



中国建设银行
China Construction Bank

2017 Annual and
Sustainability Report

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CCB  中国建设银行
China Construction Bank



► Introduction

The China Construction Bank Corporation (CCB Corporation) is one of the largest financial conglomerates in the world, with US\$ 3.02 trillion in total assets (1). Since 2014, it has been present in Brazil in the form of CCB Brasil, with the objective of supporting trade between Brazil and China, fulfilling the role of the conglomerate's anchor operation in Latin America.

Part of this report is dedicated to the initiatives undertaken in Brazil to drive value generation for society and stakeholder groups and to the preparations underway to make the Brazilian operation a benchmark within the conglomerate.

(1) Top Global Banks, S&P

This report summarizes the institution's initiatives to generate value in Brazil in 2017.



CCB Corporation Headquarters, Beijing - China



CCB Brasil Headquarters, São Paulo - Brazil

▶ Reporting process

By means of this *Annual and Sustainability Report the CCB Conglomerate in Brazil* communicates its main performance indicators, data and projects for 2017. The document, once again prepared in accordance with the Global Reporting Initiative (GRI) guidelines, marks the transition to the latest version of the methodology - Standards - with direct effects on the organization of information throughout the text.

The purpose of the report, which covers the period from January 1st to December 31st 2017, is to summarize the results on the activity fronts considered most relevant for the business – including questions addressed in strategic planning, relevant subjects for the financial sector and topics identified as important for the bank's stakeholder groups. [102-50](#)

The process of building the content involved interviews with the bank's leaders and the gathering of data from diverse business units linked with the conglomerate. CCB Brasil has a 50% stake in BRASILFactors, which works with factoring and

forfeiting, that is the acquisition of receivables from small and medium sized companies in the domestic and overseas market. This company's data are not included in the scope of the report or in the consolidated balance sheet for Brazil. The companies in the conglomerate – the holding company and the subsidiaries – are included in the information reported. [102-45](#), [102-46](#)

Worthy of note in this report was the updating of materiality. This involved consulting employees and leaders directly to assess the main social, economic and environmental topics for CCB management in Brazil. The online survey received 106 responses and was complemented by personal interviews with executives – including the president, vice presidents and directors –, enabling greater depth and thematic alignment. Among the areas highlighted by the internal stakeholders, it is possible to note an increased perception of the relevance of topics such as people management (from the employee perspective); and economic performance and growth strategy from the perspective of the company leaders.

The institution undertook an internal analysis to evaluate the importance of the material topics inside and outside its direct operations. [102-46](#)

As a result, the materiality matrix presented up until the 2016 report with five macro-topics was updated ([see table on following page](#)) to reflect the current state of the business and its main challenges and opportunities in aspects such as client relations, managing human capital, economic performance and growth strategy, integrated risk management, corporate governance and compliance.

The report was submitted for external assurance by a specialized external audit company. Any doubts, criticisms or suggestions related to the content may be addressed to sustentabilidade@br.ccb.com. [102-53](#), [102-56](#)

Materiality 103-1

The following table shows the connection between CCB's main material topics in Brazil and the Sustainable Development Goals (SDG), disclosed by the United Nations

Material topics in this report 102-47		Approach	SDG
	People Management	New moment for the bank: measures to value employees; focus on competencies development	<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div>
	Economic Performance and Growth Strategy	Results equalization cycle and long-term vision aimed at growth	<div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>
	Corporate Governance and Compliance	Maintenance of transparency levels and reinforcement of compliance	<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>
	Integrated Risk Management	Holistic view of the risks entailed in the bank's operations	<div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>13 CLIMATE ACTION</div></div>
	Client Focus	Fresh start: new client profile and new product and service offering	<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>

► Main Indicators

CCB worldwide



US\$ 3.02 trillion
in total assets



314 million
clients



362,500
employees



15,000
branches



251
subsidiaries worldwide



CCB in Brazil

Sectors of activity

Energy



Oil and gas



Mining



Agribusiness



Industrialized goods



R\$ 1.78 billion
net equity



28.52%
Basel index



511
employees



R\$ 8,663.7 million
expanded credit portfolio*

*Includes sureties and guarantees.

► Message from the president

Prepared for growth 102-14, 102-15

We may consider 2017 the end of a cycle. We concluded the organizational restructuring and defined our business plan and long-term strategy. These initiatives will play an essential role in our future. As a result of this transition, we are now positioned to start afresh in Brazil.

The institution finalized the reorganization of its commercial and credit areas and has been capitalized. With the integration into the China Construction Bank Corporation network, the Brazilian operation can make an effective contribution to the global internationalization process.

In parallel, inflation in Brazil ended the year under control, with the interest rate stabilized and a reduction in economic volatility. Uncertainties remain in the economic conjuncture, but our perception is that the worst is now over. Gradually, business and development of the client portfolio will be stabilized.

We are now focused on our commitments to ensure the bank's growth in Brazil after having restructured the organization, enhanced credit policy; and developed a new product and service offering.

We are seeking steady, secure growth. After a capital increase elevating its Basel Index to 28.5%, the bank has the liquidity to undertake a large volume of operations. These conditions make us stronger and will enable us to achieve our target of assuming a leadership position among the CCB Group's international operations.

Commitment to sustainability standards is an intrinsic part of CCB Brasil processes and practices, which is why adherence to the principles of the UN Global Compact and to the Febraban Banking Self-Regulatory framework is natural. The development we are seeking incorporates the defense of human rights, anti-corruption and environmental care.

We are confident that the China Construction Bank brand will become better known in the Brazilian market.

We are a global bank, we have a long-term local commitment and we want to excel in partnership with our clients. In Brazil, the institution will find fertile ground to grow and, as a result, contribute to the development of the country and commercial relations with China.

Xi Zhang

Executive president,
CCB Brasil



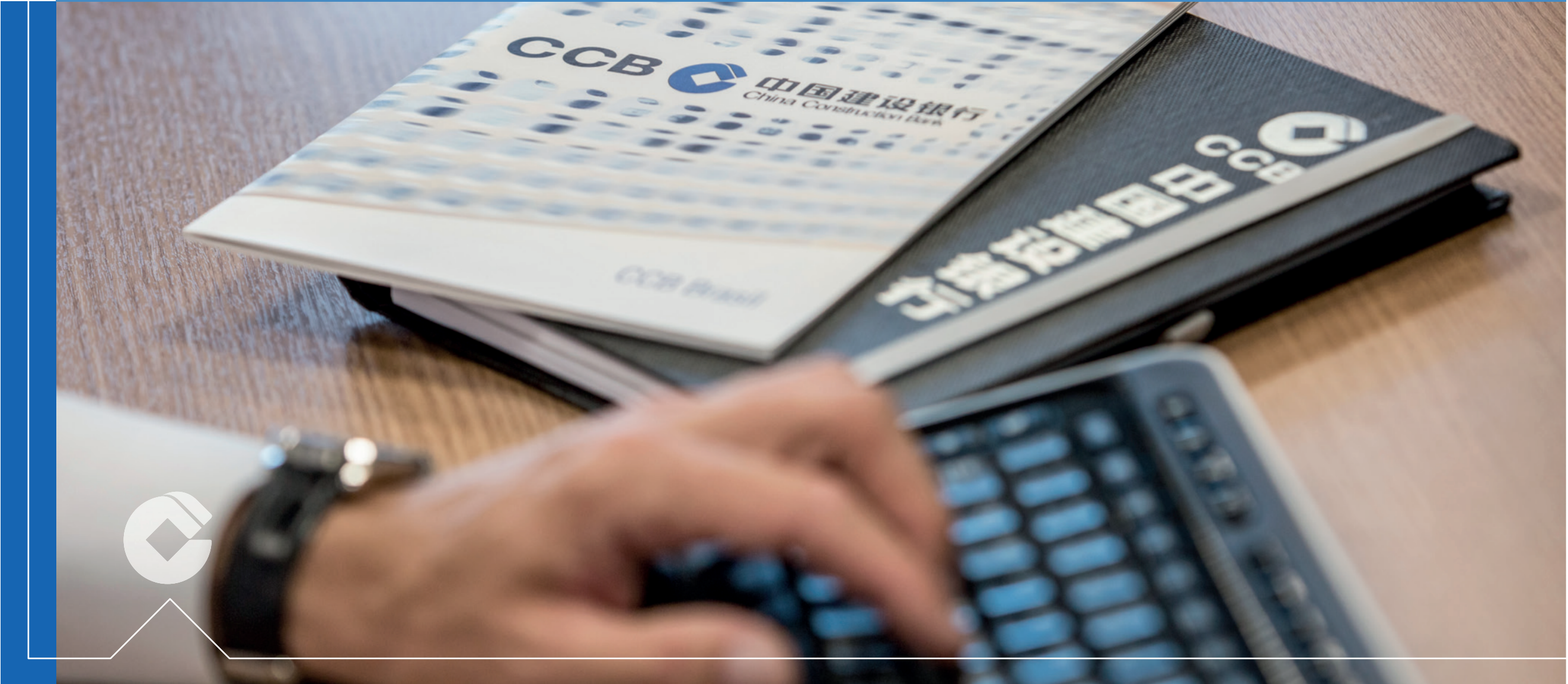
“

We are going to focus on growth. We are a global bank with a long-term local commitment.

”

Profile

In this chapter CCB Brasil Strategy and vision Corporate governance Principles and practices Integrated risk management



► CCB Brasil

The establishment of an operation in Brazil in 2014 represents a landmark in the internationalization strategy of the China Construction Bank Corporation (CCB), the second largest publicly traded company in the world, according to the Forbes magazine international ranking(1). Planned to execute a fundamental role in fomenting business between China and Brazil, CCB Brasil – registered as the China Construction Bank (Brasil) Banco Múltiplo S/A – has been preparing to operate in the financial segments in demand among large companies with projects of interest to relations between the two countries. [102-1](#)

CCB Brasil, based in São Paulo (SP), has been structured to become one of the main CCB operations outside China and the largest Chinese bank in Brazil. [102-3](#)

In the country, the institution operates in the corporate market through its credit, investment,

currency exchange and overseas trade portfolios aimed at large companies. CCB Brasil has a team of 511 people, whose activities are divided between its head office and nine branches located strategically around the country. It also has a branch in Grand Cayman. [102-6](#), [102-8](#)

(1) Forbes magazine, 2017 –The Global 2000 List: the World's Largest Public Companies

Operations focused
on large companies



BACKED BY THE SECOND LARGEST BANK IN THE WORLD ¹⁰²⁻⁷

The parent and majority shareholder in CCB Brasil, the CCB Corporation is a public bank that has been in operation since 1954 with the mission of supporting Chinese development through the intensive financing of infrastructure projects. The organization has 362,500 employees and a network of 15,000 branches in China and overseas. At the end of 2017, it was present on all the continents with 251 subsidiaries. The CCB Corporation's entry into Brazil reinforced the process of forging closer relations with Latin America

CCB shares are traded on the Shanghai and Hong Kong stock exchanges, and the organization ended 2017 with a market capitalization of US\$ 272.71 billion¹. With 314 million clients, it is the second largest financial institution in the world². The bank plays a decisive role in the Chinese government's international program, the One Belt, One Road Initiative, aimed at promoting a new economic integration model between countries and continents, with the creation of a broad-based global cooperation platform.

