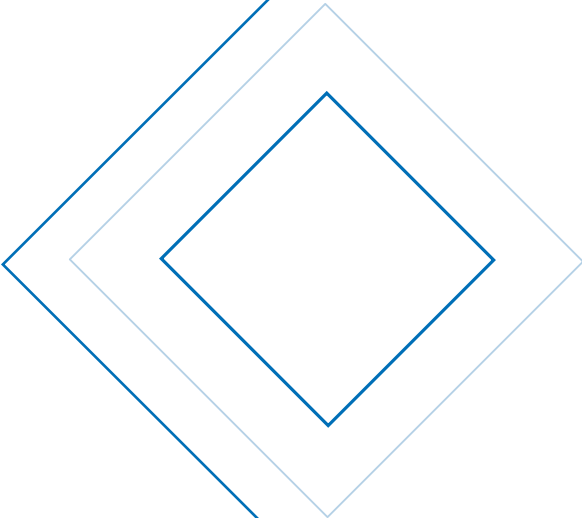
G4-34 G4-35 G4-42 G4-43

To support decision making, CCB Brasil has three executive and ten technical committees, in addition to the aforementioned Board of Directors support committees.

### EXECUTIVE COMMITTEES



### TECHNICAL COMMITTEES



### BODY

### MAIN ATTRIBUTIONS

EXECUTIVE BOARD COMMITTEE	Comprising all the directors, it meets on a monthly basis to define strategies and to align the corporate structure with CCB Brasil values.
GOVERNANCE COMMITTEE	This oversees the outputs of the technical committees, as well as monitoring and assessing the implementation of sustainability policy.
EXECUTIVE TREASURY COMMITTEE	The committee analyzes scenarios, monitors financial scheduling and allocates available funding (liquidity) ensuring low impact (Basel III) and low risk.
Credit Committee	On a day to day basis it assesses proposals; manages the concession of loans; allocates funding for finance operations and monitors the portfolio.
ANTI-MONEY LAUNDERING AND ILLICIT ACTIVITY COMMITTEE	Responsible for overseeing and assessing the Anti-Money Laundering, Anti-Corruption and Financing of Terrorism Policy, aimed at minimizing risk.
CAYMAN BRANCH ANTI-MONEY LAUNDERING COMMITTEE	As above, in line with the standards of the Central Bank and Cima (Cayman Islands Monetary Authority).
INTERNAL CONTROLS COMMITTEE	This meets monthly to evaluate the effectiveness of internal controls. Every six months it provides the Audit Committee and the Board with reports on compliance with Internal Controls.
SUSTAINABILITY COMMITTEE	The committee assesses social, environmental and reputational risks and their impacts on a day to day basis, recommending actions; it reports to the Governance Committee on a monthly basis.
CREDIT PROCESS EVALUATION COMMITTEE	The committee sets forth the guidelines for credit policy and operational standards to identify, analyze and resolve problems affecting the normal course of credit processes; it provides senior management with a monthly report.
RISK COMMITTEE	The committee monitors risk limits– exposure, impact and probability of occurrence – on a monthly basis, proposing methodologies to measure and limit operations.
OPERATIONAL COMMITTEE	This meets monthly to analyze the risk exposure and operational limits of new projects, products and services; it also monitors losses and proposes limits.
ETHICS COMMITTEE	This committee monitors the application of the Code of Ethics, investigating any breaches and questions involving ethical and disciplinary principles reported by employees and other stakeholders. It is also responsible for reviewing the Code of Ethics.
INFORMATION SECURITY COMMITTEE	Responsible for assessing corporate security and proposing contingency measures in line with corporate priorities. It meets on a monthly basis.



The Code of Ethics is being reviewed, and  
the new version should be launched in 2017

CODE OF ETHICS

G4-41, G4-49, G4-50, G4-56, G4-57, G4-58

The Code of Ethics is the main document guiding the conduct of employees, executives, suppliers and institutional partners in running the bank's businesses. It addresses topics such as ethical principles and business conduct aimed at promoting and preserving a healthy relationship with and among stakeholders.

The principles underpinning the document are: consideration for others; commitment to transparency; legal compliance; and corporate social responsibility.

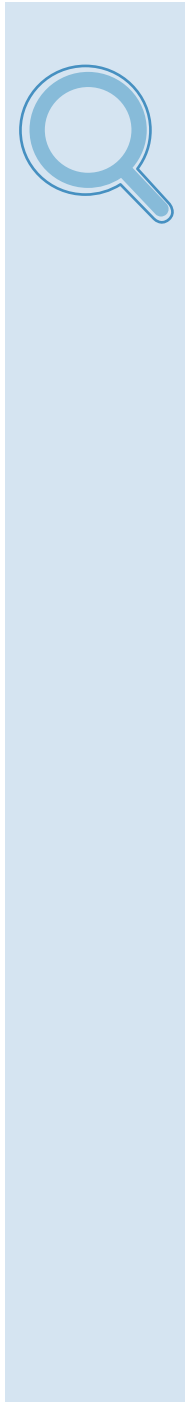
The code is currently being reviewed, and the revised version should be released in 2017. The main objective is to incorporate the global vision of the CCB Corporation and extend the code to all the subsidiaries. Additionally, the new version should be aligned with the Febraban Integrity Program; incorporate the principles of Brazil's Anti-Corruption act (law no. 12.846/13) and the US Sarbanes-Oxley Act (SOX); as well as encompassing all company stakeholders.

Employees have access to the document via the intranet, and it is also available on the CCB Brasil website. The Ethics Committee provides three channels for reports on violations of the code: an internal email address; an internal intranet messaging system (Contact the Ethics Committee); and the external email [comite.etica@br.ccb.com](mailto:comite.etica@br.ccb.com). In all cases, the confidentiality and anonymity of the person making the report is assured.

All reports are examined by the Ethics Committee, which comprises employees representing areas such as Information Technology, Human Resources, Credit, Sustainability and Labor Relations. The conclusions determine the measures to be taken, which range from warnings to the recommendation to terminate employment.

Internal audits constitute another mechanism for ensuring compliance with policies and procedures by assessing the effectiveness of the internal controls in place.

Periodically, CCB Brasil organizes refresher talks on the contents of the Code of Ethics, conduct and compliance.



360° appraisal  
measures achievement  
of targets and  
individual results

APPRAISAL AND REMUNERATION

G4-44, G4-45, G4-51, G4-52, G4-53, G4-54

On an annual basis, Board members, members of the statutory board (president, vice presidents and directors) and the executive directors of the conglomerate are appraised via a process that takes into account the overall business results, the performance of specific business areas and individual targets and results.

The appraisal format is 360°, the institution's executives and directors being responsible for assessing each one of the directors. The results of the appraisals are sent directly to the CCB Corporation Human Resources area.

CCB Brasil Remuneration Policy encompasses a fixed salary, benefits and variable remuneration, when applicable. Remuneration criteria for directors take into account the individual's performance in financial and non-financial areas of the business. It is the responsibility of the Remuneration Committee to assess and rate performance with respect to the fulfillment of corporate targets (CCB Brasil goals and values). The remuneration definition process is internal, not involving independent consultants or stakeholder consultation.

Currently, the ratio of the highest salary (not including variable remuneration) to the overall median salary in the conglomerate is 3.85 G4-55.

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY



RISK MANAGEMENT

G4-2, G4-46, G4-47

The objective of risk management practices at CCB Brasil is to ensure the quality of the services rendered and an adequate risk-return trade-off in the bank's operations and market relations. By means of a specific policy aligned with Central Bank directives, risk management processes take into account financial and non-financial factors.

CCB Brasil undertakes a broad risk mapping exercise covering the following types of risk: external; operational; market; credit; strategic; illicit activities; social and environmental, image and reputation; and information security. In 2017, a specific policy on image and reputational risk will be implemented.

The committees contribute towards the assessment and proper management of risks. The Corporate Governance area has overall responsibility for risk management and provides inputs to inform decision making.

The risk and compliance management framework incorporates the main requirements set forth by COSO – the Committee of Sponsoring Organizations of the Treadway Commission – and local and international risk management regulations for financial institutions.

To ensure control and determine limits, the methodology incorporates internal rating models, scenario analysis for capital management, Value at Risk (VaR) and Economic Value of Equity (EVE) analyses, as well as stress tests. Further information is available via the link <http://www.br.ccb.com/en/menu/Investor-Relations/Corporate-Governance/Risk-Management-107>



PREVENTION OF ILLICIT ACTIVITIES

CCB Brasil closely monitors risks related to corrup-  
tion, money laundering and other illegal activities that  
could impact the bank's reputation and result in credit  
risks. Information published in the media is monitored  
on a daily basis. The institution has lock down mecha-  
nisms that activate a series of measures whenever  
the potential involvement of clients or suppliers in  
illicit activities is identified.

Risk is mitigated by the incorporation of social, envi-  
ronmental, corruption and money laundering related  
clauses into contracts for loans. These enable the  
maturity date of contracts to be brought forward if a  
breach of such clauses is identified

In 2016, all the conglomerate's operations were as-  
sessed for reputational risk. From the cases brought  
before the Prevention of Money Laundering and Illicit  
Acts Committee, 77% were forwarded to the Ministry  
of Finance's Financial Activities Control Council COAF  
(Conselho de Controle de Atividades Financeiras) [G4-S03](#).



CCB has mechanisms in place in line with the new re-  
quirements for constant assessment set forth in Brazil's  
Anti-Corruption Act, passed in 2016.

INTERNAL CONTROLS AND COMPLIANCE

In 2016, CCB Brasil progressed in the dissemination  
of a culture of compliance among its employees,  
organizing a series of training activities. In parallel,  
processes, risks, controls, policies and procedures  
were reviewed.

The number of reports sent to the CCB Corporation  
was increased, as was the internalization of standards  
issued by the head office.

# CCB BRASIL PROMOTES SOCIAL AND ENVIRONMENTAL BEST PRACTICES

THE BANK HAS A ROBUST  
SYSTEM FOR MONITORING,  
ASSESSING AND MANAGING  
SOCIAL AND ENVIRONMENTAL  
RISKS, BOTH INTERNALLY AND  
INVOLVING CLIENTS AND SUPPLIERS

The organization views its relationships with suppliers and the concession of loans to clients as excellent opportunities for promoting best social, environmental and sustainability practices. It also believes that proper risk management is essential for ensuring the future of the business and driving prosperity. For this reason, CCB Brasil has a robust Social and Environmental Risk Management system based on Central Bank resolution no. 4327 and governed by the bank's Sustainability Policy. The institution aims to identify, classify, assess, monitor, mitigate and control social and environmental risks in business and in relations with stakeholders.

The Sustainability Policy clearly presents the principles and guidelines that permeate the bank's strategy and underpin business management. In terms of corporate governance, the policy is overseen by the Sustainability Committee, which is responsible for assessing social, environmental and reputational risks and their potential impact on business, and by the Governance Committee, which reports relevant information to the Central Bank.

The Sustainability Committee reports to and may make recommendations to the Governance Committee. The latter, in turn, assesses these reports in conjunction with those from the other technical committees, promoting a strategic and targeted vision of risk, monitoring and assessing the implementation of the Sustainability Policy and, when necessary, proposing improvements to the Board of Directors.



For CCB Brasil, adequate risk management is fundamental for the future of the business

PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY



In 2016, the Sustainability Policy was reviewed and updated. CCB Brasil hired a CRO (Chief Risk Officer) who is also responsible for addressing social and environmental risks. The CRO reports directly to the president.[G4-48](#)

In 2017, the integration of sustainability requirements will be expanded to encompass a larger number of processes and products, in particular those aimed at individual clients.

All contracts with clients and suppliers have standard social and environmental clauses, which include, for example, restrictions in the event of the use of child or slave labor, as well as terms of agreement related to decent working conditions and compliance with environmental legislation, among others.

CCB Brasil imposes restrictions on or, when applicable, prohibits operations with companies or clients involved in the production, commercialization or use of products or activities subject to social and environmental restrictions. These restrictions are also extended to clients engaged in slave and child labor.

Social and Environmental Risk Management cuts across the entire organization, applying to all phases of commercial and operational processes involving company clients, ranging from acceptance of the client to the formalization of operations. It is conducted in parallel with the economic-financial analysis and, depending on the social and environmental risks identified, may result in loans being refused even when the economic-financial assessment is favorable. Information on social and environmental risks is integrated into all of the bank's other business systems, streamlining processes and enhancing transparency.

All clients must sign a Sustainability Declaration when opening or renewing their current account. They are also given a social and environmental rating based on the risks arising from their activities.

Real estate used as mortgage collateral, for fiduciary disposal or in lieu of payment must be assessed in accordance with social and environmental criteria. The same is true for guarantees related to stocks of hazardous products.

All contracts with clients and suppliers have standard social and environmental clauses

ASSESSMENT OF SOCIAL AND ENVIRONMENTAL RISK

The social and environmental risk assessment process received a series of refinements in 2016. One was the broadened scope of the Social and Environmental Risk Assessment Questionnaire for Property, which is applied to all real estate guarantees. The questionnaire now assesses whether areas with primary vegetation or contaminated areas are occupied and whether there is a risk of invasion. Cases of non-conformance or potential risks are assessed and must be approved by the Sustainability Committee.

Also in 2016 a new questionnaire was implemented for Guarantees for Stocks of Hazardous Products. During the period, initiatives implemented in 2015 were consolidated, an example being the inclusion of additional stages in assessing prospective clients.

In the course of 2016, restrictions were imposed or loans were refused to 5% of the clients based on social and environmental risk assessment criteria. And 9% of real estate guarantees were deemed unacceptable due to social and environmental problems



Prospective clients  
are also assessed  
based on social and  
environmental criteria

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY



See how the social and environmental assessment process works.

PHASE 1

GETTING TO KNOW THE CLIENT

This is the information gathering stage. It comprises filling out questionnaires and conducting surveys. The bank has a series of references, parameters and resources for conducting the assessment, aimed at determining whether the declarations or indications require clarification or whether they could be prejudicial to commercial relations.

Some of these are:

INDICATION OF USE OF CHILD OR SLAVE LABOR

The data system cross checks the information and generates a warning if the client is on the list of employers convicted by a higher court for having used child or slave labor. In this case, information is requested about corrective measures adopted and the steps taken to avoid reoccurrence. These clarifications are examined by the Sustainability Committee, which decides whether or not the commercial relationship may proceed.

SECTORS BOUND BY RESTRICTIONS OR PROHIBITIONS

The bank maintains a list of social and environmental restrictions or prohibitions. Companies involved in the production, commercialization or use of substances or activities on this list undergo a special assessment and are subject to commercial restrictions. There are specific conditions and contract clauses for determined sectors.

THE MAIN PRODUCTS, SUBSTANCES OR ACTIVITIES SUBJECT TO RESTRICTIONS ARE:

- Arms and munitions
- Tobacco
- Radioactive materials
- Asbestos
- Distilled alcoholic beverages
- Timber

A computerized platform facilitates consultation of domestic and international news items about clients

MEDIA RESEARCH

Since 2015, the reputation of prospective clients is assessed by means of a survey of different media sources. Since 2016, the bank has had a computerized platform that aggregates information from a series of domestic and international sources, enabling the rapid, efficient and reliable consultation of publications that mention the client.

SIMPLIFIED SUSTAINABILITY DECLARATION

This questionnaire on prospective clients is filled out by CCB commercial managers after they have visited the client. The document addresses questions such as environmental risks and accidents, the existence of a code of ethics, channels for reporting violations and sustainability reports.

SUSTAINABILITY DECLARATION

On an annual basis clients fill out a "Sustainability Declaration", covering environmental and social topics, questions of professional ethics and sustainability initiatives.

PHASE 2

SOCIAL AND ENVIRONMENTAL RISK CLASSIFICATION

At this stage, the bank gives each client company a social and environmental rating. In general, this classification is reviewed every two years, but this interval may be reduced upon instruction from the Sustainability Committee.

The classification takes a series of social and environmental variables into account. The information is compiled by consulting public sources and includes licenses, fines, debts with public authorities, conduct adjustment agreements signed with the Public Prosecution Department, environmental impact studies and reports (EIA/RIMA), among others.

- Rating A – High Risk: Clients with the potential for significant social and environmental impacts.
- Rating B – Medium Risk: Companies with the potential for social and environmental impacts.
- Rating C – Low Risk : Clients presenting minimal or no social and environmental impacts.



PHASE 3

ASSESSMENT

All A-rated clients must be assessed by the Sustainability Committee, which is supported by the Sustainability team. Based on the information obtained, the committee may open exceptions, request the reclassification of the rating or impose restrictions and impediments on clients presenting significant negative social and/or environmental impacts. The committee may also impose restrictions, such as corrective action plans, the terms and monitoring of which are agreed on a case by case basis.

In the assessment phase, CCB Brasil also adopts additional differentiated criteria to mitigate risks in key sectors in the loan portfolio or those with greater potential for impacting the bank's reputation. [See list at side](#)

Also during this stage, the bank incorporates a more rigorous social and environmental assessment for clients undergoing evaluation by the Higher Credit Committee and who are applying for loans in excess of R\$ 25 million. The Credit Committee is informed of all the social and environmental risks identified.

SOCIAL AND ENVIRONMENTAL

RISK IN NUMBERS G4-FS10

- 100% of the bank's clients underwent Social and Environmental Risk Assessments
- 95% of the cases assessed by the Sustainability Committee were approved.
- 100% of the real estate involved in financial operations with the bank underwent social and environmental assessment;
- 39% of the properties assessed were classified as high social or environmental risk
- 9% of the properties assessed were refused due to social or environmental issues.
- 99% of the applications assessed were approved.

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY



RISKS AND OPPORTUNITIES ASSOCIATED WITH CLIMATE CHANGE

G4-EC2

CCB Brasil has mapped out the risks and opportunities associated with climate change. The institution has a Business Continuity Plan which provides for a series of measures to mitigate impacts on operations, encompassing extreme climatic events.

The risks identified in the client portfolio, for example, include those associated with clients' cash flow due to alterations caused by climate change, such as loss of crops due to excessive rainfall or drought. The direct physical risks for CCB Brasil include the flooding of agencies located in coastal cities or close to river banks.

The opportunities identified include the possibility of influencing clients and suppliers to incorporate social and environmental criteria into their businesses.

The organization has also mapped out opportunities to reduce fuel and electricity costs. This led to the creation of the Eco-Efficiency Program which, by means of the Eco-Efficiency Manual, establishes a series of procedures for managing the direct and indirect environmental impacts caused by its activities in the administrative units and service outlets.

The implications and financial costs associated with climate-change-related risks and opportunities have not yet been stratified.





# VALUE GENERATION

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION**
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

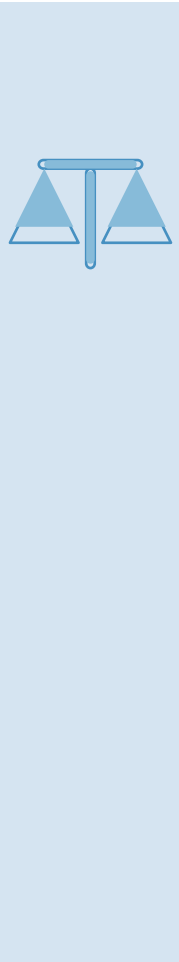


- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

# BANK IS ALIGNED WITH CCB CORPORATION DIRECTIVES

IN SPITE OF A CHALLENGING YEAR, CCB BRASIL GENERATED VALUE FOR ITS STRATEGIC STAKEHOLDER GROUPS

The bank is committed to the four pillars of the CCB Corporation's global strategy: serve the public; promote social development; drive sustainable development; and strive for a low-carbon economy



CCB Brasil is committed to generating value for all its stakeholders: its parent company (CCB Corporation), clients, employees, suppliers, society and the environment. Throughout 2016, the organization made preparations to strengthen this commitment and to align its activities with the four pillars of the CCB Corporation's strategy: serve the public; promote social development; drive sustainable development; and strive for a low-carbon economy.

According to market analysts, Brazil experienced its worst recession ever in 2016. Gross Domestic Product dropped significantly during two consecutive years – 3.8% in 2015 and 3.6% in 2016, on a year-on-year basis. According to the IBGE (Instituto Brasileiro de Geografia e Estatística), all sectors of the economy contracted. As a result of the crisis, the risk of default increased and the financial capacity of small and middle-market companies, many of which feature in CCB Brasil's client portfolio, was reduced. An example of this was the record number of legally backed requests for debt/financial restructuring in 2016: 1,863, an increase of 44.8% over 2015.

This situation affected the organization's performance. In 2016, CCB Brasil grossed R\$ 2,423,461,000, but had to increase its provisions by 6.5%, from R\$ 789,358,000 in 2015 to R\$ 840,347,000 in 2016. This impacted earnings, generating a new loss of R\$ 305,547,000 [G4-EC1](#).

In spite of this situation, the bank generated value for its clients, granting loans amounting to R\$ 7,341,955,000; for its employees and their families, paying R\$ 206,141,000 in salaries and benefits; for society, with the payment of R\$ 36,169,000 in taxes and charges; and for suppliers, by honoring its commitments and spending a total of R\$ 129,891,000. The organization maintained its focus on the medium and long term, confidently tackling adversity head on [G4-EC1](#).

CCB Brasil received no financial support from the Brazilian government in 2016 [G4-EC4](#).



- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

# CCB CORPORATION (PARENT COMPANY)

# PARENT COMPANY IS THE SECOND LARGEST BANK IN THE WORLD



THE RESULTS OF THE OPERATIONS IN BRAZIL DO NOT AFFECT CCB CORPORATION'S MEDIUM- AND LONG-TERM STRATEGY

China Construction Bank (CCB) – the parent company and main shareholder of CCB Brasil, holding 99.34% of the stock– is the second largest publicly traded company worldwide, according to the Forbes Global 2000 ranking published in 2016. In operation for 63 years, it has more than 369,000 employees, 314 million clients and assets totaling US\$ 2.7 trillion. It currently operates in 26 countries on all continents, including Hong Kong, the United Kingdom, the United States and Dubai. Its shares are traded on the Shanghai and Hong Kong stock exchanges.

CCB Brasil is a component of the CCB Corporation's internationalization strategy. The parent company's largest subsidiary outside of China, its acquisition represented the beginning of CCB Corporation's entry into Latin America. The parent company also owns a smaller operation in Chile.

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

CCB Corporation is confident about turning the CCB Brasil operation around and believes that the improved quality of the bank’s products and services will begin to be perceived by the market from 2017

Despite being hit hard by Brazil's economic woes, CCB Brasil's performance in 2016 did not shake the parent company's confidence in the recovery of the economy or the potential of the Brazilian market. The financial and economic indicators do not yet reflect the improved quality of the bank's products and services, which should start to be perceived by the market in 2017 and 2018.

CAPITAL INCREASE

Throughout 2016, there was an ongoing effort to achieve funding at lower rates . This led to an increase in funding from CCB Corporation at a cost aligned with international rates for Prime companies. This in turn drove a substantial reduction in domestic funding, especially from DPGE (time deposits with special guarantee) and institutional sources. The result was a reduction in funding costs, decreased dependence on third-parties, improved financial performance and greater balance in market sources.

In parallel, there were three capital increases, one amounting to R\$ 760,000 in June, another of R\$ 25,000 in October, and a third in the amount of R\$ 145,000 in December, all approved by special Board of Directors meetings. Thus, CCB Brasil ended the year with a market capitalization of R\$ 1,700,000, divided into 354,323 no par value book-entered shares, of which 225,500 are ordinary and 128,900, preferred.

Moreover, other funds were used to acquire Brazilian Sovereign Bonds, which in addition to generating revenue, do not consume capital. The capital increase provided by the CCB Corporation had a positive effect on CCB Brasil's operating results. The need to provision for impaired debt, however, had a negative effect on shareholders' equity.

New fundraising efforts will be undertaken in the course of 2017 with a view to boosting revenues and consolidating future business for CCB Brasil.

CCB CORPORATION IN NUMBERS \*

99.34% of CCB Brasil stock is held by CCB Corporation

369,183 employees

314 million clients

Net income of US\$ 36.4 billion in 2016

\*Data from May 2016.



- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

**BASEL RATIO**

Under the orientation of its parent company, CCB Brasil decided on a series of measures to adapt the bank and its subsidiaries to the new policies for financial institutions. These include balancing and improving funding costs by obtaining credit facilities; raising funds through the issue of securities overseas; and the execution of a subordinated funding operation, eligible to make up the Tier 1 common equity requirement scheduled for the first half of 2017.

These measures are aimed at meeting the bank's short and medium term capital needs in compliance with the Central Bank's instructions on alignment with Basel III Agreement requirements. This will better position the bank to achieve its strategic goals, while boosting its parent company's assurance and confidence.

**TOTAL ASSETS**

CCB Brasil's total assets reached R\$ 21,801,304 in 2016, 18% up on the cumulative amount in 2015 (R\$ 14,003,330). Loans granted increased from R\$ 6,223,682 in 2015 to R\$ 7,341,955 in 2016.

Intermediation expenses decreased from R\$ 2,996,274 in 2015 to R\$ 2,309,344 in 2016. In parallel, the taxes and charges paid by the conglomerate dropped from R\$ 464,323 in 2015 to R\$ 36,169 in 2016.

CCB BRASIL  
TOTAL ASSETS

2016  
R\$ 22 billion

2015  
R\$ 14 billion

2014  
R\$ 15 billion



LOANS

CCB Brasil reorganized its loan portfolio during the course of 2016. The strategy of boosting services for clients in the corporate segment has already started to produce a positive effect on the portfolio. Operations in the Southeast of the country, where the headquarters of the largest Brazilian and multi-national companies are concentrated, corresponded to 53.91% of the portfolio in 2016, compared with 50.89% in 2015. Overseas operations also increased significantly, growing from 13.17% of the portfolio in 2015 to 26.68% in 2016.