In its operations, the CCB Corporation has assumed four social responsibility goals: to serve the public; to promote financial inclusion; to provide incentives for the green economy; and to drive sustainable development.

To ensure that it generates value for society and for its stakeholders, the CCB Corporation's performance is based on security and solidity. In 2017, for the second year the bank was placed second in terms of Tier 1 capital in a ranking of 1,000 banks worldwide³.

(1) *Wall Street Journal* <http://quotes.wsj.com/CICHY>

(2) *The Banker*, English magazine, 2017 - World's Top 1000 Banks.

(3) *Forbes* magazine, 2017 - The Global 2000 List: the World's Largest Public Companies.

IN BRAZIL: CENTRALIZED OPERATIONS

^{102-4, 102-7}

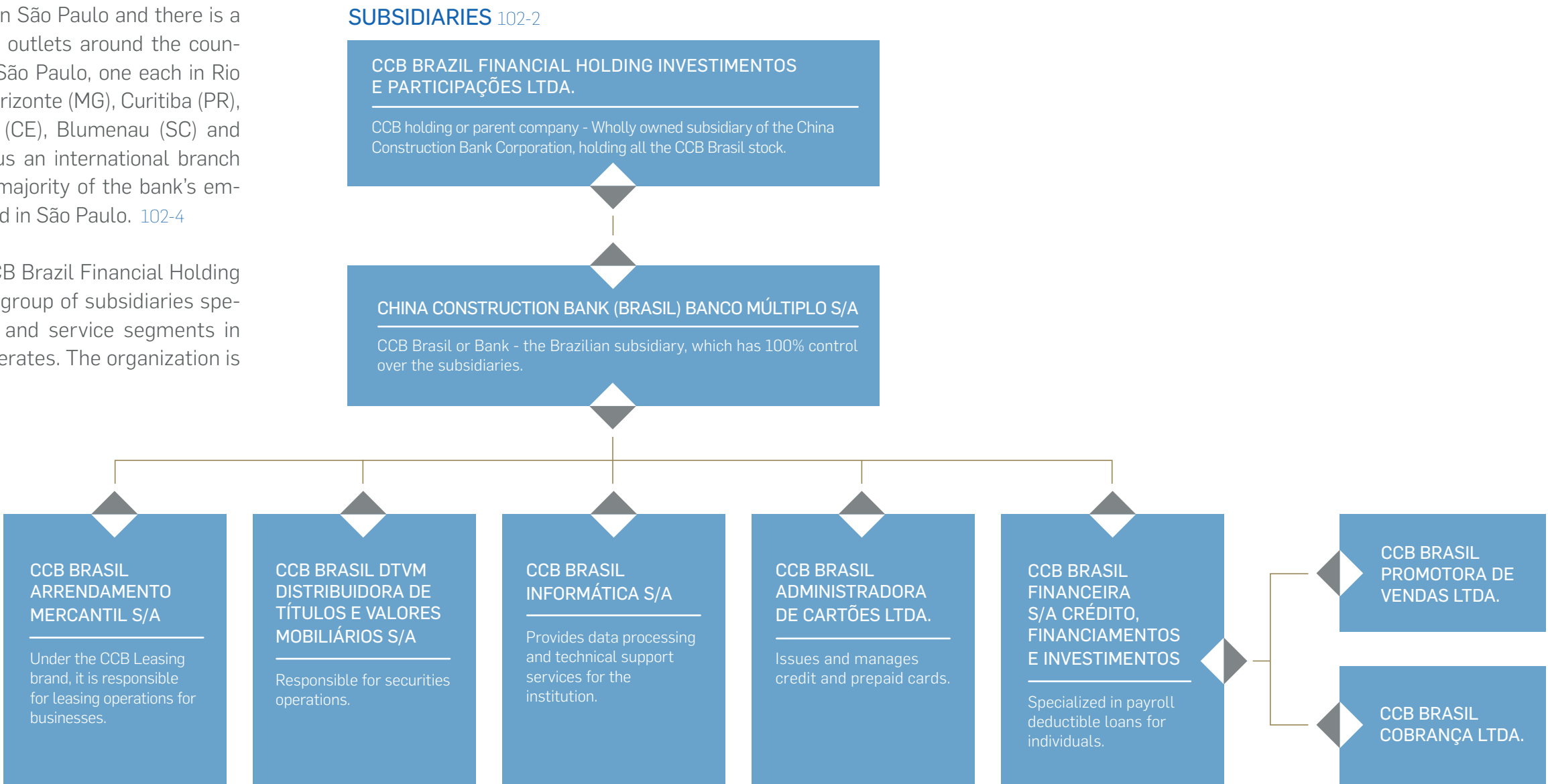
CCB is focused on ensuring transparency in its activities, on financial discipline, on managing operational risks and on internal controls. After the acquisition of a banking operation in Brazil in 2014, and the public share offering on September 28th, 2015, CCB became a closed corporation in the country, fully owned by the parent company, when the remaining free floating shares were repurchased in 2017. ^{102-5, 102-10}

100% CONTROL

After a public offering held in 2015, 0.6% of the stock of the former controller remained in the hands of minority shareholders. Authorized by an extraordinary shareholders' meeting in December 2017, the corporation repurchased all of the ordinary and preferred shares in circulation. As a result of this process, China Construction Bank Corporation consolidated its ownership of 100% of CCB Brasil stock. The full control over the Brazilian operation's stock is recorded in the 2017 balance sheet. Read more in Business and Outlook.

The CCB head office is in São Paulo and there is a network of nine service outlets around the country - two in the city of São Paulo, one each in Rio de Janeiro (RJ), Belo Horizonte (MG), Curitiba (PR), Brasília (DF), Fortaleza (CE), Blumenau (SC) and Ribeirão Preto (SP) – plus an international branch in Grand Cayman. The majority of the bank’s employees are concentrated in São Paulo. 102-4

Under the control of CCB Brazil Financial Holding is CCB Brasil, part of a group of subsidiaries specialized in the product and service segments in which the institution operates. The organization is structured as follows:



► Strategy and vision

CCB begins 2018 with the new operating and market profile defined for its growth cycle in the country. The target is to establish the bank as a benchmark in the Brazil-China business corridor (read more in Business and Outlook). *(read more in Business and Outlook)*

The bank's entry into the Brazilian market coincided with one of the deepest recessions ever experienced by the country. The circumstances created by the crisis demanded additional management measures that delayed the implantation of the business model. The main modifications – adapting the organizational structure to the new business model and achieving the financial balance required by regulatory authorities – were concluded at the end of 2017.

A US\$ 400 million (R\$ 1,258 billion) capital injection by the parent company qualified the bank to work with Corporate profile clients.

The main drivers defined by CCB for the Brazilian operation are:

- To develop a portfolio of clients who are satisfied with the services provided and loyal to the brand;
- To build an environment that stimulates professional excellence;
- To accelerate the technological modernization of the operation;
- To forge closer relations with clients in the Brazil-China business chain;
- To ensure the internalization of the compliance and risk management culture essential for the business.



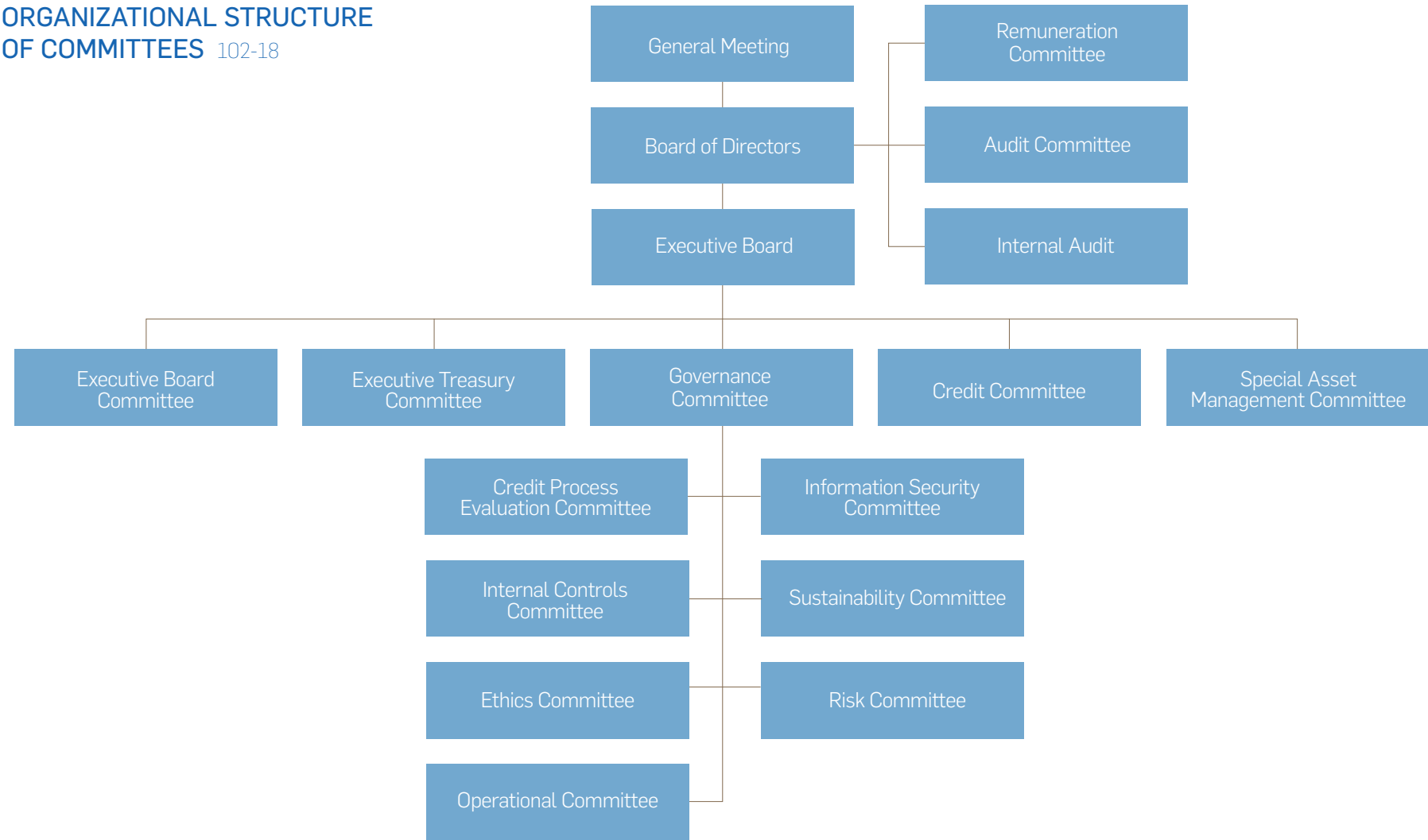
► Corporate governance

CCB has a Board of Directors, an Executive Board and a number of advisory committees that are involved in evaluations and decisions about business, policies, processes and risks. Charged with defining the levels of authority and responsibility of the governance structure, the General Meeting oversees decision making processes and the nomination of the members of the Board of Directors and the Fiscal Council. [102-30](#)

A set of policies, fully aligned with legislation and reviewed annually, is the main instrument guiding management regarding best practices and alignment between the Brazilian operation and the directives of the parent company, as well as the expectations of clients, employees and other stakeholder groups. These mechanisms incorporate social and environmental considerations into the planning and execution of the institution's activities.