Import financing by CCB Brasil more than doubled during the year, increasing from R\$ 984,673 in 2015 to R\$ 2,014,646 in 2016.

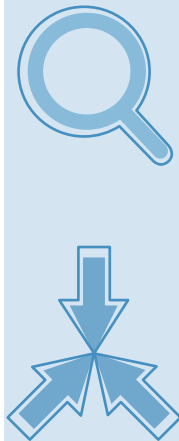
Securitization  
operations generated  
revenues of R\$ 306  
million in 2016

However, working capital loans and discounting felt the effects of the economic crisis, with a reduction from R\$ 2,313,395 in 2015 to R\$ 1,650,278 in 2016.

The bank also invested in an unprecedented securitization and recovery process for overdue credit, also known as non-performing loans. Diverse departments – Compliance/Legal, Commercial, Operations, Debt Recovery and Risk Management – worked jointly to gain a more in-depth understanding of the situation and to devise a mechanism for selling delinquent receivables. These were funds that had already been written off and which regained value for the bank.

During this process, bank staff went out into the field to analyze risks and to negotiate. This was a strategy that generated revenues of R\$ 306 million in 2016.

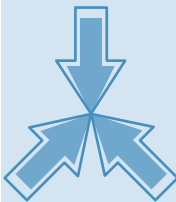
Although the loans awarded by CCB Brasil contribute directly to addressing social and environmental issues in the country, the bank’s portfolio does not include products created specifically to generate social [FS7](#) or environmental [FS8](#) benefits.



BUSINESS PORTFOLIO – BY REGION  
CCB BRASIL (CONSOLIDATED) – DECEMBER 2016 <sup>FS6</sup>

	December 2016		December 2015	
	R\$ (thousands)	%	R\$ (thousands)	%
North	5,158	0.07	16,753	0.27
Northeast	578,488	7.88	929,498	14.93
Southeast	3,957,911	53.91	3,167,245	50.89
Midwest	269,126	3.67	487,352	7.83
South	571,855	7.79	803,409	12.91
Overseas	1,959,417	26.68	819,425	13.17

PRESENTATION
PROFILE
CORPORATE GOVERNANCE AND MANAGEMENT
VALUE GENERATION
CCB CORPORATION (PARENT COMPANY)
CLIENT RELATIONS
EMPLOYEES
SUPPLIERS
SOCIETY
ENVIRONMENT
ABOUT THE REPORT
GRI SUMMARY



DIVERSIFICATION BY TYPE OF OPERATION (IN THOUSANDS OF REAIS - COMPARISON 2016 – 2015) CCB CONSOLIDATED FS6

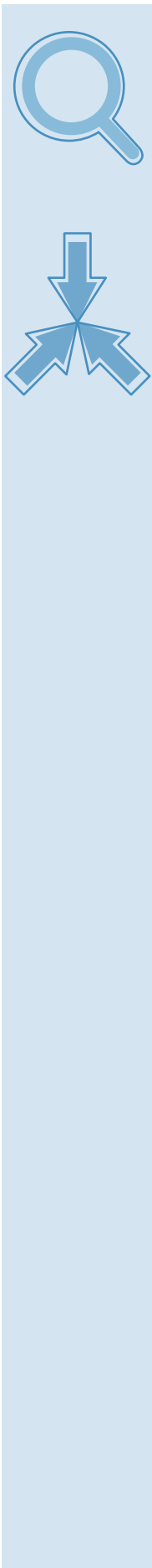
TYPE	Multiple		Consolidated	
	December 2016	December 2015	December 2016	December 2015
Working capital and factoring	1,650,278	2,313,395	1,651,960	2,313,395
Overdrafts	2,879	43,360	2,879	43,360
Payroll-deductible loans	185,304	59,985	2,038,790	895,139
Corporate checks	390	1,899	390	1,899
Import financing	2,014,646	984,673	2,014,646	984,673
Export financing	170,923	226,681	170,923	226,681
Rural and agri-industrial financing	107,300	55,146	107,300	55,146
Real estate and housing loans	2,068	2,103	2,068	2,103
Financing for machinery and HGVs	11,134	28,589	11,134	28,589
Resolution no. 3844 – onlending		12,174	-	12,174
Personal loans	41	33,226	293,571	305,221
Assigned loans	649,389	437,685	-	-
Others	306,925	317,468	306,925	317,469
Credit transactions	5,101,277	4,516,384	6,600,586	5,185,849
Sureties honored	9,782	34,317	9,782	34,317
Debtors by purchase of assets and goods	83,178	142,768	84,660	144,684
Securities and credits receivable	53,872	91,144	55,095	93,546
Advances on foreign-exchange contracts	541,174	648,823	541,174	648,823
Other loans	688,006	917,053	690,711	921,370
Leasing operations	-	-	50,658	116,463
Total	5.789.283	5.433.436	7.341.955	6,223,682

PRESENTATION
PROFILE
CORPORATE GOVERNANCE AND MANAGEMENT
VALUE GENERATION
CCB CORPORATION (PARENT COMPANY)
CLIENT RELATIONS
EMPLOYEES
SUPPLIERS
SOCIETY
ENVIRONMENT
ABOUT THE REPORT
GRI SUMMARY



DIVERSIFICATION – BY SECTOR OF ACTIVITY (IN THOUSANDS OF REAIS - COMPARISON 2016 – 2015) CCB BRASIL CONSOLIDATED FS6

	2016		2015	
	Amount	%	Amount	%
Public sector	33,421	0.46	92,864	1.49
Private sector	4,880,275	66.47	4,849,002	78
Financial intermediaries	5,157	0.07	22,950	0.37
Agribusiness	231,827	3.16	246,196	3.96
Industry	1,952,768	26.60	2,738,713	44
Civil construction – contractors	241,314	3.29	410,287	6.59
Sugar and ethanol mills	225,225	3.07	362,561	5.83
Real estate developers	78,081	1.06	331,394	5.32
Flour, pasta, cake and biscuit production	143,484	1.95	76,995	5.32
Slaughterhouses and meat industry	143,949	1.96	104,477	1.68
Chemical and petrochemical industry	113,742	1.55	77,956	1.25
Metal and mechanical production	207,193	2.82	101,785	1.64
Pulp and paper production	75,978	1.03	83,173	1.34
Beverages	37,247	0.51	134,710	2.16
Building materials industry	46,281	0.63	84,338	1.36
Pipes and iron artifacts	50,348	0.69	90,852	1.46
Vehicle, bodywork production and others	114,171	1.56	67,030	1.08
Tobacco industry	59,020	0.80	65,858	1.06
Vegetable and mineral extraction	85,233	1.16	364,917	5.86
Others	211,739	2.88	382,380	6.14



	2016		2015	
	Amount	%	Amount	%
Commerce	708,426	9.65	738,839	11.87
Supermarkets and wholesalers	319,721	4.35	252,508	4.06
Motor vehicle dealerships	24,458	0.33	93,074	1.50
Electronic goods trade	3,962	0.05	64,762	1.04
Others	359,979	4.90	328,495	5.28
Other services	1,982,097	27.00	1,102,304	17.71
Medical and dental services	34,546	0.47	83,803	1.35
Technical and professional services	69,471	0.95	165,254	2.66
Passenger and cargo transportation	105,369	1.44	226,268	3.64
Companies – holding companies in general	689,948	9.40	97,719	1.57
Leasing/rental services in general	52,572	0.72	104,392	1.68
Others	994,098	14	424,868	6.83
Individuals	994,098	33	7,341,955	20.60
Total	7,341,955	100	6,223,682	100



- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY



As a multiple bank, CCB Brasil strives to provide its clients with excellent service. Through its commercial team, the organization has intensified contacts with the Brazilian corporate market and with Chinese companies that invest in Brazil. With the launch of its new Internet Banking platform in 2017, CCB Brasil will activate its online client service and communication channels, developing a more interactive, agile and modern environment that prioritizes self-service.

The teams specialized in the products and services offered by the bank will continue to provide personalized services for clients, reinforcing the CCB Brasil service differential.

PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY



## MAIN PRODUCTS AND SERVICES \*

### Foreign exchange and overseas trade

- Loans and financing for exports
- Loans and financing for imports
- Spot exchange
- External loans (Law 4131)

### Investimentos

- Time Deposits (CDB)
- Agribusiness Credit Bills (LCA)
- Mortgage Bills (LCI)
- Financial Notes

### Loans and financing

- Working capital
- Direct consumer credit (CDC)
- Financing for vehicles

### Derivatives

- Swaps (change in index)
- Forwards, Futures and Options (fixing prices for future dates)

### Services

- Collection
- Bank guarantees
- Automatic direct debit (DDA)
- Checking accounts

\* A complete list of products and services is available on the website [www.br.ccb.com/en/](http://www.br.ccb.com/en/)

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

RELATIONSHIP AND DIALOGUE

The conglomerate as a whole has 493,220 clients. However, these have extremely varied profiles. In the bank, the portfolio mostly comprises companies (2,724 companies, of which 2,474 are account holders), but there are also 2,341 individual clients. In CCB Brasil Financeira, which offers payroll-deductible loans and financing for vehicles, and CCB Administradora de Cartões, which operates prepaid cards, the larger volume of individual clients, with 195,251 and 219,419, respectively, is concentrated

To address this diversity, CCB Brasil has different mechanisms for serving clients and ensuring their satisfaction.

The bank's company clients and account holders, for example, are handled by a team of professionals prepared to meet their specific needs, offering customized high quality service. In the agencies, business managers establish direct relations with the clients, constituting the main point of contact. These clients do not usually use the telephone and online ([www.br.ccb.com](http://www.br.ccb.com)) channels provided by the bank.





PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

**VALUE GENERATION**

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

## SERVICE CHANNELS

### Client Relationship Center:

Consultations, information and transactions  
Monday to Friday,  
from 9 a.m. to 6 p.m.  
0300 010 0242

### Payroll Credit Contact Center

Complaints, cancellations and information  
Monday to Friday,  
from 9 a.m. to 6 p.m.  
0800 725 0048

### Credit Card Contact Center

Complaints, cancellations and information  
24 hours a day, 7 days a week  
0800 775 7001

### Client Contact Center

Complaints, cancellations, information and transactions  
Monday to Friday,  
from 9 a.m. to 6 p.m.  
0800 701 0224

### Hearing or Speech Impaired Clients

Complaints, cancellations, information and transactions  
Monday to Friday,  
from 9 a.m. to 6 p.m.  
0800 940 0649

### Ombudsman

For clients dissatisfied with the solution provided  
Monday to Friday,  
from 9 a.m. to 6 p.m.  
0800 725 2242

## BRANCH NETWORK

Find your nearest branch on [br.ccb.com/en/menu/About/Branches-in-Brazil-81](http://br.ccb.com/en/menu/About/Branches-in-Brazil-81)

All CCB Brasil client relations are based on a series of corporate actions, standards and policies which are aligned with the Brazilian Banking Self-Regulation system and the law – which includes rules on accessibility.

Disabled people have access through specific communication channels equipped with accessibility technology (such as the Contact Center with telephone service for the hearing impaired and the website equipped with voice technology). The facilities of all branches are adapted to permit access for the physically disabled [FS14](#).

The Client Service Policy is reviewed annually. The conglomerate provides its clients with different service channels, which are publicized on the website and in communication materials [see in the table](#). There is also the Fale Conosco (Contact Us) service for sending text messages to diverse departments via the Portal. Although they are open to everyone, these channels are primarily used by individual clients, mainly users of payroll credit, vehicle financing and prepaid card services.

CCB Brasil has been enhancing its internal processes to monitor and boost client satisfaction

SATISFACTION WITH CLIENT SERVICE G4-PR5

CCB Brasil also carries out client satisfaction surveys to evaluate the services provided by the bank. Currently, the survey measures client satisfaction with the telephone service, which takes place at three levels: by means of the Client Relationship Center; the Client Contact Centers– SACs – and the Ombudsman. This monitoring is in line with Banking Self-Regulation recommendations.

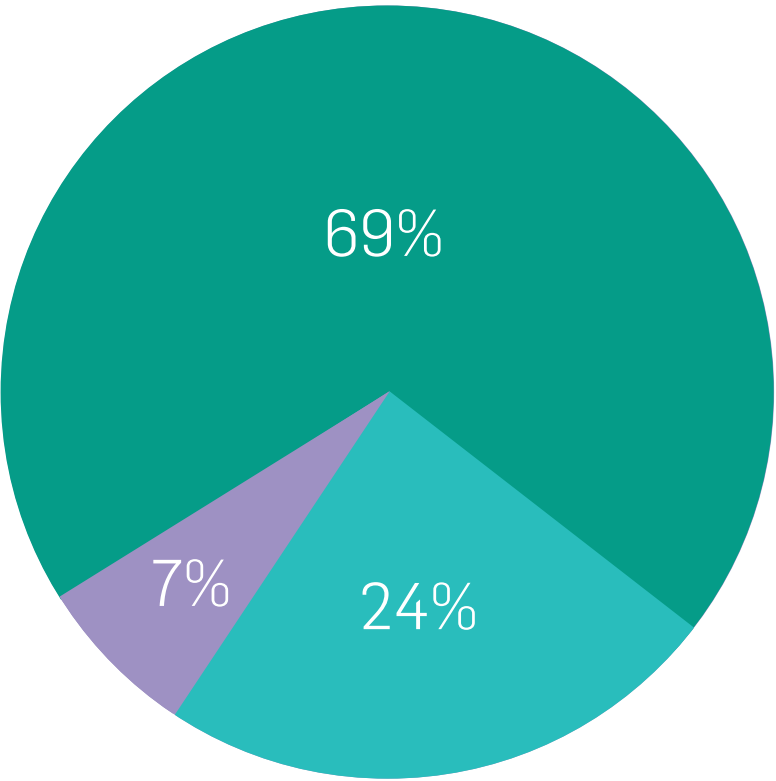
In March 2016, the organization initiated the process of measuring satisfaction with the Ombudsman telephone service. A total of 106 contacts were recorded up until the end of the year. Of these, 91 were surveyed to measure client satisfaction with the service provided. Of the total responses, 79% declared that they were “fully satisfied” or “satisfied”.

From the 13,314 calls reviewed by the Contact Center satisfaction survey between January and December, 10,823 were complaints, 63% of which related to CCB Brasil Financeira, and 37% to CCB Brasil. All the calls were channeled to the satisfaction survey; however,

only 61% of people answered the survey. Of the contacts that became complaints, 0.4% came from people who alleged that they were unaware of any services contracted from the conglomerate.

In January 2017, the satisfaction survey was im- planted in the CCB Brasil Financeira Relationship Center. In 2016 the center received 183,235 calls and 93,405 complaints – 98% of which were answered within the allotted time. Additionally, the Card Relationship Center received 430 calls, of which 1.63% were complaints for another area.

In 2016, CCB Brasil was in eighth place in the rank- ing of complaints made to the Brazilian Central Bank, with 42 complaints recorded. The conglom- erate is improving its internal processes to boost client satisfaction.



CLIENT SERVICE SATISFACTION – CONTACT CENTER (SAC)

TOTAL RESPONDENTS = 8,122

- EXCELLENT AND VERY GOOD
- GOOD
- BAD

CLIENT  
SERVICE

CCB Brasil provides clients with service via its Relationship Center, Contact Centers and Ombudsman

OMBUDSMAN

The Ombudsman represents the ultimate contact level, used only when the primary levels (Relationship Center and Contact Centers - SACs) have been unable to resolve the requests. Access may be by telephone, email, letter or in person. The data is reported to the Board of Directors. In 2016, there were 382 contacts, of which 39.8% were direct complaints. Only two of these took longer to address than the 10 working day limit established by Central Bank (Bacen) Resolution 4433. Another 1,171 cases of complaints related to CCB Brasil were recorded by the Central Bank.



PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

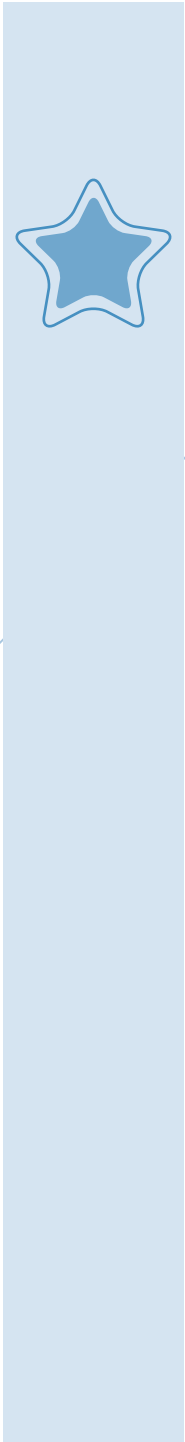
SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY



PRIVACY AND INFORMATION SECURITY

G4-PR8

To minimize any risk of violation of client privacy and to guarantee information security, CCB Brasil invests in preparing its staff, in technology and in the systematization and dissemination of standardized internal processes.

All employees receive periodic orientation on the organization's information security and data privacy procedures, standards and policies and have instructions on how to proceed in order to protect confidential data from attempted attacks. Employees sign a responsibility agreement on an annual basis. The company also organizes talks to update employees on changes in technology terms or on the risk of attacks.

All service providers sign a confidentiality agreement before having access to any restricted information.

In the technology environment, data and information protection is ensured by applying periodic

CCB Brasil invests in technology, systematization and standardized internal processes to guarantee the security of client data

tests, verifying wireless networks, blocking remote access, as well as simulating local and/or internet invasions.

The institution also maintains monitoring and control mechanisms. Any alteration to the data system by employees is logged and monitored by the Internal Audit. Furthermore, there are tools that enable the immediate correction of any failures.

In 2016, CCB Brasil recorded 12 cases in which credit card holders contacted the relationship channels claiming that they were unaware of charges made on their respective cards. This compares with 21 cases in 2015. The cases were investigated and recorded as fraud. To mitigate the risk of cloning, CCB Brasil has the target of replacing all magnetic cards, in particular prepaid ones, with cards containing chips in 2017.

As in previous years, in 2016 there were no complaints about the violation of privacy or loss of data involving CCB Brasil clients.

PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

EMPLOYEES

EMPLOYEES ARE OF KEY IMPORTANCE  
FOR THE CCB CORPORATION



CCB BRAZIL'S TALENT-RETENTION MEASURES  
AND INVESTMENT IN TRAINING AND  
DEVELOPMENT ARE ALIGNED WITH THE GROUP'S  
GLOBAL STRATEGY

CCB Brasil and its subsidiaries seek to recruit and select candidates internally, preferring to reallocate employees developed internally before going to the market to fill vacancies. Last year, 308 employees (224 men and 84 women) received a bi-annual appraisal for eligible positions (42% of the total). A total of 32 employees moved to new positions in the organization, in particular in the Finance operation [G4-LA11](#).

LEADERSHIP DEVELOPMENT PROGRAM

In 2016, HR developed a new project that was applied to mid-level managers in CCB Brasil Financeira – the Leadership Development Program. 25 supervisors and managers took courses aimed at driving development, with modules covering self-knowledge, conflict management and feedback techniques, among others. Participants designed their own individual development plans and are now being monitored in their delivery of these plans. During the year, the organization also developed a detailed description of salaries and positions.

CCB Brasil's human resources management policy is underpinned by three pillars: quality of life (a healthy, balanced work environment); the possibility of individual progression (education and personal growth); and fixed and variable remuneration (financial incentives for engagement) (DMA – Managing People). During the year, the bank progressed in each of these areas [see table](#). 2016 was dedicated to organizing the business, placing value on internal knowledge, mapping competencies and preparing the teams for the strategic changes planned.

PRESENTATION
PROFILE
CORPORATE GOVERNANCE AND MANAGEMENT
VALUE GENERATION
CCB CORPORATION (PARENT COMPANY)
CLIENT RELATIONS
EMPLOYEES
SUPPLIERS
SOCIETY
ENVIRONMENT
ABOUT THE REPORT
GRI SUMMARY

HR MANAGEMENT PILLARS – MAIN ACTIONS IN 2016			
PILLAR	ACTION	MAIN BENEFITS	INDIRECT GAINS
Quality of life	Nutritional program	Weight loss for participants	Participants lost weight and improved their health and self-esteem
	Support program for smokers	All stopped smoking	Improved health
	Decrease in overtime	27% reduction	People have more time for leisure and for their family
	Decrease in medical leave letters	In 2016, the number of medical leave letters handed in decreased by 37%	Improved distribution of work among staff
	Sports incentive – reimbursement of up to 50% of enrollment fee for races	Reimbursement of up to 50% of enrollment fee for races	Disposition, well-being, satisfaction in achieving results, integration by means of sport.
	Managing first aid stations	1,740 visits	Satisfaction of employees treated.
	Children's Christmas	50 children of employees, aged from 4 to 12 years	Valuing employees and families.
	End-of-year party for employees	Attended by 61% of the employees	Integration between Brazilian and Chinese employees
Fixed and variable remuneration	Payment of variable remuneration	Employees motivation	Staff motivation and talent retention.
	Redesign of bonus scheme, involving competency assessment and performance appraisal.	Participation of managers, superintendents and executives	Definition of targets and remuneration parameters regardless of negative results.
Individual progression and best use of talent	Launch of the EAD Distance Education Platform	Accessible to all employees	Training for staff.
	Incentives to do language courses	67 employees benefited	Enhanced cultural integration and internal communication
	Job descriptions	39 jobs mapped	Basis for definition of development targets
	Leadership Development Program	100% of the managers in CCB Brasil Financeira	Mapping of gaps and preparation of individual development plans
	Internal recruitment	32 employees reallocated internally	Talent retention
	Young Talent Program	34 apprentices and interns benefited	70 to 80% were hired permanently
	Tribute for length of service	110 employees awarded	Satisfaction through recognition

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY



COMMUNICATION PRACTICES FOR CULTURAL INTEGRATION

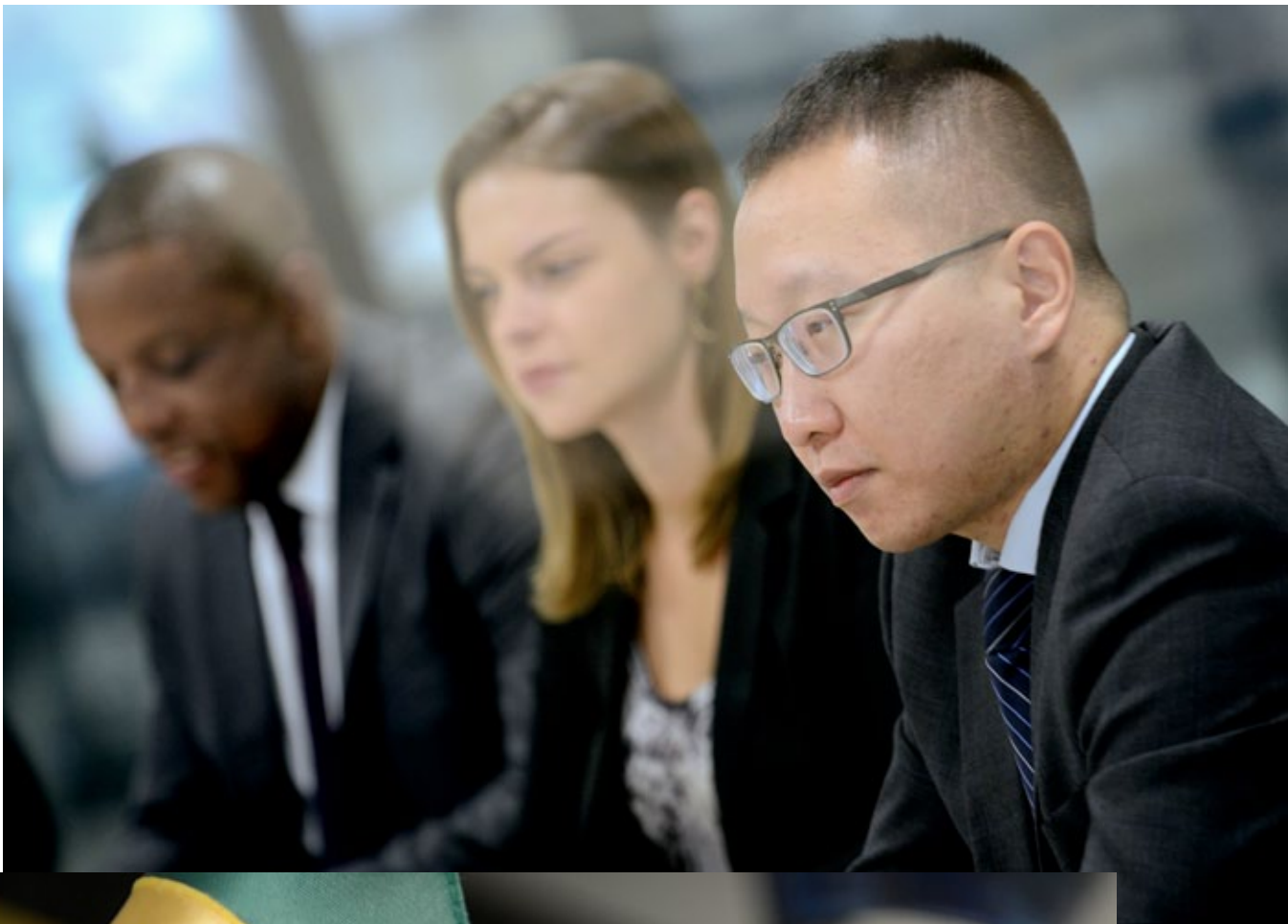
Sino-Brazilian cultural integration is deemed important for CCB Brasil. The goal is to combine the cultures, promote mutual understanding and respect for differences, overcoming barriers arising from language and customs. To do this, CCB invests in training, interchanges and language courses.

In 2016, the organization invested R\$ 275,460 in language courses. This is because many meetings are conducted in English, and a series of documents and reports for senior management and for the CCB Corporation head office also need to be presented in this language.