The governance structure establishes different levels of authority and the segregation of functions for decision making, and the formation of committees to provide support in technical and strategic matters.

ORGANIZATIONAL STRUCTURE OF COMMITTEES [102-18](#)



BOARD OF DIRECTORS 102-19, 102-20, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-29, 102-31, 102-33, 102-34
CCB Brasil's main governance body comprises six members, two of whom are independent. The chairman of the Board is not the CCB Brasil CEO. In December 2017, the General Meeting elected new members to the bank's Board of Directors.

The two independent members are also on the Audit Committee.

The Board members meet every quarter or on an extraordinary basis when necessary. The members are elected by the General Meeting for a unified two-year term of office, with re-election permitted. Members are chosen for their broad market vision, solid academic background, experience as executives and clarity about the need for exemption from decision making processes when conflicts of interest arise. 102-25

The Board is in charge of drafting business strategy, taking into account economic, social and environmental factors; approving plans and budgets; ensuring alignment with company bylaws; and deciding on questions raised by the Audit

and Remuneration committees. Sustainability-related topics are brought before the Board by members of the Governance Committee or the Audit Committee on an annual basis.

EXECUTIVE BOARD

The Executive Board is charged with executing the strategies drafted by the Board of Directors. The directors are responsible for running the business and monitoring execution to ensure the bank achieves its objectives.

The members of the Executive Board, including the CEO, vice presidents and executive directors, are nominated by the Board of Directors. In accordance with the bylaws, the directors' term of office is up to two years.

The selection of these executives is based on qualifications for the function, business experience and an unblemished reputation.



Committee structure 102-21, 102-27

BOARD OF DIRECTORS SUPPORTING COMMITTEES

Audit Committee

Responsible for overseeing the bank's internal controls, adherence to policies, compliance and recommendations, as well as for the accuracy of accounting information and the financial statements. The committee is also charged with ensuring the quality and independence of internal and external audits. It reports to the Board on the execution of independent and external audits, the performance of internal controls and risk management.

Fiscal Council

A non-permanent council whose main function is to oversee administration activities, evaluate the financial statements and report its conclusions to the shareholders. Members are elected by the General Meeting. The Fiscal Council was not active in 2017.

Remuneration Committee

This committee establishes the specifications of fixed and variable remuneration policy, as well as benefits and special programs for recruiting or dismissing statutory directors or members of the Board of Directors.

GOVERNANCE COMMITTEES

Executive Committees

Executive Board Committee – Comprising all the directors, it meets on a monthly basis to define strategies and to align the corporate structure with CCB values.

Governance Committee – Oversees the outputs of the technical committees - Operational, Internal Controls, Risk, Information Security, Sustainability, Ethics and Credit Process Evaluation. It promotes a guided and strategic vision of risk, as well as monitoring and assessing the implementation of sustainability policy. When necessary, it proposes improvements to the Board.

Executive Treasury Committee – Analyzes macroeconomic and political scenarios for decision making, monitors financial scheduling and allocates available funds (liquidity).



Technical Committees 102-30

Credit Committee – On a day to day basis, it assesses proposals and decides on the granting of loans. It allocates funds for the operations and monitors the portfolio.

Anti-Money Laundering and Illicit Activity Committee – Defines and applies the directives of the Anti-Money Laundering, Anti-Corruption and Financing of Terrorism policy. It establishes management tools and analyzes suspicious activities or indications of use of the bank for illegal activities. It decides on measures to minimize reputational, operational and legal risk.

Cayman Branch Anti-Money Laundering Committee – It has the same attributions as the Brazil committee, in line with Brazilian Central Bank standards and those of the Cayman Islands Monetary Authority.

Internal Controls Committee – Assesses the effectiveness of the bank's internal controls at monthly meetings, and keeps the Audit Committee and the Board of Directors informed with respect to compliance with these controls.

Sustainability Committee – Assesses social, environmental and reputational risks and their impacts. It is responsible for driving sustainability into the bank's management processes. The committee issues opinions and reports to the Governance Committee.

Credit Process Evaluation Committee – Establishes the guidelines for credit policy and operational standards to identify, analyze and resolve problems affecting the normal course of credit processes. It establishes evaluation criteria and reports monthly to the Governance Committee,

Risk Committee – Monitors the Treasury's market risk exposure limits (domestic and international). It proposes measurement methodologies and limits for client operations. It analyzes legal and product image risks, as well as the operational flow (and any weaknesses) in support systems.

Operational Committee – Manages infrastructure, risk exposure and operational limits. It assesses revenue projections. It analyzes, guides and monitors the creation of new products and services.

Ethics Committee – Decides on how to disseminate standards of ethical conduct. It monitors the application of the Code of Ethics, analyzing and investigating breaches or issues involving ethical principles or disciplinary questions raised by employees and other stakeholders. It proposes revisions to the Code of Ethics and resolves any doubts concerning the interpretation of the code.

Information Security Committee – It is responsible for assessing the results of the security measures implemented. It proposes contingency plans, taking into account the security measures adopted and corporate priorities. It is responsible for approving the rules in the corporate Information Security policy.

Appraisal and remuneration

102-28, 102-35, 102-36, 102-37, 102-38, 192-39

CCB conducts an annual appraisal of board members and executive directors. This process takes into account the performance of the bank as a whole, of different areas and individuals in relation to targets.

The appraisal format is 360° assessment. The institution's executives are responsible for appraising each director, with the results being sent directly to the CCB Corporation Human Resources area in China.

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. The Remuneration Committee is responsible for appraising performance against the targets established in strategic planning.

The process of determining remuneration is internal, not involving independent consultants or stakeholder consultation. Further details about remuneration policy are confidential.

The 360° appraisal method is applied to all directors



Principles and practices

102-17, 103-2, 103-3

Based on its internal policies and its Code of Ethics, CCB Brasil adopts principles of ethics and compliance in its business and in its relations with stakeholders. A structured communication process enables free expression, the identification of potential conflicts and the capacity to deal with these properly.

The organizational structure is designed to prevent the emergence of conflicts of interest.

Transactions between related parties are reflected in the financial statements by means of duly documented and accessible explanatory notes. The Code of Ethics addresses questions involving conflicts of interest, while the Internal Controls area is responsible for monitoring situations in which they may occur.

102-25

CODE OF ETHICS 102-16

The main document providing guidance for staff, service providers, suppliers and institutional partners, the new version of the Code of Ethics is currently being validated by the Executive Board.

The new version will be more closely aligned with the transformation underway in the organizational culture and with global CCB standards.

The document incorporates standards that are essential for institutions in the financial market – the Brazilian banking federation Febraban's Integrity Program; the tenets of Brazil's Anti-corruption law; the tenets of the Sarbanes-Oxley Act (SOX), as well as the principles of the Global Compact. The document also addresses the positions of all the organization's stakeholder groups.

In 2017, the Ethics committee did not receive any kind of report (low, medium or high level risk). There were no cases of dismissal of employees or rescission of commercial contracts stemming from violations.

CONTACT CHANNELS 102-17, 102-33

CCB has several contact channels through which reports on the behavior, conduct and compliance of employees and people who represent the institution in Brazil may be made.

Report Channel: implanted in 2017, the Report Channel was created to reinforce the bank's

commitment to transparency and ethics in business. The channel is a mechanism for reporting breaches of conduct, conflicts of interest, cases of corruption, fraud and other criminal acts. The channel is independent, confidential and impartial, and may be used both by staff and outsiders. It may be accessed via the email address denuncia@br.ccb.com or via the bank's website. Anonymity and confidentiality are guaranteed in handling all contacts.

CCB Brasil adopts principles of ethics and compliance in its business and in its relations with stakeholders



Ethics Channel: this is a confidential channel for reporting breaches of ethical principles or conduct to the Ethics Committee. It is an open channel that may be accessed via the company's intranet or via the email comite.etica@br.ccb.com.

RH com Você (HR with You): is exclusively for employees to make suggestions or complaints, give praise or clarify doubts in full confidentiality. In 2017, 26 messages were received, addressed and answered. Half of the messages received were related to subjects such as benefits, work shifts, payroll, training and time clock records; 27% were complaints. [102-33](#)

Managing sustainability [102-20, 102-26, 102-29, 102-31](#)

Aligned with its Sustainability Policy, CCB Brasil is committed to adopting practices that ensure proper management of social and environmental risks, fomenting new business standards and promoting sustainable development. The sustainability guidelines are based on values and principles organized in three pillars:

- ▶ **BUSINESS CONTINUITY** – To develop, establish and maintain guidelines incorporated into business, credit and procurement strategy that stimulate commitment to sustainability throughout the bank's value chain. To adopt principles for managing social and environmental risks at clients and suppliers.
- ▶ **CORPORATE SOCIAL RESPONSIBILITY** – To develop bonds of trust with employees and other stakeholders with a view to building lasting relationships based on ethical and transparent behavior in a planned, systematic manner subject to constant monitoring.
- ▶ **ENVIRONMENTAL CARE** – To implant best practices that are aimed at minimizing adverse environmental impacts and to align employees with these practices.

Sustainability is the responsibility of all areas and levels of the company. On a daily basis, the Sustainability team analyzes and manages social and environmental risk in business and manages the sustainability agenda, proposing the adoption of programs, measures and improvements. All commercial operations, in particular the granting of corporate credit, are submitted to specific mechanisms for assessing social and environmental risk ([read more on page 24](#)). Upon conclusion of a project, the team evaluates the effectiveness of the measures implemented and reports the results to the higher levels of governance.



Integrated Risk Management

102-15, 102-30, 103-2, 103-3

CCB Brasil adopts internal control standards based on the principle of integrated risk management, employing appropriate policies, standards and procedures. In compliance with Brazilian Central Bank Resolution no. 4557, which governs risk and capital management structures, the bank maintains rigorous control standards and frequently updates its processes, methods and platforms.

These instruments are compatible with the nature of its operations, the complexity of its products and services, activities, processes, systems and the dimension of its risk exposure. By means of this system, the institution establishes the basic guidelines for its activities in line with its ethical values and standards of integrity.