82 employees study English and another eight are studying Mandarin at a partnering school; 67 employees received a subsidy of between 50% and 80% for their foreign language studies. In parallel, 13 Chinese executives and employees study Portuguese. The classes are given on the bank's premises before and after working hours.

The integration program is divided into three parts: "Getting to know the country and pride in belonging", with presentations on China for Brazilians; "Brazil, a Nation of Friends of China – Getting to Know the Country and Integrating", for the Chinese; and "Proud to Belong", a talk for CCB Brasil leaders.

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY



## CCB Brasil staff visited Peking and Shanghai on an interchange program

Under the auspices of the program for Brazilians, five employees undertook a 20-day cultural interchange program in Peking and Shanghai in 2016 at the invitation of the Chinese Ministry of Commerce. Two participants organized events to encourage “pride in belonging” among more than 150 employees, as well as sharing their learnings and information about the CCB Corporation.

In the “Brazil, a Nation of Friends of China” stage, a welcome program was devised for the Chinese participants, providing them with a series of insights on certain nuances of Brazilian culture. This included festivals and holidays such as São João, Christmas and New Year.

During the course of the year, Brazilian employees also received information about important events in the Chinese calendar, such as the Chinese New Year and the Chinese Moon Festival, via the company intranet. Some of the bank’s executives traveled to China to gain more in-depth knowledge of the CCB Corporation’s operations and to align ways of working.

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY



DISTANCE EDUCATION PLATFORM BOOSTS PARTICIPATION IN TRAINING

In 2016, CCB Brasil launched its Distance Education Platform (EAD in the Portuguese acronym) for all employees. This tool is part of company strategy to value employees and nurture internal knowledge as a driver of staff development.

The platform contains diverse courses and fills a specific gap related to the difficulty branch staff have in addressing regulatory issues due to the size of the network and the distance from the head office.

This measure is aligned with CCB Corporation's global human resources strategy, which is focused on investing in employee education.

The platform comprises optional and mandatory courses that range from writing and using Word software to more specific business-related programs such as the courses on Preventing Money Laundering, Corruption and Terrorism, Banking Self-Regulation Standards, and Sustainability.

PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY



EDUCATION FOR SUSTAINABILITY G4-FS4

The EAD is also used to increase staff familiarity with the concepts of sustainability. It provides regular courses and measures aimed at raising employee awareness in this area. The courses are available online and may be accessed at any time via the company's computers.

One of the sustainability related courses specifically addresses the subject of personal finances for employees G4-FS16.

The introduction of the platform ensured that the number of hours training in social, environmental (including risk management) and sustainability questions more than doubled in 2016, totaling 1,418 hours, compared with 680 the year before.

During the year, training included the first module of Sustainability and Social and Environmental Responsibility, which was applied to all company employees and was made mandatory. For 2017, the target is to launch modules 2 and 3 of the program.

CONSOLIDATED – TRAINING G4-LA9	HOURS	MEN	WOMEN
Human Rights G4-HR2	2,128.5	1,199	929.5
Personal Finances G4-FS16	600	292	308
Anti-corruption G4-SO4**	2,583	1,295.5	1,287.5
Others	7,625.7	4,877.92	2,747.78
Total	12,937.2	7,664.42	5,272.78
Total number of hours per employee * = 17			

\* The total number of hours training takes interns, apprentices and members of the governance bodies into account.  
\*\* 100% of the employees were trained in CCB Brasil anti-corruption policies and procedures.

The platform helped ensure that the number of hours of sustainability training more than doubled, increasing from 680 in 2015 to 1,418 in 2016.

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY



# DIVERSITY MAP

## SEE WHO IS BUILDING CCB BRASIL ON A DAY-TO-DAY BASIS

CCB Brasil ended 2016 with 733 people duly registered and employed under Brazil's CLT labor laws, 27 interns and 8 apprentices, totaling 768 people. Of these, 459 are men and 309 are women [G4-10](#).

The majority work in São Paulo, where the bank's head office is – 584 (79.7%). The remainder are located in cities in every region of the country. 95.1% of the employees work an 8-hour day, while the remaining 4.9% work part time [G4-10](#).

CCB Brasil is opposed to any kind of discrimination and seeks to promote diversity in its selection processes. In 2016, there was no record of any case of discrimination in any of the existing dialogue channels – Ethics Committee, Human Resources and the Labor Relations department [G4-HR3](#).

In 2016, the Legal area received 102 complaints related to labor practices. All of them were addressed and 19 were resolved. Another 108 grievances pending from previous years were also resolved during the course of the year, concluding a total of 127 cases [G4-LA16](#).

CCB Brasil guarantees full freedom of association, and all employees are covered by collective bargaining agreements with the unions representing them ([G4-11](#)). Employees receive due prior notice of changes in structure, giving them time to take any necessary measures [G4-LA4](#).

### RH COM VOCÊ (HR WITH YOU)

CCB Brasil provides its RH com Você (HR with You) service, a communication channel that, along the lines of the Ethics Committee, is confidential, enabling employees to make suggestions, complaints, clarify doubts or praise the organization [G4-58](#). In 2016, the service received 40 messages, all of which were addressed and answered. The majority – 70% were related to routine HR questions, such as benefits and control of working hours. The others were complaints, suggestions and praise (4)

NUMBER OF EMPLOYEES BY GENDER\* 2016 [G4-10](#)

	Total*	%	Men	%	Women	%
Employees by gender	733	100	434	59.2	299	40.8
Analysts	436	59.5	227	52.1	209	47.9
Commercial	107	14.6	70	65.4	37	34.6
Coordination	66	9.0	42	63.6	24	36.4
Management	124	16.9	95	76.6	29	23.4

\*Not counting interns and apprentices

NUMBER OF PEOPLE BY COLOR/RACE \* 2016 [G4-10](#)

	Employees	Percentage (%)
White	584	76.0
Afro-Brazilian	31	4.0
Asian	35	4.6
Mixed	118	15.4
Total	768	100

\*Counting interns and apprentices

PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

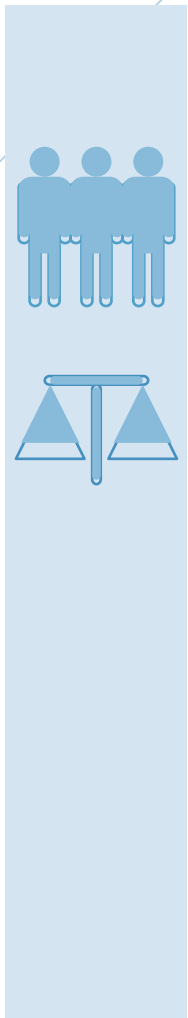
SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY



BENEFITS

The CCB Brasil benefits program is for all employees hired under the CLT labor framework. The institution believes that peace of mind in employees' personal lives drives good results at work, which is why the benefits offered exceed those required by law.

The benefits package includes: optional health and dental plans, extensive to dependents, including same-sex partners; meal allowance; supermarket purchase allowance; special conditions for loans and finance, credit cards and overdraft facilities; differentiated life insurance; educational insurance; subsidized drugstore purchases; partnerships with language schools, restaurants and gyms, among others [G4-LA2](#).

To ensure security, employees working at night receive a travel allowance.

Women are entitled to six months' maternity leave and breaks to breastfeed their children up until six months of age, as well as a nursery/nurse allowance.

In 2016, 15 women took maternity leave, while nine men had time off for paternity leave. Of the 28 employees who took paternity leave in 2015, 20 were still working at the bank (13 women and seven men) one year after the end of their leave [G4-LA3](#).

The bank does not offer its employees pension plans [G4-EC3](#).

EMPLOYEE TURNOVER

During 2016, 79 employees were hired and 160 were discharged by CCB Brasil. This was partially due to the economic crisis in the country, which led to a reduction in activities; another cause was the restructuring undertaken by the bank. Staff turnover in the period was 16% [see table](#). Dismissed employees received a sum to invest in professional requalification and had their company health plans extended for 270 days after the end of their employment [G4-LA10](#) [G4-LA1](#).



SAFETY, HEALTH AND QUALITY OF LIFE

The Internal Accident Prevention Commission (CIPA in the Portuguese acronym) formally represents all CCB Brasil employees. The commission organizes an annual internal work related accident prevention week and provides support for HR in the execution of preventive health care, safety and quality of life campaigns and measures [G4-LA5](#).

The Health Promotion Program, coordinated by the Human Resources department and incorporating monthly initiatives on the part of the Accident Prevention Commission, encompasses AIDS campaigns and measures to prevent breast cancer and prostate cancer, stress, smoking, as well as encouraging healthy eating habits, among others. The organization also runs environmental risk prevention and occupational health medical control programs. Members of employees' families and friends also benefit from the information disseminated in the program [G4-LA7](#).

In 2016, CCB Brasil recorded no cases of occupational injuries or diseases. The 2,290 days lost in 2016 involved non-occupational illnesses. Men were responsible for 680 of the days lost, with women accounting for the other 1,610 [G4-LA6](#).

TOTAL NUMBER AND RATE OF NEW EMPLOYEE ADMISSIONS AND TURNOVER RATE, BY AGE GROUP, GENDER AND REGION<sup>1</sup> [G4-LA1](#)

	Admissions	Admission rate (%)	Terminations (%)	Turnover <sup>2</sup>
BY GENDER				
Men	46	6%	99	10%
Women	33	5%	61	6%
Total	79	11%	160	16%
BY AGE GROUP				
Under 30 years	37	5%	21	4%
From 30 to 50	32	4%	95	9%
Over 50	10	1%	44	4%
Total	79	11%	160	16%
BY REGION				
North	1	0.1%	1	0.1%
Northeast	1	0.1%	26	1.8%
Midwest	1	0.1%	6	0.5%
Southeast	73	10.0%	113	12.7%
South	3	0.4%	14	1.2%

1 - To ensure greater comparability and adherence to the GRI protocol, from this year the rates are calculated based on the total number of employees at the end of the year (733). The rates do not take interns and apprentices into account.  
2 - Turnover calculated based on: (total admissions + total terminations)/2/total employees.

The bank observes the collective agreements signed with financial institution workers unions, which determine health and safety standards. The accident prevention commission oversees questions such as AIDS, the extension of medical assistance plans for dismissed employees, professional requalification programs and management / worker commissions to address banking security and equality of opportunity [G4-LA8](#).

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

SUPPLIERS

SUPPLIER ARE SUBJECT TO BROAD-BASED ASSESSMENT

CCB BRASIL PRIORITIZES PURCHASES FROM LOCAL SUPPLIERS AND MAINTAINS RIGOROUS CONTROL OVER COMPLIANCE WITH SOCIAL AND ENVIRONMENTAL REQUIREMENTS. G4-12

The institution's main suppliers include service providers in the areas of consulting, audit, security, maintenance, information technology (IT) and the transportation of valuables.

The bank has some 850 registered suppliers. All supply contracts contain clauses related to environmental protection and compliance with environmental legislation; compliance with labor legislation; anti-discrimination and anti-corruption measures; and commitments to combat and eradicate the use of child and slave labor.

The Procurement and Contracting Policy specifies that, whenever possible, goods and services (such as couriers and cleaning) should be acquired from local suppliers. In addition to fomenting the local economy, this helps to reduce expenses. In 2016, spending on procurement and contracting was reduced by 15% G4-EC9.



In 2016, CCB Brasil enhanced the supplier selection, assessment and monitoring process

IMPACT ASSESSMENT

As with the organization's clients, suppliers also undergo a social and environmental risk assessment, which includes signing a Sustainability Declaration, being subject to a media survey, followed by the attribution of a social and environmental rating, which is determined by the environmental impact caused by the supplier's core activity and its legal compliance status.

This enables measurement of actual and potential negative impacts in the CCB Brasil supply chain with respect to labor practices G4-LA15, environmental impacts G4-EN33 impacts on society G4-S010 and on human rights G4-HR11.

In 2016, CCB Brasil enhanced the supplier selection, assessment and monitoring process by incorporating the requirement of approval by the Sustainability Committee for suppliers deemed to represent high social and environmental risk. In 2016, all the 305 new suppliers were registered and selected after screening based on social criteria, comprehending labor practices G4-LA14, human rights G4-HR10 impacts

on society G4-S09 and on the environment G4-EN32. The sustainability team assessed 64% of the cases.

The Procurement department has instructions to terminate relations with suppliers that do not comply with social and environmental legislation or with the institution's policies or who violate human rights-related contract clauses.

The area has two targets for 2017: to screen 100% of suppliers based on the new social and environmental criteria and to implement a new Procurement and Service Contracting policy.



SOCIETY

BUSINESS CONTINUITY RENEWS  
COMMITMENT TO SOCIETY

BY EXERCISING ITS SOCIAL ROLE, FINANCING  
PROJECTS AND HONORING REGULATORY AND  
LEGAL COMMITMENTS, THE INSTITUTION  
GENERATES VALUE FOR SOCIETY AS A WHOLE

R\$ 36 million was the  
amount CCB Brasil paid in  
taxes in 2016

CCB Brasil maintains rigorous internal and external  
controls that ensure compliance with regulatory  
frameworks. This guarantees the future continuity of  
the business while renewing its commitment to soci-  
ety as a whole.