CCB Brasil is committed
to constant improvement
in controlling and
mitigating risks



Alignment with strategy

In addition to identifying and evaluating risks and opportunities, the integrated risk management structure is aimed at enhancing decision making and performance appraisal. Aligned with the organization’s strategic goals, the scope of this structure encompasses monitoring, controlling and mitigating the risks assumed to provide ongoing, sustainable support for business processes and activities.

Risk management is a strategic component due to the growing complexity of the products and services offered, the growth in the organization’s business and the ongoing pursuit of compliance with local regulations and recommendations from the Basel Committee on Banking Supervision.

Risk appetite and tolerance

For CCB Brasil, risk appetite is an intrinsic part of banking activity and its limits should be balanced against the institution’s tolerance of risk. Risk appetite refers to an institution’s predisposition to assume determined levels of risk exposure, regardless of its capacity to support potential impacts. Whereas risk tolerance may be defined as the capacity and resilience to support the material impact of a determined risk.

By means of the Risk and Compliance structure, the bank seeks to ensure that the business done at the front line of the business is always compatible with the scale of the institution, in line with the level of risk that those responsible for governance are prepared to assume and that risk for clients who invest in the bank is mitigated.

In this respect, the risk management structures and operational processes were reformulated in 2017 in order to align business strategy with Brazilian Central Bank Resolution no. 4557/17. This reformulation was also aimed at internalizing standard processes adopted by the CCB Corporation.

Compliance

A compliance culture has been disseminated and reinforced among employees over the last two years. Training courses on this subject totaled 799 hours. [205-2](#)

The organization has been working on internalizing CCB Corporation guidelines and standards on a daily basis. As a result of the work done on reviewing processes, risks and controls, as well as policies and procedures, adherence to global guidelines is already perceptible in the organization.

Working in conjunction with risk management and internal controls, the Compliance area is active at different levels of the organization and has the attribution of monitoring the environment and compliance with regulatory requirements. Its attributions include promoting compliance with the Code of Ethics and Conduct, domestic and international sector regulations and external and internal standards, including those related to sustainability.

To be effective, a compliance mindset must permeate the entire institution in order to promote the responsibility everyone must assume in this process, in addition to integrity, transparency, monitoring and control

Risk appetite binds strategic and tactical actions to the exposure limits defined by the parent company



Integrated structure

In the institution's governance model, the centralization of risk management enables a global vision of the risks the bank is exposed to in function of the nature of its business. This permits it to streamline and improve strategic decision making and ensure compliance with policy.

There is a specific risk management structure, which includes senior management, Internal Audit, Internal Controls and the Corporate Governance areas. This framework oversees the independent risk management units. The model ensures the necessary segregation of functions between the Internal Audit, Risk Management and Internal Controls teams. This segregation in the hierarchical structure is aimed at ensuring that there are no conflicting attributions and responsibilities, such as the same position or person being responsible for authorizing, executing and checking a determined activity. This requirement also guarantees independence in actions involving mitigation and monitoring potential conflicts of interest.

Directly or indirectly, the commitment to risk management is on the agenda of all levels of management. Managers are kept informed about audits related to risk, compliance and control with a view to supporting decision making processes. [102-30](#)

TYPES OF RISK

	Description
Financial Risks	Credit
	Market
	Liquidity
	Capital Management
Non-financial Risks	Socioenvironmental
	Operational
	Information Security
	Money Laundering, Corruption and Financing of Terrorism and Illicit Activities
	Reputational

Types of risk

The bank is exposed to different types of risk, due either to internal or external factors. Consequently constant, integrated monitoring of all risks is indispensable in order to ensure security and comfort for all involved. Among the main risks inherent to banking activities, worthy of note are:

Credit Risk - Administering the credit portfolio risk management systems. Monitoring of RAROC – risk-adjusted return on capital; concentration; distribution of the portfolio; and value at risk (V@R) calculations. It provides information for credit risk management models under the Basel III Agreement.

Market Risk – This involves monitoring the bank's exposure to price and interest rate fluctuations, aimed at limiting any losses to a level that the controllers are willing to assume without putting clients' investments at risk.

Liquidity Risk – Monitoring the bank's cash situation and the inflow and outflow of funds, ensuring the institution is able to honor both scheduled and unexpected cash outflows.

Capital Management – Verifying that the institution has enough capital to cover its exposure to credit and market risk.

Socioenvironmental Risk – Implementing the actions set forth in the Sustainability Policy and the Socioenvironmental Risk Procedures Manuals and monitoring compliance (read more in Socioenvironmental Risk Management).

Operational Risk – Implementing operational risk policies and procedures with a view, among other attributions, to: ensuring the mapping and classification of losses in accordance with the definitions of operational risk; formalizing the processes in which risks are present and, periodically, reviewing them and adjusting them in accordance with emerging needs.

Information Security Risk – Monitoring systems and resources in the bank's technological infrastructure to identify vulnerabilities. Monitoring information security related risks in processes and in people.

Risk of Money Laundering, Corruption, Financing of Terrorism and Illicit Acts – Specific procedures and responsibilities at all hierarchical levels to

identify and mitigate legal, operational and image-related risks associated with such illicit acts – Establishing control procedures and routines aimed at ensuring compliance with anti-money laundering regulations and internal standards. In 2017, 100% of the operations were screened for corruption risks, applying standards enabling the identification of transactions involving people subject to political exposure; the receipt and/or sending of funds without due cause between the parties; people subject to sanctions and/or blacklisted; the use of cash; media reports of crimes related to money laundering and corruption. [205-1](#)

Reputational Risk – Risk stemming from negative perceptions of the institution on the part of one or more stakeholders. The bank adopts measures to evaluate this risk based on perceptions of the market and regulatory authorities. The market's vision is derived from the indicators related to the institution's image in terms of financial results, information in the media, image surveys, institutional relations, as well as lawsuits and litigation. The perception of the regulatory authorities is linked with compliance with laws and regulations, cooperation with these authorities and any evaluations they may make of CCB Brasil.

Assessment of socioenvironmental risk

102-11, 102-15, 408-1, 409-1, FS1, FS2, FS3, FS4

Part of the bank's Sustainability Policy, socioenvironmental risk management is conducted in parallel with business and credit analysis. The procedures are applicable to all corporate clients and suppliers at all stages of commercial and operational processes, from the time a client is accepted until operations are formalized. Training for the application of socioenvironmental risk assessment is on the course curriculum for all employees (*see chapter Internal audience*). 205-2

There is a module on socioenvironmental risk in the general client registration system, which in turn is integrated into all the institution's other business systems. This integration streamlines the assessment process, ensuring security and transparency.

100% of the institution's clients and suppliers were submitted to socioenvironmental assessments and received a socioenvironmental rating

that draws on relevant information about them in the public domain and in the media.

In addition to verifying compliance with legislation on the use of child or forced labor and on the environment, the institution imposes additional conditions on companies or clients involved in activities subject to restrictions, such as arms and tobacco. (*see the results of socioenvironmental risk assessment in 2017*).

SOCIOENVIRONMENTAL RISK ASSESSMENT IN 2017 FS10

- 100% of the bank's clients were submitted to socioenvironmental assessment during the registration process; 96% of the registrations assessed were approved
- 93% of the cases assessed by the Sustainability Committee received favorable reports
- 100% of the institution's suppliers were submitted to socioenvironmental assessment during the approval phase
- 100% of the real estate guarantees and stocks of hazardous products were submitted to socioenvironmental assessment;
- 7.9% of the real estate received unfavorable reports due to socioenvironmental issues;
- 100% of the surety proposals were screened for socioenvironmental risk, of which 4.5% received unfavorable reports due to socioenvironmental issues.



Business and Outlook

102-15, 103-2, 103-3



The business relations established between Brazil and China over the last decade have attracted numerous companies from the two countries and boosted the demand for financial products and corporate credit. The opportunities that have arisen are at the center of the strategic planning drafted for CCB in Brazil.

2017 saw the end of a period of profound transformations in the institution's business model. Attentive to the opportunities in the Brazilian market and confident about its recovery in the coming years, CCB promoted diverse measures to boost its financial solidity; it expanded its client credit portfolio in line with the new strategy; it redefined its infrastructure and personnel needs to maintain service standards and levels of efficiency; and it initiated a broad-based restructuring of the product and service portfolio.

MARKET CONTEXT: BRAZILIAN ECONOMIC ENVIRONMENT

After a severe recession in Brazil, which began in 2014 and impacted the industrial, service and financial sectors, at the end of 2017 a number of

economic indicators started to show signs of recovery. The reduction in inflation and the interest rate, the upward turn in GDP and the expansion of overseas trade indicate that 2018 will be a year of opportunities and resumed confidence in the Brazilian economy.

Among the indicators, the Extended Consumer Price Index (IPCA), which measures the official inflation rate in the country, ended 2017 at 2.95%, the lowest annual inflation since 1998. In parallel, the Selic basic interest rate, was reduced progressively, ending the year at 7% p.a.

This gradual recovery in the business environment was reflected in the conglomerate's area of activity.

Trade between Brazil and China reached a record high in 2017, in line with the strategy drafted by CCB to operate in this business corridor. The trade balance, at US\$ 20.17 billion, was the highest in the historical series, with exports and imports reaching US\$ 47.49 billion and US\$ 27.32 billion respectively.



STRATEGIC PLANNING & VISION FOR THE FUTURE

CCB Brasil is investing in integrating the Brazilian subsidiary into the China Construction Bank Corporation's global network. Under the command of the Executive Board, this work was aimed at assuming control of activities and ensuring prudent risk management – gradually shaping a more stable operation with a reduced risk profile, both for the institution and for its client portfolio.

The institution drafted a business plan and long-term strategy for the operation covering the period from 2017-2021. Five key factors are worthy of note:

- The opportunities in the Brazilian market
- China's long-term commitment to the Brazilian economy
- Respect for the cultures of the two countries
- The achievements and the lessons learned over the last three years
- The value of a financial institution associated with CCB brand equity

GOALS AND ACTION FOCUSES

The next five years are aimed at transforming the bank into a new institution, positioned to support investment and business.

The CCB Corporation reiterates its long-term commitment to the Brazilian market and remains confident about the opportunities the country presents on a global level. Attentive to sector macro-trends, China's investment plans for Brazil and the bank's profile and structure, the strategic plan sets out the following goals:

- Repositioning the bank in the market, taking advantage of its main competitive differential
- Emphasizing the segments of key importance between the two countries
- Focusing on the energy, oil and gas, mining, agribusiness and industrialized goods sectors
- Diversifying the client portfolio, seeking to prioritize companies with annual revenues between R\$ 500 million and R\$ 5 billion
- Developing products for the Corporate segment



STRATEGY IMPLEMENTATION IN 2017

Capital Increase

To support CCB Brasil's operational portfolios and capitalize the institution for potential expansion, in October 2017 the Extraordinary General Meeting approved a capital increase in the amount of R\$ 1.258 billion. This increase was approved by the Brazilian Central Bank in December of the same year, positioning CCB Brasil's Basel Index at 28.52%, with Tier 1 at 18.28%.

Initiatives to improve the bank's capital structure had already been taken at the end of 2016, with a US\$ 70 million issue of Perpetual Bonds. On April 10, 2017, Bacen considered this issue eligible for computing Tier 1 capital.

Operational restructuring

The restructuring of CCB operations in Brazil drove greater operational efficiency and proximity with the target market. As a result of this process, the service network was reduced to nine branches and 398 employees, compared with 37 and 595 respectively in 2016.

Share repurchase

The Extraordinary General Meeting held in December 2017 authorized the repurchase of all the company's free floating ordinary and preferred shares remaining after the conclusion of the public offering.

Payment to the holders of the remaining shares was available from January 4th, 2018. With the conclusion of the cancellation of the remaining shares, the China Construction Bank Corporation Group became the sole owner of CCB Brasil stock.

RESULTS 201-1

CCB Brasil ended fiscal 2017 with a net negative result of R\$ 749.6 million (R\$ 353.4 million in 2016).

These results encompass tax credits from fiscal losses written off and not activated during the period in the amount of R\$ 522.1 million and extraordinary administrative and personnel expenses associated with the resizing of the physical structure.

Credit operations totaled R\$ 7,207.4 million, a decrease of 1.8% compared with the previous year. The extended credit portfolio, which includes sureties and guarantees provided, was R\$ 8,663.7 million (R\$ 9,063.8 million in 2016).

The inflow of funds was R\$ 12,182.8 million, practically stable in relation to the R\$ 12,313.6 million posted in 2016.

As a result of the capital increase, at the end of 2017 the bank's net equity was R\$ 1,788.8 million.

VALUE GENERATION (THOUSANDS OF R\$) 201-1

Direct economic value generated (revenue)	2,156,279.00
Economic value distributed	
Operating costs	1,725,526,00
Employee salaries and benefits	284,574,00
Payments to financiers	80,421.00
Payment of taxes	65,758.00

Business portfolio ^{FS6}

DIVERSIFICATION BY SECTOR OF ACTIVITY (IN THOUSANDS OF R\$)		
	Consolidated	
	Dec./2017	Dec./2016
Public sector	9,779	33,421
Private sector	4,558,288	4,880,275
Agribusiness	122,307	231,827
Industry	1,746,633	1,952,768
Commerce	534,166	708,426
Financial intermediaries	447	5,157
Other services	2,154,735	1,982,097
Private individuals*	2,639,294	2,428,259
Total	7,207,361	7,341,955

*The personal and payroll-deductible loans are related to CCB Brasil S.A. – Crédito, Financiamentos e Investimentos, the CCB Brasil subsidiary in which operations with private individuals are concentrated.

BUSINESS PORTFOLIO BY SIZE OF CLIENT (IN THOUSANDS OF R\$)%		
	Dec/2017	
Large company (more than R\$300 million)	4,188,451	58.11%
Medium company (from R\$ 90 million to R\$300 million)	121,280	1.68%
Medium company (from R\$ 16 million to R\$90 million)	174,691	2.42%
Small company (from R\$2,4 million to R\$ 16 mil-lion)	108,487	1.51%
Micro-company (up to R\$2,4 million)	8,252	0.11%
Individual corporate clients	2,606,200	36.16%
Total	7,207,361	100%

BUSINESS BY REGION (IN THOUSAND OF R\$)				
	Dec/2017		Dec/2016	
	Amount	%	Amount	%
North	—	—	5,158	0.07
North-east	333,088	4.62	578,488	7.88
Midwest	53,743	0.75	269,126	3.67
South-east	3,646,670	50.60	3,957,911	53.91
South	434,626	6.02	571,855	7.79
Overseas	2,739,234	38.01	1,959,417	26.68
Total	7,207,361	100	7,341,955	100

Value chain

In this chapter

Clients

Internal audience

Suppliers

Institutional relations

Environment



► Clients

The transition of the business model formalized in 2017 was centered on remodeling the bank's client portfolio. Anchored in a new plan for the market, the CCB conglomerate in Brazil is concentrating its banking activities on credit for the corporate segment, whereas CCB Financeira activities remain focused on private individual clients, with emphasis on payroll-deductible loans.

In the last two years, one of the main items on the management agenda has been updating the business client portfolio. With the gradual transition from the former portfolio, all new contracts are aligned with the terms of the credit policy implanted in 2017.

One of the bank's priorities is reviewing its product portfolio in order to meet the requirements of the new client profile.

As part of the new client relationship policy, the option was made to work with a reduced number

of service outlets. To modernize and reinforce client services, the institution invested in technological resources via the internet, most notably in the implantation of home banking.

Client requirements
shape the review of the
product and service
portfolio



CHINA-BRAZIL BUSINESS CORRIDOR

The bank's focus is on operations with companies active in the China-Brazil business corridor and with which it may contribute to driving the development of the two countries. The construction of the client portfolio is anchored in Chinese companies and the business chains in which they operate.

Operating in this segment, with the backing of the CCB Corporation's expertise, ensures a differential in relation to the competition in a highly competitive segment. The commercial area's target public, as defined in strategic planning, includes the full spectrum of bilateral relations between the two companies.

Reflecting its repositioning efforts, in 2017 the bank saw an increase in the number of large corporate clients doing business in the China-Brazil business corridor. In 2018, the expectation is that this will continue to grow.

For CCB, the main criterion established for the client profile is excellence, which translates into quality in numbers and in financial and operational structure.

The products and services in the portfolio will be maintained, but they will now be shaped to meet the demands of the new client portfolio profile (*read more in Business and Outlook*).

The client portfolio is focused on the China-Brazil corridor business chain

MAIN PRODUCTS AND SERVICES

- ▶ Foreign exchange and overseas trade
- ▶ Loans and financing for exports and imports
- ▶ Spot exchange
- ▶ External loans (Law 4.131/1962)
- ▶ Time deposits (CDB)
- ▶ Agribusiness credit bills (LCA)
- ▶ Mortgage bills (LCI)
- ▶ Financial notes
- ▶ Loans and financing
- ▶ Credit assignment
- ▶ Sureties
- ▶ Payment collection
- ▶ Leasing and direct consumer credit
- ▶ Swaps (change in index)
- ▶ Forwards, Futures and Options (fixing prices for future dates)

RESPECT FOR CLIENTS 417-1 , 417-3, FS14, 103-2, 103-3

All CCB client relations are shaped by a series of measures, standards and corporate policies based on the Brazilian banking self-regulatory system and the legislation in force.

CCB Brasil complies with regulatory legislation – including processes that permeate the business area, such as contracts and rates, adaptation of products and services to public requirements and transparent, ethical treatment that enables the convergence of interests. These include the Conar (Conselho Nacional de AutorregulaçãoPublicitária) advertising self-regulatory code; the Febraban (Federação Brasileira de Bancos) banking self-regulatory framework; the Procon(Programa de Orientação e Proteção ao Consumidor) consumer protection program and the standards of the Brazilian Central Bank regarding respect for and relations with clients.



INDIVIDUAL CLIENTS: SERVICE AND SATISFACTION

The bank itself has a minimal individual client portfolio. Business with private clients is centralized in CCB Financeira, one of the companies in the CCB Brasil Conglomerate, which has its head office in São Paulo (SP). The company administers payroll-deductible loan and credit card issuance services respectively for 177,594 and 50,398 individual clients.

Client relations are aligned with legislation, standards and the policies determined by the financial authorities, as well as banking self-regulatory guidelines. The institution has a complete service structure for handling client contacts (*see the list of contact channels*).

Access is by telephone, email, correspondence or in person. The Ombudsman is the highest channel through which clients may give an opinion or make a complaint. The channel is responsible for receiving, logging, analyzing and responding to complaints not resolved at the primary service levels – branches, relationship and contact centers.

In 2017, the Ombudsman received 422 contacts, of which 274 were effective demands. The Central Bank received 1,412 contacts related to client demands involving the CCB Brasil S/A conglomerate. [102-17](#)

SERVICE STRUCTURE

- Company and Account Holder Relationship Center:
0300 408 2333 (Monday to Friday, from 8:30 a.m. to 7 p.m.)
- Payroll Credit and Loan Relationship Center: **0300 010 0242**
(Monday to Friday, from 9 a.m. to 6 p.m.)
- Payroll Credit Contact Center: **0800 725 0048** (Monday to Friday, from 9 a.m. to 6 p.m.)
- Contact Center: **0800 701 0224** (Monday to Friday, from 9 a.m. to 6 p.m.)
- Contact Center for Hearing or Speech Impaired Clients:
0800 940 0649 (Monday to Friday, from 9 a.m. to 6 p.m.)
- Ombudsman: **0800 725 2242** (Monday to Friday, from 9 a.m. to 6 p.m.)
- Credit Card Client Contact Center: **0800 775 7001**
- Credit Card Relationship Center: **2066 4305**



PRIVACY AND INFORMATION SECURITY

418-1, 103-2, 103-3

As a financial institution with a database on its clients and their activities, in common with the entire financial sector, CCB, has the fundamental responsibility of ensuring privacy for clients and their assets. The conglomerate reports to the parent company on progress in projects and occurrences related to process automation and improvements on a weekly basis.

CCB Brasil has an exclusive IT area for information security which is completely separate from its daily business operations. Actions related to the operation are undertaken by a dedicated area responsible for the framework and intelligence of the main projects developed for the operation, including the implantation of home banking and the automation of CCB.

In addition to internal audits, the IT area is subject to independent and Central Bank audits, as well as simulated system invasion tests on a six-monthly basis.

The information security processes are supported by standardized internal processes and training and guidance to ensure that employees apply data protection measures, procedures, standards and policies correctly. All employees sign a term of responsibility in which they commit to upholding these standards.

Currently 100% of the credit cards have chips and are duly aligned with security requirements. No complaints were received about the cloning of cards with chips.

► Internal audience 103-2, 103-3

In 2017, the operational context imposed the challenge of resizing the team and altering the profile of part of the work force in line with the new reality of the client profile and business strategy.

The Human Resources Policy is the basis for actions and labor relations, with adjustments that drive improved management practices and professional training.

The institution's people management policy is underpinned by three pillars –professional development, appropriate remuneration and the quality of the work environment. Once aligned, these aspects drive the attraction and retention of people who seek professional growth and fulfillment, focused on the business's strategic objectives.

At the end of 2017, there were 511 people working in the group, of which 398 in CCB Brasil and 113 in CCB Financeira and CCB Leasing, all employed under Brazil's CLT (Consolidação das Leis do Trabalho) labor legislation framework.