The payment of taxes and charges, concession of  
loans, creation of jobs, responsible management of  
the client and supplier portfolios, minimizing social  
and environmental risk, and the maintenance of  
healthy relations with regulatory authorities are some  
examples of how CCB Brasil fulfills its social role,  
contributing to the direct or indirect generation of  
value for society.

In 2016, CCB Brasil did not make any donations to  
political parties [G4-S06](#).



- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
- SOCIETY
- ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY



BANKING SELF-REGULATION

CCB Brasil is a signatory to and participates actively in the Banking Self-Regulation initiative implemented by the Brazilian Banking Federation Febraban, created to promote a fairer society. Only 18 institutions have assumed this commitment, representing a differential for the organization.

The Self-Regulation Code is based on the premise that a healthy, ethical and efficient banking system is essential for Brazil's development, and its requirements go beyond those established by legislation. The principles underpinning the document are ethics and legality, respect for the consumer, efficient communication and continuous improvement.

The institution participates actively in commissions and committees organized by Febraban and other financial sector bodies

CCB Brasil is also represented on Febraban technical commissions, sub-commissions and working groups. Other sector associations in which the organization plays an active role are the ABBI (Associação Brasileira de Bancos Internacionais), the ABBC (Associação Brasileira de Bancos), the Brazilian clearing house CIP (Câmara Interbancária de Pagamentos) and Acrefi (Associação Nacional das Instituições de Crédito, Financiamento e Investimento), the association representing credit, financial and investment institutions. The bank is also represented in meetings of the IBGC (Instituto Brasileiro de Governança Corporativa) and the Instituto Brasileiro de Executivos Financeiros (IBEF) G4-16.

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

GLOBAL COMPACT  
The conglomerate is managed in alignment with human rights, labor relations, environmental and anti-corruption principles.

PRINCIPLES, AGREEMENTS AND COMMITMENTS

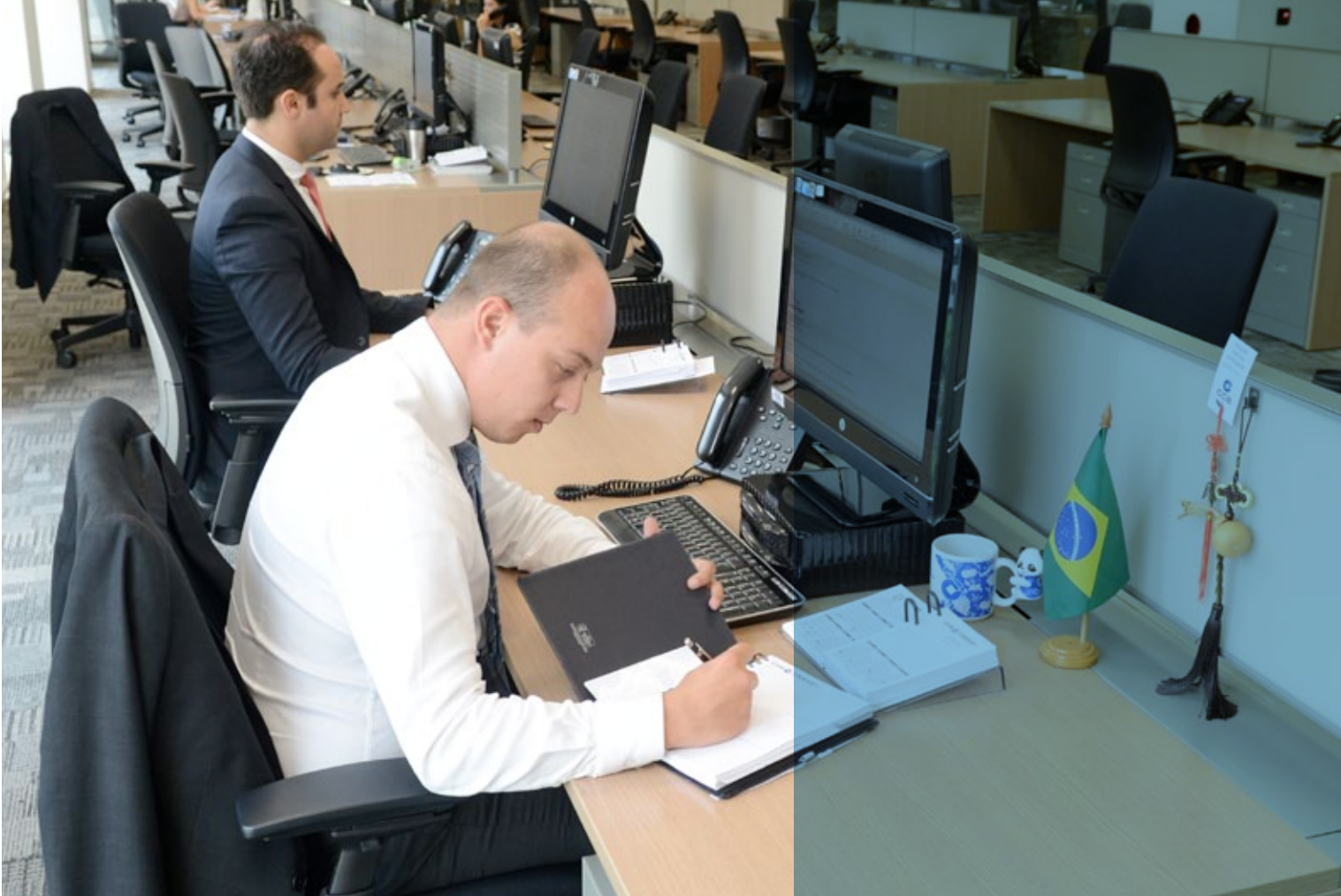
G4-15

CCB Brasil is also a signatory to principles, pacts, standards and pledges that advocate a healthy and ethical business environment. Moreover, the bank is aligned with FATCA (Foreign Account Tax Compliance Act). This is a mechanism created by the United States government to drive fiscal transparency and suppress tax evasion, money laundering and financing for terrorism, as well as identifying US financing operations in other countries, including Brazil. FATCA collects tax information exclusively on US-owned bank accounts.

The CRS or Common Reporting Standard came into force at the end of 2016. This standard has become known as the Global FATCA, because it is very similar to the US legislation but is applied globally. The standard provides for the automatic exchange of tax information on individuals and

companies in different jurisdictions and the more than 100 signatory countries, including Brazil. CCB Brasil is aligned with this international standard. The first CRS information exchanges will occur in August 2017.

The organization is also a signatory to the Global Compact, a United Nations Organization initiative created to encourage the international business community to adopt ten principles in the areas of human rights, labor relations, the environment and anti-corruption.



THE  
ENVIRONMENT

LOANS FOMENT SUSTAINABLE  
DEVELOPMENT

THE CLIENT PORTFOLIO INCLUDES  
INVESTMENTS IN THE AREA OF  
RENEWABLE ENERGY AND OPERATIONS  
THAT HELP DRIVE THE GREEN ECONOMY  
AND EMISSIONS REDUCTION

CCB Brasil monitors the impacts of its operations.  
However, as a financial institution it considers that its  
main environmental impacts are related to its core  
activity, the concession of loans.

In this regard, the bank has a strategy which involves  
providing credit for large energy and infrastructure  
projects that promote and sustain a green economy  
and a low-carbon society. The client portfolio includes  
companies that work with renewable energy sources,  
such as solar and hydroelectric energy and biofuels.

In 2016, loans to the energy distribution sector  
increased by a factor of seventeen compared with  
2015 –R\$ 678,943 against R\$ 38,826 the previous  
year. The total credit extended to the sugar and  
alcohol production, agribusiness, energy distribution  
sectors and holding companies in general more than  
doubled from R\$ 745,302 in 2015 to R\$ 1,825,943  
in 2016.



- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
- ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

ECO-EFFICIENCY

The CCB Brasil Eco-efficiency program is applicable to all the organization's service outlets and administrative units. It comprises training for employees, performance analysis and measures to rationalize the use of natural resources.

The program comprehends reducing the consumption of water, electricity, paper and fuel, as well as ensuring the environmentally appropriate management and disposal of electronic (computers, printers etc.) and hazardous (fluorescent light bulbs, chemical products and batteries, for example) waste.

In 2016, the institution reduced its energy consumption by 15% compared with 2015. This was due to the implementation of energy-efficiency measures in the bank's facilities, such as isolating circuit breakers to enable measurement of individual energy consumption in the head office and a number of agencies, the installation of light switches in individual rooms and motion sensors in common areas.

The methodology for measuring water consumption was changed in 2016 due to the remodeling of physical spaces. This led to a total consumption of 16,563 cubic meters of water, supplied exclusively by public utilities. The main reduction measure was the substitution of lavatory water tanks in the restrooms, reducing water consumption by 20% per discharge

G4-EN8.

MATERIALS USED (BY TYPE AND VOLUME) G4-EN1

In 2016, paper consumption increased by 42.7 metric tons compared with 2015 because of the acquisition of graphic materials for CCB Brasil Financeira. During the year, 106.1 metric tons of paper and 554 kg of plastic materials were used.

15% reduction in energy consumption at CCB Brasil in 2016 (2,591 MWh) compared with 2015 (3,055 MWh)

G4-EN3 and G4-EN6

1.9 metric ton of post-consumer waste was forwarded for recycling in 2016

G4-EN23



- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
- ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

**BANK HAS ITS LOWEST EMISSIONS LEVEL SINCE MONITORING WAS BEGUN**

The institution's activities in 2016 generated emissions of 894.46 metric tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e), the lowest level since monitoring began in 2011, when emissions totaled 1,429 tCO<sub>2</sub>e. The reduction in comparison with the 2015 emissions of 1,118.49 tCO<sub>2</sub>e was 20% [G4-EN19](#). The data was obtained from the Greenhouse Gas (GHG) Emissions Inventory, which is based on the Brazilian GHG Program protocol and is compliant with the ISO 14064 standard. The inventory is conducted on an annual basis and measures direct (scope 1) and indirect (scopes 2 and 3) emissions. The inventory data have been audited by a third-party for six years.

In 2016, direct GHG emissions [G4-EN15](#), that is the scope 1 emissions associated with fuel consumption by vehicles and generators, totaled 191.48 tCO<sub>2</sub>e, 32% down on the 2015 figure (283.44 tCO<sub>2</sub>e).

Scope 2 emissions from the acquisition of electricity from the Brazilian national grid totaled 210.69 tCO<sub>2</sub>e [G4-EN16](#), down 58% on 2015 (502.67 tCO<sub>2</sub>e), due to a 36.1% reduction in consumption and a 34.4% decrease in the national grid emission factor.

Scope 3 emissions, related to employee travel by air, taxi or bus; transportation of mailbags by air or road; the use of motorcycle couriers; and the consumption of diesel fuel in generators operated by third-parties (the head office facility in São Paulo) totaled 492.29 tCO<sub>2</sub>e [G4-EN17](#). This represented an increase of 30% compared with the previous year (332.38 tCO<sub>2</sub>e), due to higher emissions in all the components of this scope.

The institution does not emit substances that deplete the ozone layer [G4-EN20](#) and does not generate significant NO<sub>x</sub>, SO<sub>x</sub> or other atmospheric emissions [G4-EN21](#).