Approximately 40% are women, while 25.8% of management positions are occupied by women. The headcount also includes 14 interns and five apprentices.

A total of 454 people work in São Paulo, corresponding to 88.8% of the work force. The remainder are located in the states of Ceará, Minas Gerais, Pernambuco, Paraná, Distrito Federal, Rio de Janeiro and Santa Catarina. The percentage of employees working an eight-hour day is 96.48%, with the other 3.52% working part-time. 102-8

As a consequence of the organizational restructuring, the staff turnover rate for the year was 32.5%. The number of admissions at CCB Brasil was 55, while there were 277 terminations. 401-1



ADMISSIONS AND TURNOVER* 401-1

By gender	Admissions	Admission rate * (%)	Terminations	Turnover** (%)
Men	32	6.2	156	18.4
Women	23	4.5	121	14.1
Total	55	10.76	277	32.5

By age group	Admissions	Admission rate * (%)	Terminations	Turnover** (%)
Under 30 years	27	5.3	52	7.7
From 30 to 50 years	21	4	145	16.2
Over 50 years	7	1.3	80	8.5
Total	55	10.76	277	32.5

By region	Admissions	Admission rate * (%)	Terminations	Turnover** (%)
North	0	0	1	0,1
Northeast	1	0.19	47	4.7
Midwest	2	0.38	20	2.2
Southeast	48	9.39	186	22.9
South	4	0.77	23	2.6
Total	110	10.73	277	32.5

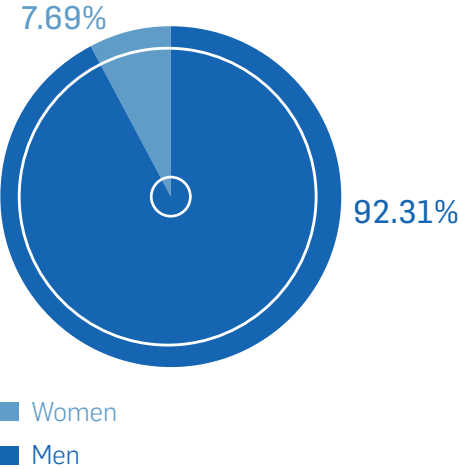
* To ensure greater comparability and adherence to the GRI protocol, the rates are calculated based on the total number of employees at the end of the year (511 in 2017). The rates do not take interns into account.

** Turnover calculated based on: (total admissions + total terminations)/2/total employees.

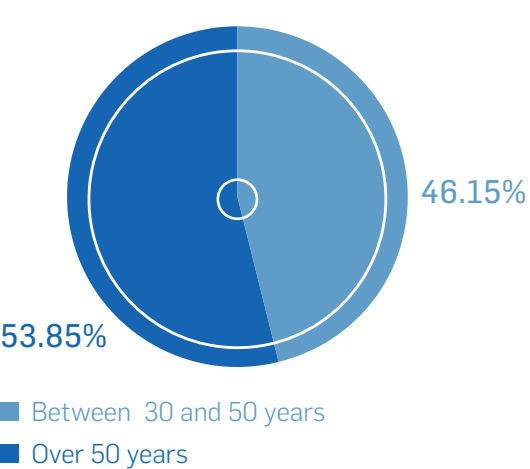
EMPLOYEES BY GENDER 102-8

	Total	%	Men	%	Women	%
Analyst	318	62.2%	171	53.8%	147	46.2%
Commercial	45	8.8%	34	75.6%	11	24.4%
Coordination	55	10.8%	36	65.5%	19	34.5%
Management	93	18.2%	69	74.2%	24	25.8%
Total	511	100%	310	100%	201	100%

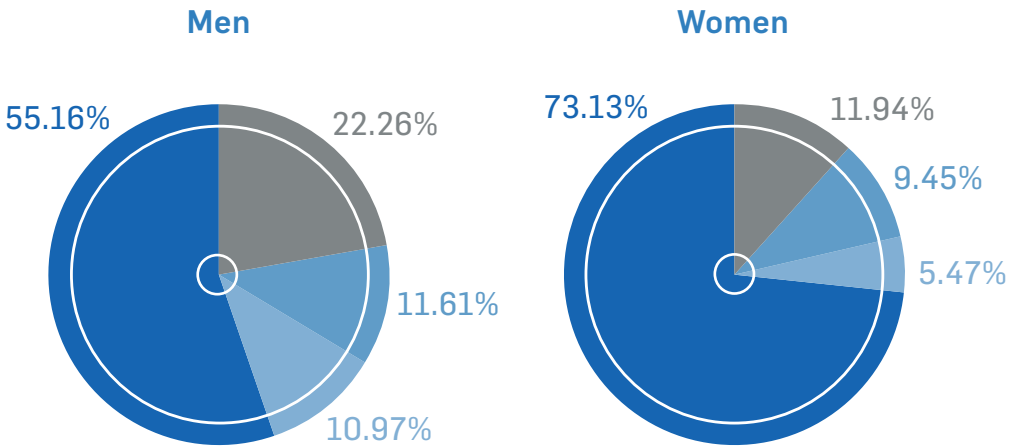
PEOPLE IN GOVERNANCE BODIES BY GENDER 405-1



PEOPLE IN GOVERNANCE BODIES BY AGE GROUP 405-1

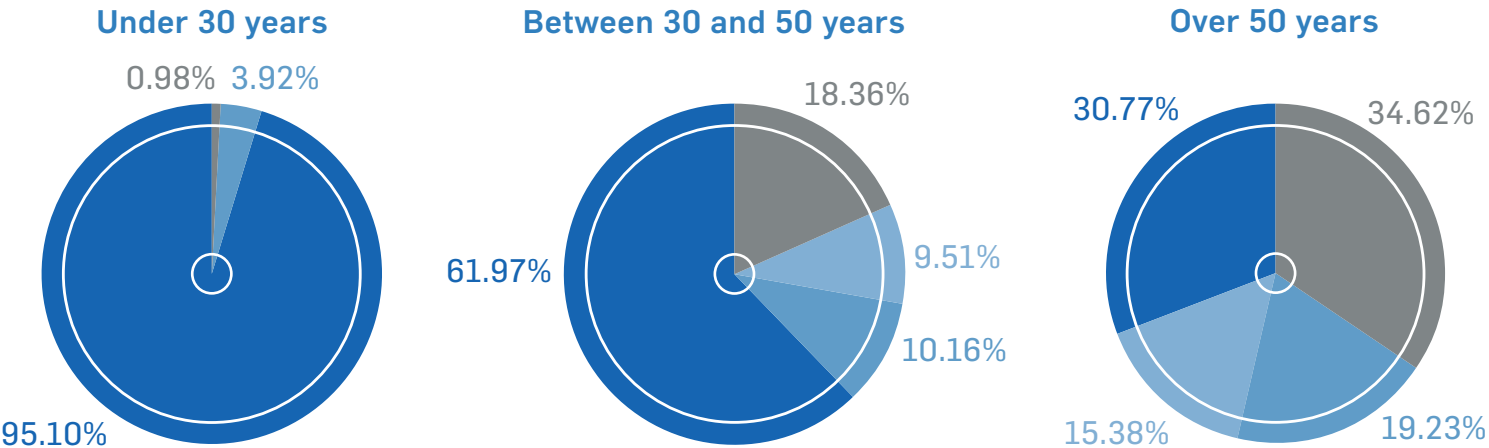


GENDER BY FUNCTIONAL CATEGORY 405-1



■ Management ■ Coordination ■ Commercial ■ Analysts

AGE GROUP BY FUNCTIONAL CATEGORY 405-1



DEVELOPMENT, RECOGNITION AND LEADERSHIP 404-1, 404-2, 404-3, 103-2, 103-3, FS4

The institution incentivizes development to ensure career progression for employees. In 2018, the performance appraisal process – which shapes development plans, promotions and career advances – will be enhanced, reflecting the new reality and the competencies necessary for the success of the business model. One of the priorities will be the reinforcement of merit in all development and leadership oriented initiatives.

In 2017, 95 employees were submitted to performance appraisals, down from the 308 appraisals in 2016. Of these appraisals, 68.42% involved men and 31.57%, women. The breakdown by functional category was 82.10% managers, 7.36%, coordinators and 10.52%, analysts.

The set of competencies sought to meet the challenges posed by the business model under implantation was evident in the admissions for the commercial area. The selected candidates fulfilled the requirements of seniority, fluency in English and experience in large institutions or overseas banks.

A key learning and integration tool, the distance learning platform EducaRHoje, concentrates the main contents for internal training. The constantly updated course programming meets the basic training needs for each function, as well as mandatory training on regulatory questions. The programming includes the mandatory 1st module on sustainability and the Prevention of Money Laundering, Corruption and Terrorism course. 404-1, 205-2, FS4

Mandatory training for compliance with CCB Corporation standards was prioritized in 2017. This was especially important last year in view of the customization of head office compliance instruments in line with the Brazilian reality. The basic concepts were replicated and incorporated into the training program for employees. The breakdown of training by functional category was 22% for managers; 8% for coordinators; 8% for the commercial area; 58% for analysts; 2% for apprentices; and 1% for interns. 205-2, 404-1

In 2017, in addition to the Personal Finances courses given, CCB Brasil promoted a series of financial literacy measures for employees. The campaign included the distribution of information

sheets and the provision of a virtual library with materials addressing subjects such as controlling spending, paying debts, as well as tips on investment, saving and financial health. FS16

TRAINING IN 2017 404-1

(in hours)	Total	Men	Women
Human rights (412-2)	2,224	1,116	1,108
Personal finances (FS16)	449	162	287
Anti-corruption (205-2)	799	521	278
Sustainability and Socioenvironmental Responsibility Module I	402	218	184
Socioenvironmental Responsibility Policy Module II	286	166	120
Others	3,905	2,636	1,269
Total	8,065	4,819	3,246
Total hours per employee*	16	16	16
Total hours per worker **	15	15	15

*Not counting interns and apprentices.

** Counting interns and apprentices.

PROMOTING SUSTAINABILITY
THROUGH EDUCATION

Driving employee awareness of sustainability-related questions and socioenvironmental risk is one of the bank's objectives and is undertaken in the form of the two-module Sustainability and Socioenvironmental Responsibility course available on the distance learning platform.

Online training and awareness activities have increased employees' familiarity with socioenvironmental questions, as well as socioenvironmental risk management and financial education. In 2017, training in these areas totaled 690 hours. The target for 2018 is to launch the third module of the Socioenvironmental Responsibility program and the Compliance module, both in the final stages of development, on the distance learning platform.

REMUNERATION AND BENEFITS 102-38

For all employees, the fixed and variable remuneration policy is aligned with market standards, as is the benefits program. Currently the ratio of the highest salary (not counting variable remuneration) to the overall average salary in the conglomerate

is 3.72:1. All employees hired under Brazil's CLT labor regime are eligible for the benefit program, which goes beyond legal requirements. Specific groups also receive additional benefits, as detailed in the table below: those working night shifts have a transportation allowance, which helps ensure employee safety.

Women are entitled to maternity leave, breastfeeding breaks until their child is six months of age and a nursery/nurse allowance.



BENEFITS PROGRAM 401-2, 401-3

- Optional health and dental plans extensive to dependents, including stable same-sex relationships
- Meal allowance
- Food allowance (13 months in the year)
- Special terms for the bank's products: loans; credit cards, overdraft facilities and car insurance
- Group life insurance and household assistance insurance
- Days off for good attendance
- Subsidized drugstore purchases
- Partnership agreements with language schools, restaurants and gyms
- Transportation allowance
- Maternity leave
- Breastfeeding breaks for mothers with children up to six months of age
- Nursery/nurse allowance
- Paternity leave



BENEFITS PROGRAM

The bank implanted 20 days of paternity leave in line with the Empresa Cidadã program, to which it is a signatory. In 2017, 23 employees took parental leave, of which 12 were women and 11, men. Of the 24 employees who received this benefit in 2016, 100% returned at the end of the leave. After 12 months, 15 of these employees (8 women and 7 men) remained in the institution, resulting in a retention rate of 53% for the men and 46% for the women. Employees who are terminated are guaranteed the benefits established in the union agreement, such as a professional requalification allowance – to enable individuals to take refresher courses in their area to assist them in finding a new job – and the continuation of the medical and hospital plan contracted by the bank. The duration of this benefit varies in accordance with each employee's length of service. 404-2

The continuation of the medical and hospital plan benefit is also maintained for retirees. Employees with less than 10 years service in the company may remain in the plan for a period equivalent to the time they subscribed to it as an employee. Retirees with more than 10 years length of service may remain in the plan indefinitely, as long as the company maintains the health plan for its active employees. 401-3

INTEGRATION PROGRAM

CCB Brasil approached the challenge of integrating different cultures – a reality experienced by any foreign institution that starts operating in another country – by adopting a Sino-Brazilian integration program. The bank values the gains to be had from a balanced co-existence and invests in training, exchanges and language courses. To simplify routines in its international operations, English is widely used in day to day contacts, in meetings and in documents.

In 2017, R\$ 243,012 was invested in language courses. This was because many meetings need to be in English, as is the case with a series of documents and reports for senior management and the CCB Corporation. In all, 67 employees take English classes and another three are studying Mandarin, with subsidies varying from 50% to 80% for foreign language studies. Similarly, 10 Chinese executives and employees are studying Portuguese. The bank permits use of its premises for the courses before or after working hours.

LABOR PRACTICES

CCB Brasil guarantees the right to union membership – 100% of the conglomerate’s employees are covered by collective bargaining agreements with the unions that represent them. 102-41 All communications related to changes in company structure are issued with due prior notice. 402-1

In 2017, the legal department received 190 complaints related to labor practices. The total number of cases pending on the last day of the year was 572. Of the 190 grievances received by the legal area, all were addressed and 140 were resolved. Another 30 grievances pending from previous years were also resolved, making a total of 170 cases concluded. The increase in labor demands is due to the organizational restructuring in 2017. 103-2

OCCUPATIONAL HEALTH AND SAFETY

Responsible for health and safety measures, the Internal Accident Prevention Commission (CIPA in the Portuguese acronym) incorporates quality of life into its activities. The commission, which formally represents all CCB employees in Brazil, supports the Human Resources area in executing

campaigns and measures aimed at preventive health care, safety and quality of life within the Health Promotion Program.403-1

Members meet on a monthly basis to conduct a series of health-related activities such as vaccinations, preventive measures against AIDS, breast cancer, prostate cancer, stress and smoking, as well as promoting healthy eating habits.

CCB Brasil does not have staff with a high incidence or risk of work-related diseases. On an annual basis, the CIPA organizes an Internal Work Accident Prevention Week. It also coordinates environmental risk prevention and occupational health medical control programs.403-3

The institution observes the collective agreements signed with financial institution workers’ unions, which stipulate occupational 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.403-4

In 2017, CCB Brasil recorded no cases of occupational injuries and/or diseases. A number of leaves initiated in 2016 continued into 2017, and new cases were recorded. A total of 4,046 days lost was recorded due to non-occupational diseases. The number of days lost for men was 1,779, while women missed 2,267 days of work. 403-2

There is no high incidence or high risk of occupation-related diseases at CCB Brasil



► Suppliers

102-9, 308-1, 308-2, 414-2, 414-1, 408-1, 409-1, 103-2, 103-3

The same integrity and risk assessments systems CCB applies to client operations are extended to supplier relations. The principles of compliance with the Code of Ethics are incorporated into the procedures expected of the bank's commercial partners. Any breaches or cases of non-compliance are addressed impartially by the Ethics Committee.

In 2017, the conglomerate's supplier network comprised 167 companies and service providers. All are selected in accordance with the Procurement and Contracting Policy, which prioritizes the acquisition of products and services from local suppliers. The entire network was subject to assessment by the Sustainability team. A total of 174 suppliers applied for registration in 2017; from these, three were analyzed and refused by the sustainability area and four were refused by other areas. Thus, 95% of the supplier registration requests were approved. [102-9, 202-2, 308-1, 414-1](#)

Due to the nature of the industry in which it operates, CCB Brasil's supplier base is concentrated

in the service sector. These suppliers include service providers in the areas of consulting, audit, security, maintenance, information technology (IT) and transportation of valuables.

All supplier contracts contain clauses relative to compliance with environmental and labor legislation; measures to prevent environmental crimes, discrimination and corruption; and commitments to combat and eliminate the use of child or forced labor in the supply chain. In the event of non-compliance with legislation or non-observance of contract clauses relative to socioenvironmental matters or bank policy, the Procurement area is oriented to terminate the relationship with the supplier.

Among the procedures set forth in the Socioenvironmental Risk Assessment, for the duration of the contract the supplier is subject to monitoring relative to the criteria established. In 2017, CCB Brasil continued to enhance the supplier selection, assessment and monitoring process with the inclusion of a socioenvironmental

rating, a media survey and a report by the Sustainability Committee for cases identified as being of high socioenvironmental risk.

Within the risk mapping framework, suppliers are assessed regularly with respect to anti-corruption and anti-money laundering practices ([read more in Integrated Risk Management, page 20](#)).

100%

of CCB Brasil suppliers were submitted to Socioenvironmental Risk Assessment



► Institutional relations

103-2, 103-3

One of the objectives defined in CCB's long-term strategic planning in Brazil is to contribute to the achievement of adequate levels of prosperity in all spheres of society.

As the country's main commercial partner since 2009, China has established solid links with institutions and companies in the Brazilian business environment. As a question of principle, the bank complies with local laws and regulations and develops relations based on respect for the values and the culture of the society in which it operates.

In its routine activities, CCB interacts with the diverse bodies that control the financial sector in Brazil, in particular the country's financial authorities, such as the Central Bank, nurturing close and transparent relations.

To consolidate long-term relations in the Brazilian market, the institution fully exercises its social role, paying taxes and charges, granting loans, generating jobs, skillfully managing its client

portfolio and pursuing dialogue with suppliers. In 2017, the institution did not make any donations to political parties. [415-1](#)

On an institutional level, CCB Brasil participates in technical commissions, sub-commissions and working groups organized by the Brazilian Banking Federation Febraban, ABBI (Associação Brasileira de Bancos Internacionais), ABBC (Associação Brasileira de Bancos), the Brazilian clearing house, CIP (Câmara Interbancária de Pagamentos), Acrefi (Associação Nacional das Instituições de Crédito, Financiamento e Investimento), Ibef (Instituto Brasileiro de Executivos Financeiros) and Anbima (Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais). [102-13](#)


COMMUNITY RELATIONS

CCB Brasil develops some discrete community relationship actions. These include social and educational actions such as voluntary contributions benefiting underprivileged children, Christmas campaigns and the Winter Clothing campaign. [102-44](#)

PRINCIPLES, STANDARDS AND COMMITMENTS

Aligned with the principles of corporate citizenship, CCB is a signatory to the Global Compact, the United Nations (UN) initiative created to stimulate the international business community to adopt essential measures for the promotion of sustainable development. Linked with this commitment are the Sustainable Development Goals (SDG), aimed at driving social, economic and environmental progress in areas such as healthcare, human rights, labor relations, the environment and combating corruption. [102-12](#)

CCB develops relations based on respect for the culture of the society in which it operates



The Banking Auto-regulatory Code is a voluntary initiative to promote improved relations between financial institutions and their clients. CCB Brasil is one of the 18 signatories. Based on criteria that go beyond legal requirements, the code is designed to promote ethics, legality, respect for the consumer, efficient communication and continuous improvement in banking activities.

Another commitment to important standards is CCB Brasil's adherence to the new International Financial Reporting Standards, known as IFRS9. The financial balance sheet for the fiscal year ended in December 2017 is compliant with the directives set forth in this standard. The objective of the standard is to standardize the elaboration of financial statements.

The institution is aligned with Fatca (Foreign Account Tax Compliance Act), a United States government mechanism to promote fiscal transparency, suppress tax evasion, money laundering and financing for terrorism, as well as identifying US financing operations in other countries.

CCB also complies with the CRS (Common Reporting Standard), instituted by the European Community in 2016 with a similar function to Fatca. The standard extended the reach of the resolutions in the US market, establishing the automatic exchange of tax information on private individuals and companies between jurisdictions and signatory countries, as is the case with Brazil and more than one hundred other countries.



► Environment

A financial institution's indirect environmental impacts are more important than its direct ones (such as the consumption of natural resources, greenhouse gas emissions, among others). For CCB, credit concession, in particular, constitutes one of the most influential indirect impact mechanisms that may enable a society to establish a low-carbon economy and control climate change. [201-2](#)

A commitment to being environmentally friendly and driving a low-carbon economy in its credit concession operations and practices, as well as in its assessments of clients and suppliers, is fundamental for the institution. CCB applies environmental risk management criteria to its clients and partners. All business loan applications are subject to the bank's socioenvironmental risk assessment process, as are supplier registration processes (*read more in Socioenvironmental risk assessment*).

The CCB Corporation promotes financial operations that incentivize businesses engaged in the production of renewable energy. In the strategic planning

formulated for Brazil, the bank intends to support energy industry segments such as solar, wind and hydroelectric power, as well as biofuels.

Although the loans granted by CCB Brasil may contribute indirectly to social and environmental questions in the country, the institution does not yet have products created to generate specific social or environmental benefits in its portfolio. [FS7](#), [FS8](#)



CONSUMPTION OF NATURAL RESOURCES

103-2, 103-3

In its internal activities, CCB Brasil focuses on decreasing its direct environmental impact, measuring its operational processes and striving for improvements in eco-efficiency and performance. The reorganization of the physical and functional structure of the bank in 2017 led to a change in the collection of data on water and energy consumption, resulting in a significant reduction in the indicators.