# ABOUT THE REPORT

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE  
AND MANAGEMENT
- VALUE GENERATION
- CCB CORPORATION  
(PARENT COMPANY)
- CLIENT RELATIONS
- EMPLOYEES
- SUPPLIERS
- SOCIETY
- ENVIRONMENT
- ABOUT THE REPORT**
- GRI SUMMARY



- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

# FIVE TOPICS ARE PRIORITIZED IN THE MATERIALITY MATRIX

G4-18 | G4-20 | G4-21 | G4-22  
| G4-23 | G4-24 | G4-25 | G4-26 | G4-27

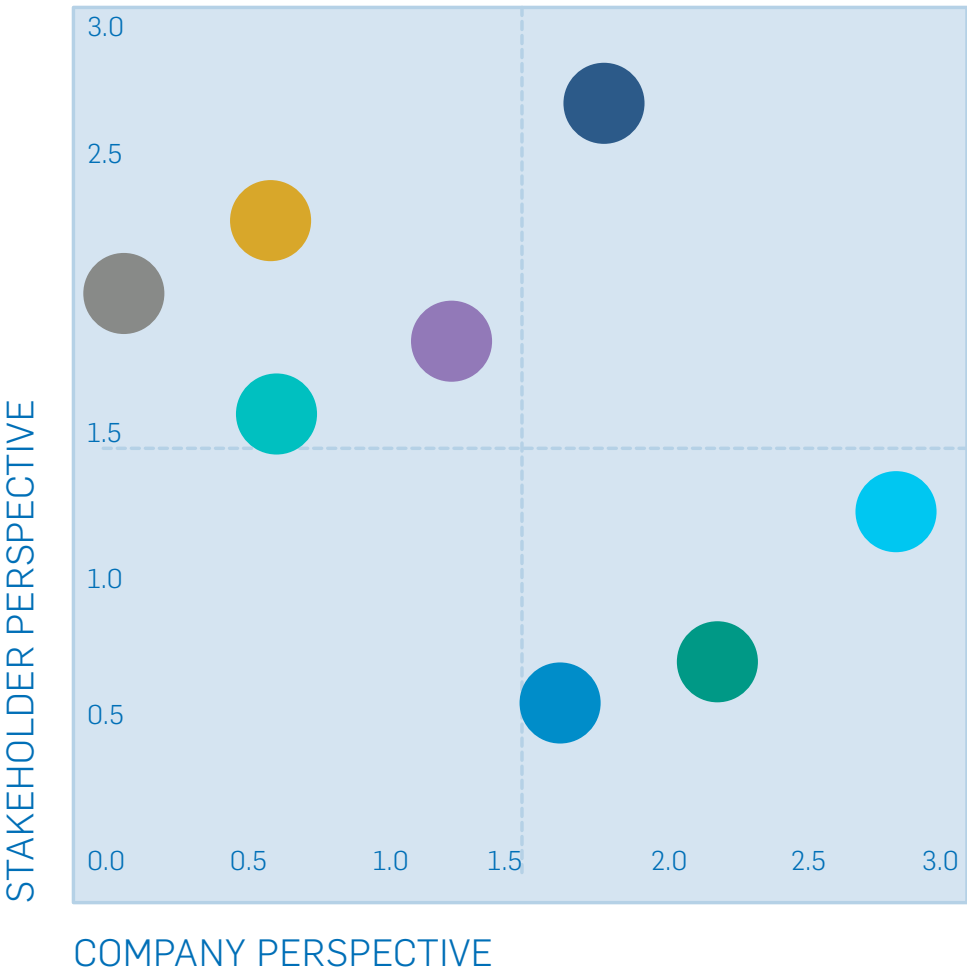
THE REVIEW OF THE MATRIX INVOLVED AN ANALYSIS OF THE SECTOR WITH THE PARTICIPATION OF THE BOARD AND PRIORITY STAKEHOLDER GROUPS, SUCH AS CLIENTS, SUPPLIERS AND EMPLOYEES

In 2016, the review of the materiality matrix was initiated with an analysis of reference studies in sustainability (RobecoSam, SASB and the GRI Sector Guide) aimed at identifying the main topics impacting the financial sector. This led to the definition of 14 main topics in order to build a matrix incorporating internal and external perspectives of CCB Brasil.

The CCB Brasil perspective was captured by means of interviews with the bank's executives to identify which topics would be prioritized over the coming years, taking the organization's strategic planning and its challenges into account.




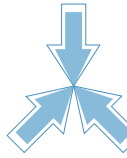

Stakeholder perspectives were identified by consulting representatives of groups considered to be priorities for the bank: clients, suppliers and employees. A total of 221 responses were received. After weighting, the survey results were cross-referenced with data from the CCB Corporation materiality matrix. This enabled the creation of the CCB Brasil Materiality Matrix, which prioritized five topics.





- 1. Personnel management
  - 2. Economic performance and balance
  - 3. Risk management
  - 4. Integration of social and economic risks
  - 5. Client satisfaction
  - 6. Labor relations
  - 7. Corporate governance
  - 8. Occupational health and safety
- 1. Personnel management and well-being
  - 2. Economic performance and balance
  - 3. Risk management and governance
  - 4. Integration of social and environmental risks
  - 5. Client satisfaction

The 2016 materiality matrix does not contain substantial changes in comparison with previous years. CCB Brasil decided to continue to report using the Comprehensive “in accordance” option, however, giving greater emphasis to the indicators related to the material topics.

MATERIAL TOPIC	GRI ASPECTS G4-19	GRI INDICATORS
 <b>1. Personnel management and well-being</b>	Training and education	G4-LA9; G4-LA10; G4-LA11
	Employment	G4-LA1; G4-LA2; G4-LA3
	Labor practices, grievance and complaint mechanisms	G4-LA16
	Labor relations	G4-LA4
	Occupational health and safety	G4-LA5; G4-LA6; G4-LA7; G4-LA8
 <b>2. Economic performance and balance</b>	Economic performance	G4-EC1; G4-EC2; G4-EC3; G4-EC4
 <b>3. Risk management and governance</b>	Assets	G4-FS10; G4-FS11t
	Product portfolio	G4-FS6; G4-FS7; G4-FS8
 <b>4. Integration of social and environmental risks into financial operations</b>	Product portfolio	G4-FS6; G4-FS7; G4-FS8
	Assets	G4-FS10; G4-FS11
	Assessment of supplier impacts on society	G4-SO9; G4-SO10
	Assessment of supplier environmental impacts	G4-EN32; G4-EN33
	Assessment of supplier labor practice impacts	G4-LA14; G4-LA15
	Assessment of supplier human rights impacts	G4-HR10; G4-HR11
 <b>5. Client satisfaction</b>	Product and service labeling	G4-PR3; G4-PR4; G4-PR5
	Client privacy	G4-PR8



- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

# ABOUT THE REPORT

Published on an annual basis [G4-30](#), this report addresses financial and non-financial aspects, as well as presenting data on management for sustainability. The report covers the period from January 01 to December 31, 2016 [G4-28](#). The previous edition was published in April 2016 [G4-29](#). The report is published online, with distribution focused on the main stakeholders. The content was developed considering the organization's stakeholder groups, as well as its material topics. There were no significant alterations in scope or in the information presented in comparison with previous editions [G4-22](#) and [G4-23](#).

This report was based on the Comprehensive “in accordance” option of the Global Reporting Initiative G4 guidelines. The financial and non-financial data were subject to external verification by KPMG [G4-22](#) and [G4-32](#).

The content includes data on the conglomerate's strategies, initiatives, products, services, projects, operations and businesses. CCB Brasil has a 50% stake in BRASILFactors, which provides factoring and forfaiting services involving the acquisition of receivables in the domestic and international market from small and middle-market companies. BRASILFactors is not included in CCB Brasil's Consolidated Balance Sheet and its financial data are not presented in this report [G4-17](#).

Information about the limitations of specific GRI indicators is provided in the GRI Index (included at the end of the report) or in the text throughout the report.

Any doubts, criticisms and suggestions about the report content may be addressed to [sustentabilidade@br.ccb.com](mailto:sustentabilidade@br.ccb.com) [G4-31](#).



PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

GRI SUMMARY

G4-32

INDICATOR	CHAPTER	PAGE/RESPONSE
Aspect: Strategy and analysis		
G4-1 Message from the president	Presentation	p.5
G4-2 Description of main impacts, risks and opportunities	Governance and Management	p.20
Aspect: Organizational Profile		
G4-3 Name of organization	Profile	p.7
G4-4 Primary brands, products and/or services	Profile	p.7
G4-5 Location of the organization's headquarters	Profile	p.7
G4-6 Countries in which the operation's main or most relevant units for the sustainability aspects of the report are located	Profile	p.7
G4-7 Nature of ownership and legal form	Profile	p.8
G4-8 Markets served	Profile	p.7
G4-9 Scale of organization	Presentation	p.3
G4-10 Employee profile	Employees	p.52
G4-11 Percentage of employees covered by collective bargaining agreements	Employees	p.55
G4-12 Description of organization's supplier chain	Suppliers	p.55
G4-13 Significant changes in the organization's size, structure, ownership, and supplier chain	Profile	p.8
G4-14 Description of how the precautionary approach or principle is addressed by the organization	Governance and Management	p.14

INDICATOR	CHAPTER	PAGE/RESPONSE
G4-15 Social charters, principles, or other initiatives developed externally	Society	p.59
G4-16 Participation in associations and organizations	Society	p.58
Aspect: Material aspects identified and boundaries		
G4-17 Entities included in the organization's consolidated financial statements, and entities not included in the report	About the Report	p.66
G4-18 Process for defining the report content	About the Report	p.64
G4-19 List of material topics	About the Report	p.65
G4-20 Boundary within the organization for each material aspect	About the Report	p.64
G4-21 Boundary outside the organization for each material aspect	About the Report	p.64
G4-22 Restatements of information provided in previous reports	About the Report	p.64, 66
G4-23 Significant changes in scope and boundaries of material aspects in relation to previous reports	About the Report	p.64, 66

INDICATOR	CHAPTER	PAGE/RESPONSE
Aspect: Stakeholder engagement		
G4-24 List of stakeholder groups engaged by the organization	About the Report	p.64
G4-25 Basis for identification and selection of stakeholders with whom to engage	About the Report	p.64
G4-26 Approach to stakeholder engagement	About the Report	p.64
G4-27 Key topics and concerns that have been raised through engagement, by stakeholder group	About the Report	p.64
Aspect: Report profile		
G4-28 Reporting period	About the Report	p.66
G4-29 Date of most recent previous report	About the Report	p.66
G4-30 Reporting cycle	About the Report	p.66
G4-31 Contact point for questions regarding the report or its contents	About the Report	p.66
G4-32 Option of application of guidelines and location of GRI table	About the Report	p.66-73
Aspect: Governance		
G4-33 Current policy and practice with regard to seeking external assurance for the report	About the Report	p.74-76
G4-34 Organization's governance structure	Governance and Management	p.15-17
G4-35 Process for delegating authority for economic, environmental and social topics from the highest governance body	Governance and Management	p.15, 17
G4-36 Executive level positions and functions with responsibility for economic, environmental and social topics	Governance and Management	p.15

INDICATOR	CHAPTER	PAGE/RESPONSE
G4-37 Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	Corporate Governance and Management	p.14
G4-38 Composition of the highest governance body and its committees	Corporate Governance and Management	p.15
G4-39 Chair of the highest governance body	Corporate Governance and Management	p.15
G4-40 Nomination and selection criteria for the highest governance body and its committees	Corporate Governance and Management	p.15
G4-41 Processes for preventing and managing conflicts of interest	Corporate Governance and Management	p.15, 18
G4-42 Highest governance body's and executives' role in the definition of policies and targets for managing economic, environmental and social impacts	Corporate Governance and Management	p.17
G4-43 Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Corporate Governance and Management	p.17
G4-44 Processes for self-assessment of highest governance body's performance	Corporate Governance and Management	p.19
G4-45 Responsibility for the implementation of economic, environmental and social policies	Corporate Governance and Management	p.19
G4-46 Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Corporate Governance and Management	p.20
G4-47 Frequency of the highest governance body's review of impacts, risks and opportunities	Corporate Governance and Management	p.15, 20
G4-48 Highest committee or position that formally reviews and approves the organization's sustainability report and ensures all aspects are covered	Corporate Governance and Management	p.23



PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

INDICATOR	CHAPTER	PAGE/RESPONSE
Aspect: Governance		
G4-49 Process for communicating critical concerns to the highest governance body	Corporate Governance and Management	p.18
G4-50 Nature and total number of critical concerns communicated to the highest governance body and mechanisms used to address and resolve them	Corporate Governance and Management	p.18
G4-51 Relationship between remuneration and organization's performance, including social and environmental aspects	Corporate Governance and Management	p.19
G4-52 Participation of internal and external consultants in determining remuneration	Corporate Governance and Management	p.19
G4-53 Consultation of stakeholders on remuneration and application to organization's policies	Corporate Governance and Management	p.19
G4-54 Ratio between the highest salary and the overall average for the organization, by country	Corporate Governance and Management	p.19
G4-55 Ratio between the increase in the highest salary and the increase in the average salary for the organization, by country	Corporate Governance and Management	p.19
Aspect: Ethics and Integrity		
G4-56 Values, principles, standards and norms of behavior in the organization	Corporate Governance and Management	p.18
G4-57 Internal and external mechanisms for seeking guidance on ethical behavior and compliance	Corporate Governance and Management	p.18
G4-58 Internal and external mechanisms for reporting concerns about non-ethical behavior	Corporate Governance and Management	p.18

INDICATOR	CHAPTER	PAGE/RESPONSE
SPECIFIC DISCLOSURES		
ECONOMIC CATEGORY		
Aspect: Economic performance		
G4-DMA Management approach	Value Generation	p.30, 32
G4-EC1 Direct economic value generated and distributed	Value Generation	p.30
G4-EC2 Financial implications and other risks and opportunities for organization's activities due to climate change	Governance and Management	p.28
G4-EC3 Coverage of pension plan obligations	Employees	p.53
G4-EC4 Significant financial help received from the government	Value Generation	p.30
Aspect: Procurement practices		
G4-DMA Management approach	Suppliers	p.55
G4-EC9 Policies, practices and proportion of spending on local suppliers	Suppliers	p.55
ENVIRONMENTAL CATEGORY		
Aspect: Materials		
G4-DMA Management approach	Environment	p.61
G4-EN1 Materials used, discriminated by weight or volume	Environment	p.61



PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

INDICATOR	CHAPTER	PAGE/RESPONSE
Aspect: Energy		
G4-DMA Management approach	Environment	p.61
G4-EN3 EN3 Energy consumption within the organization	Environment	p.61
G4-EN6 Reduction in energy consumption	Environment	p.61
Aspect: Water		
G4-DMA Management approach	Environment	p.61
G4-EN8 Total water withdrawn by source	Environment	p.61
Aspect: Biodiversity		
G4-DMA Management approach	-	CCB has two high biodiversity value protected areas: one in Boraceia (SP) and the other in Campos do Jordão (SP). The institution is engaged in preserving both.
G4-EN11 Location and size of area possessed		
Aspect: Emissions		
G4-DMA Management approach	Environment	p.62
G4-EN15 Direct greenhouse gas emissions	Environment	p.62
G4-EN16 Indirect greenhouse gas emissions from the acquisition of energy	Environment	p.62

INDICATOR	CHAPTER	PAGE/RESPONSE
G4-EN17 Other indirect greenhouse gas emissions	Environment	p.62
G4-EN19 Reduction in greenhouse gas emissions	Environment	p.62
G4-EN20 Emissions of substances that deplete the ozone layer	Environment	p.62
G4-EN21 NOx, SOx and other significant atmospheric emissions	Environment	p.62
Aspect: Effluents and waste		
G4-DMA Management approach	Environment	p.61
G4-EN23 Total weight of waste, by type and disposal method	Environment	p.61
Aspect: Environmental assessment of suppliers		
G4-DMA Management approach	Suppliers	p.56
G4-EN32 Percentage of new suppliers screened based on environmental criteria	Suppliers	p.56
G4-EN33 Significant actual or potential negative environmental impacts in the supplier chain	Suppliers	p.56
SOCIAL CATEGORY – LABOR PRACTICES AND DECENT WORK		
Aspect: Employment		
G4-DMA Management approach	Employees	p.46, 47
G4-LA1 Total number and rates of new employee admissions and employee turnover	Employees	p.53, 54
G4-LA2 Comparison of benefits for full-time and temporary workers	Employees	p.53
G4-LA3 Return to work and retention rates after maternity/paternity leave	Employees	p.53



PRESENTATION
PROFILE
CORPORATE GOVERNANCE AND MANAGEMENT
VALUE GENERATION
CCB CORPORATION (PARENT COMPANY)
CLIENT RELATIONS
EMPLOYEES
SUPPLIERS
SOCIETY
ENVIRONMENT
ABOUT THE REPORT
GRI SUMMARY

INDICATOR	CHAPTER	PAGE/RESPONSE
Aspect: Labor relations		
G4-DMA Management approach	Employees	p.52
G4-LA4 Minimum notice period regarding operational changes	Employees	p.52
Aspect: Occupational health and safety		
G4-DMA Management approach	Employees	p.54
G4-LA5 Percentage of employees represented on formal health and safety committees	Employees	p.54
G4-LA6 Injury, illness, and lost days rates	Employees	p.54
G4-LA7 Employees with high rate or high risk of work-related diseases	Employees	p.54
G4-LA8 Health and safety aspects covered in formal trade union agreements	Employees	p.54
Aspect: Training and education		
G4-DMA Management approach	Employees	p.50, 51
G4-LA9 Average number of hours training per year	Employees	p.51
G4-LA10 Programs for skills management and lifelong learning	Employees	p.53
G4-LA11 Percentage of employees receiving performance appraisals	Employees	p.46
Aspect: Assessment of suppliers in labor practices		
G4-DMA Management approach	Suppliers	p.56
G4-LA14 Percentage of new suppliers screened based on labor-related practices	Suppliers	p.56
G4-LA15 Significant actual and potential negative impacts related to labor practices in the supplier chain	Suppliers	p.56

INDICATOR	CHAPTER	PAGE/RESPONSE
Aspect: Grievance and complaint mechanisms related to labor practices		
G4-DMA Management approach		p.52
G4-LA16 Number of grievances and complaints related to labor practices recorded by means of formal mechanism	Employees	p.52
Aspect: Investments		
G4-DMA Management approach	Employees	p.51
G4-HR2 Total number of hours training for employees in human rights policies and percentage of employees trained	Employees	p.51
Aspect: Non-discrimination		
G4-DMA Management approach	Employees	p.52
G4-HR3 Total number of cases of discrimination and corrective measures taken	Employees	p.52
Aspect: Freedom of association and collective bargaining		
G4-DMA Management approach	-	Employees have broad entitlement to free association. As in previous years, there were no cases in which this right was put at risk in 2016.
G4-HR4 Degree of application of right to free association and operations and suppliers identified as presenting risks		
Aspect: Child Labor		
G4-DMA Management approach	-	No cases were recorded
G4-HR5 Operations and suppliers identified as presenting risk of child labor and measures taken		



PRESENTATION
PROFILE
CORPORATE GOVERNANCE AND MANAGEMENT
VALUE GENERATION
CCB CORPORATION (PARENT COMPANY)
CLIENT RELATIONS
EMPLOYEES
SUPPLIERS
SOCIETY
ENVIRONMENT
ABOUT THE REPORT
GRI SUMMARY

INDICATOR	CHAPTER	PAGE/RESPONSE
Aspect: Forced or slave labor		
G4-DMA Management approach	-	No cases were recorded
G4-HR6 Operations and suppliers identified as presenting risk of forced or slave labor and measures taken		
Aspect: Assessment		
G4-DMA Management approach	-	100% of the bank's 4,245 operations were submitted to assessment
G4-HR9 Total number and percentage of operations submitted to human rights assessments		
Aspect: Assessment of suppliers in human rights		
G4-DMA Management approach	Suppliers	p.56
G4-HR10 Percentage of new suppliers screened based on human rights-related criteria	Suppliers	p.56
G4-HR11 Significant potential and actual human rights-related negative impacts in the supply chain and measures taken	Suppliers	p.56
SOCIAL CATEGORY – SOCIETY		
Aspect: Anti-corruption		
G4-DMA Management approach	Governance and Management	p.21
G4-SO3 Units submitted to corruption-related risk assessments	Governance and Management	p.21
G4-SO4 Percentage of employees trained in anti-corruption policies and procedures	Employees	p.51

INDICATOR	CHAPTER	PAGE/RESPONSE
Aspect: Public policy		
G4-DMA Management approach	Society	p.57, 58
G4-S06 Policies regarding financial contributions to political parties, politicians or institutions	Society	p.57
Aspect: Assessment of supplier impacts on society		
G4-DMA Management approach	Suppliers	p.56
G4-S09 Percentage of new suppliers screened based on criteria related to impacts on society	Suppliers	p.56
G4-S010 Significant actual and potential negative impacts of the supplier chain on society and measures taken	Suppliers	p.56
SOCIAL CATEGORY – PRODUCT RESPONSIBILITY		
Aspect: Product and service labeling		
G4-DMA Management approach	Profile	p.11
G4-PR3 Type of product and service information required by labeling procedures	Profile	p.11
G4-PR4 Non-compliance related to product and service labeling	Profile	p.11
G4-PR5 Results of surveys measuring client satisfaction	Clients	p.43
Aspect: Marketing communications		
G4-DMA Management approach	Profile	p.11
G4-PR7 Cases of non-conformance related to product and service communications	Profile	p.11



PRESENTATION

PROFILE

CORPORATE GOVERNANCE  
AND MANAGEMENT

VALUE GENERATION

CCB CORPORATION  
(PARENT COMPANY)

CLIENT RELATIONS

EMPLOYEES

SUPPLIERS

SOCIETY

ENVIRONMENT

ABOUT THE REPORT

GRI SUMMARY

INDICATOR	CHAPTER	PAGE/RESPONSE
Aspect: Client privacy		
G4-DMA Management approach	Clients	p.45
G4-PR8 Total number of substantiated complaints related to violation of privacy and loss of client data	Clients	p.45
Aspect: Compliance		
G4-DMA Management approach	-	In 2016, there were no significant fines for non conformance related to product and service supply and use.
G4-PR9 Fines for non conformance related to product and service supply and use		
SECTOR		
Aspecto: Portfólio de produtos		
G4-DMA Policies with specific social and environmental components applied to business lines	Governance and Management	p.22
G4-DMA Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements	Governance and Management	p.21
G4-DMA Processes for improving staff competency to implement the environmental and social policies and procedures applied to business lines	Employees	p.20
G4-DMA Interactions with clients/subsidiaries /business partners regarding social and environmental risks and opportunities	Governance and Management	p.22

INDICATOR	CHAPTER	PAGE/RESPONSE
G4-FS6 Percentage of the portfolio for business lines by specific region, size (e.g.: micro/SME/large) and by sector	CCB Corporation (Parent company)	p.35, 36, 37
G4-FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose	CCB Corporation (Parent company)	p.34
G4-FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	CCB Corporation (Parent company)	p.34
Aspect: Audit		
G4-DMA Audit coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	Governance and Management	p.17
Aspect: Active Ownership		
G4-FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on social or environmental issues	Governance and Management	p.27
G4-FS11 Percentage of assets subject to positive and negative environmental or social screening	-	Not applicable to the reality of CCB Brasil operations
Aspect: Local communities		
G4-FS14 Initiatives to improve access to financial services for disadvantaged people	Clients	p.42
Aspect: Product and service labeling		
G4-FS16 Initiatives to enhance financial literacy by type of beneficiary	Employees	p.51

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

# LIMITED ASSURANCE REPORT ISSUED BY INDEPENDENT AUDITORS

G4-33

To the Managers of  
China Construction Bank (Brasil)  
Banco Multiplo S.A.  
São Paulo - SP

## INTRODUCTION

We have been engaged by China Construction Bank (Brasil) Banco Multiplo S.A. ("CCB Brasil" or "Company") to apply limited assurance procedures on the sustainability information disclosed in Annual and Sustainability Report 2016, related to the year ended December 31st, 2016.

## RESPONSIBILITIES OF CCB

The Management of CCB is responsible for adequately preparing and presenting the sustainability information in the Annual and Sustainability Report 2016 in accordance with the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (GRI-G4 - Comprehensive option)*, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

## INDEPENDENT AUDITORS' RESPONSIBILITY

Our responsibility is to express a conclusion about the information in the Annual and Sustainability Report 2016 based on a limited

assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC and equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the CCB Brasil Annual and Sustainability Report 2016, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of CCB Brasil and other professionals of the Company involved in the preparation of the information disclosed in the Annual and Sustainability Report 2016 and use

of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Annual and Sustainability Report 2016 taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Annual and Sustainability Report 2016, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

(a) Engagement planning: considering the material aspects for CCB Brasil's activities, the relevance of the information disclosed, the

# LIMITED ASSURANCE REPORT ISSUED BY INDEPENDENT AUDITORS G4-33

- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the CCB Brasil's Annual and Sustainability Report 2016. This analysis defined the indicators to be checked in details;

(b) Understanding and analysis of disclosed information related to material aspects management;

(c) Analysis of preparation processes of the Annual and Sustainability Report 2016 and its structure and content, based on the *Principles for Defining Report Content and Quality of the Global Reporting Initiative - (GRI-G4 - Comprehensive option)*;

(d) Evaluation of non financial indicators selected:

- Understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
- Application of analytical procedures regarding data and interviews for qualitative infor-

mation and their correlation with indicators disclosed in the Annual and Sustainability Report 2016;

- Analysis of evidence supporting the disclosed information;
- Visits to CCB Brasil's operations and offices for application of these procedures, and items (b) and (c);

(e) Analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;

(f) Comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

## SCOPE AND LIMITATIONS

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Annual and Sustainability Report 2016.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.



- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

# LIMITED ASSURANCE REPORT ISSUED BY INDEPENDENT AUDITORS

G4-33

## CONCLUSION

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in CCB Brasil's Annual and Sustainability Report 2016 is not fairly stated in all material aspects in accordance with the *Global Reporting Initiative - GRI (GRI-G4 - Comprehensive option)*, as well as its source records and files.

São Paulo, May 02<sup>nd</sup>, 2017

**KPMG Assessores Ltda.**  
CRC 2SP034262/O-4 F-SP

**Eduardo V. Cipullo**  
ACCOUNTANT CRC 1SP135597/O-6

**KPMG Financial Risk & Actuarial Services Ltda.**

**Ricardo Algis Zibas**  
DIRECTOR



- PRESENTATION
- PROFILE
- CORPORATE GOVERNANCE AND MANAGEMENT
- VALUE GENERATION
  - CCB CORPORATION (PARENT COMPANY)
  - CLIENT RELATIONS
  - EMPLOYEES
  - SUPPLIERS
  - SOCIETY
  - ENVIRONMENT
- ABOUT THE REPORT
- GRI SUMMARY

# CREDITS

- EDITORIAL COORDINATION
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- COORDINATION OF RESEARCH AND CONTENT
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  - CCB Brasil Marketing and Communication
- TRANSLATION
  - Raymond Maddock
- PHOTOGRAPHY
  - Fernando Favoretto

CCB BRASIL WISHES TO  
THANK ALL THE EMPLOYEES  
WHO CONTRIBUTED TO THE  
PRODUCTION OF THIS REPORT