In 2017, there was a 63% decrease in the consumption of paper and graphic materials compared with 2016, totaling 67.1 metric tons. [301-1](#)

With respect to water consumption, the volume of water withdrawn from public utility networks was reduced by approximately 26%. The information about total water consumption is supplied by the utility companies. [301-1](#)

CONSUMPTION OF MATERIALS [301-1](#)

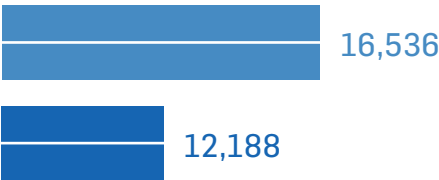
Material	Metric tons
Paper	15.3
A3 and A4 bond paper	12.8
Personalized material printed on paper	10.9

WASTE BY TYPE [306-2](#)

Waste	Metric tons
Electronic waste (computers, servers, projectors, laptops etc.)	19.1
Furniture Waste	527
Construction waste	70.4
Other waste materials (printer cartridges, batteries, pens, paper clips and staples)	0.5

WATER WITHDRAWAL BY SOURCE (m³) [303-1](#)

Supply from municipal or other utility



■ 2016 ■ 2017

CLIMATE CHANGE 201-2, 103-2, 103-3

CCB Brasil follows procedures to mitigate effects from its operations that may be associated with climate change.

Regarding indirect impacts, the bank employs specific credit concession criteria that entail client assessment. All client companies are submitted to a Sustainability Declaration which must be answered by a commercial manager. This contains specific questions relative to climate change, such as management of pollutant emissions, energy and waste, as well as measures to offset or mitigate greenhouse gas emissions.

The same procedure is applied to the bank's active and prospective suppliers.

Whenever socioenvironmental and reputational risks related to climate change are identified during the assessment process, both client loan application and supplier registration processes are referred to the Sustainability Committee. This body evaluates the situation and decides on a positioning for or against the continuity of the commercial relationship, stipulating the conditions under which it may be maintained.

The Eco-efficiency Manual used by the institution establishes procedures for managing the direct impacts resulting from its activities. The measures adopted internally include reductions in the consumption of water, power, paper and fuel.

ENERGY AND EMISSIONS

In 2017, CCB Brasil's activities resulted in total emissions of 611.15 tCO₂e, the lowest level since monitoring began in 2011, when emissions were 1,429 tCO₂e.

From the 2017 total, 199.79 tCO₂e were scope 1; 184.26 tCO₂e were scope 2; and 227.10 tCO₂e, scope 3.

In comparison with 2016, there was a 4% increase in scope 1 (due to diesel consumption by the generator set), a 13% reduction in scope 2 (because of the closure of diverse service outlets in the country) and a 54% reduction in emissions from the supplier chain, notably in the main components of this scope (air travel, cargo transportation and ground transportation), resulting in a 32% decrease in total emissions in the inventory.

305-1, 305-2, 305-3

The main scope 1 emission in 2017 was fuel consumption related to employee use of gasoline-powered vehicles, which corresponded to 94% of the emissions within this scope.

Compared with 2016, there was a 3% increase in fuel consumption. Stationary combustion from the diesel used in the generator set increased by 25% (from 4,000 liters to 5,000 liters), however the associated emissions of 12.17 tCO₂ and biogenic emissions of 0.96 tCO₂ represented only 6% of scope 1 emissions.

The scope 2 indirect emissions are the result of the consumption of energy acquired from the Brazilian national grid.

In 2017, CCB Brasil consumed 2,070.57 MWh (7,454.05 GJ), resulting in emissions of 184.26 tCO₂e, 30% of the total emissions in the inventory.

In comparison with 2016, there was a 20% reduction in total energy consumption and a 14% increase in the energy grid emission factor.

CCB Brasil's indirect scope 3 emissions are significant, accounting for 37% of the total emissions in the 2017 inventory. These emissions are related to employee travel by plane, taxi and bus, air and road transportation of mailbags, and use of motorcycle couriers.

The total mileage of air travel was reduced by 17%, while the number of international flights decreased by 45%. Consequently, there was a 17% reduction in travel emissions from 2016 to 2017. Worthy of note during the year were the 60 meetings via videoconferencing, totaling 106 hours. These involved 425 people, an increase of 40% in the number of participants and 50% in the number of hours of meetings compared with the previous year. This helped to avoid a further increase in domestic air travel and, consequently, in total GHG emissions.

Biogenic emissions, that is emissions from burning biofuels such as sugarcane-based ethanol or biodiesel, totaled 46.78 tCO₂ in 2017, compared with 44.98 tCO₂ in 2016, in scope 1; and 0.67 tCO₂ in 2017, compared with 3.12 tCO₂ the previous year, in scope 3. [302-1](#), [302-2](#)

Total emissions in 2017
were 611 tCO₂e, the
lowest level since 2011



SCOPE 1 - DIRECT GHG EMISSIONS (t CO₂ equivalent) 305-1

	2016	2017
Stationary combustion	9.85	12.17
Mobile combustion	181.63	187.61
Sub-total	191.48	199.79

SCOPE 2 - INDIRECT GHG EMISSIONS FROM THE ACQUISITION OF ENERGY (t CO₂ equivalent) 305-2

	2016	2017
	tCO ₂ e	tCO ₂ e
Electricity	210.69	184.26
Sub-total	210.69	184.26

SCOPE 3 - OTHER INDIRECT GHG EMISSIONS (t CO₂ equivalent) 305-2

	2016	2017
Activities related to fuel and energy not included in Scopes 1 and 2	189.30	-
Transportation and distribution (upstream)	36.91	6.73
Business travel	266.08	220.37
Sub-total	492.29	227.10

TOTAL GHG EMISSIONS (t CO₂ equivalent) 305-2

	2016	2017
Direct emissions (Scope 1)	191.48	199.79
Indirect emissions from the acquisition of energy (Scope 2)	210.69	184.26
Other indirect emissions (Scope 3)	492.29	227.10
Total GHG emissions	894.46	611.15

Limited assurance report issued by independent auditors



To the Board of Directors, Management and Stakeholders
China Construction Bank (Brasil) Banco Múltiplo S.A.
São Paulo - SP

INTRODUCTION

We have been engaged by China Construction Bank (Brasil) Banco Múltiplo S.A. ("CCB Brasil" or "Company") to apply limited assurance procedures on the sustainability information disclosed in CCB Brasil's Annual and Sustainability Report, related to the year ended December 31st, 2017.

RESPONSIBILITIES OF CCB BRASIL'S MANAGEMENT

The Management of CCB Brasil is responsible for adequately preparing and presenting the sustainability information in the 2017 Annual and Sustainability Report in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards, and the "Financial Services Sector Supplement", 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 2017 Annual and Sustainability

Report 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's 2017 Annual and Sustainability Report, 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 2017 Annual and Sustainability Report 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 2017 Annual and Sustainability Report 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 2017 Annual and Sustainability Report, 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 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 2017 Annual and Sustainability Report. 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 2017 Annual and Sustainability Report and its structure and content, based on the Principles for Defining Report Content and Quality of the GRI Sustainability Reporting Standards;

(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 information and their correlation with indicators disclosed in the 2017 Annual and Sustainability Report;
- Analysis of evidence supporting the disclosed information;
- Visits to CCB Brasil's 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 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 2017 Annual and Sustainability Report.

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, evaluated the adequacy of the company's policies, practices and sustainability performance, nor future projections.

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 2017 Annual and Sustainability Report is not fairly stated in all material aspects in accordance with the GRI Sustainability Reporting Standards, and the "Financial Services Sector Supplement", as well as its source records and files.

São Paulo, April 3, 2018

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

Eduardo V. Cipullo
Contador CRC 1SP135597/O-6

KPMG Financial Risk & Actuarial Services Ltda.

Ricardo Algis Zibas
Sócio-Diretor

GRI content index



► GRI Content Index 102-55

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
GENERAL DISCLOSURES			
Organizational profile			
GRI 102: General disclosures 2017	102-1 Name of the organization	9	
	102-2 Activities, brands, products, and services	11	
	102-3 Location of headquarters	9 and 43	
	102-4 Location of operations	10 and 11	
	102-5 Ownership and legal form	10	
	102-6 Markets served	9	
	102-7 Scale of the organization	10	
	102-8 Information on employees and other workers	9, 35 and 36	
	102-9 Supply chain	42	
	102-10 Significant changes to the organization and its supply chain	10	
	102-11 Precautionary Principle or approach	24	
	102-12 External initiatives	43	
	102-13 Membership of associations	43	
Strategy			
GRI 102: General disclosures 2017	102-14 Statement from senior decision-maker	7	
	102-15 Key impacts, risks and opportunities	7, 20, 24 and 25	
Ethics and integrity			
GRI 102: General disclosures 2017	102-16 Values, principles, standards, and norms of behavior	18	
	102-17 Mechanisms for advice and concern about ethics	18 and 33	

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
Governance			
GRI 102: General disclosures 2017	102-18 Governance structure	13	
	102-19 Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	14	
	102-20 Executive level responsibility for economic, environmental and social topics	14 and 19	
	102-21 Consulting stakeholders on economic, environmental and social topics	15	
	102-22 Composition of highest governance body and its committees	14	
	102-23 Chair of the highest governance body	14	
	102-24 Nominating and selecting the highest governance body and its committees	14	
	102-25 Conflicts of interest	14 and 18	
	102-26 Role of highest governance body in setting purpose, values and strategy	14 and 19	
	102-27 Collective knowledge of highest governance body	14 and 15	
	102-28 Evaluating the highest governance body's performance	17	
	102-29 Identifying and managing economic, environmental and social impacts	14 and 19	
	102-30 Effectiveness of risk management processes	13, 16, 20 and 22	
	102-31 Review of economic, environmental and social topics	14 and 19	
	102-32 Highest governance body's role in sustainability reporting	14 and 19. The report is submitted for the formal approval of senior management, which participates in the process in the content construction stage and the materiality review through interviews – including consultation of the independent board member.	
	102-33 Communicating critical concerns	14, 18 and 19	
	102-34 Nature and total number of critical concerns	The Board of Directors is the bank's highest governance body. The topics it addresses are generally also addressed by the Audit Committee. The subjects dealt with by these bodies are confidential.	
	102-35 Remuneration policies	17	

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
	102-36 Process for determining remuneration	17	
	102-37 Stakeholder involvement in remuneration	17	
	102-38 Annual total compensation ratio	17 and 39	
	102-39 Percentage increase in annual total compensation ratio	In 2017, the highest remuneration paid at CCB increased by 2.75% compared with the previous year, while the average increase in remuneration was 7.12%, also in relation to 2016. The growth in average remuneration for all employees was 2.5 times greater than that of best paid individual in the organization	
Stakeholder engagement			
GRI 102: General disclosures 2017		In an identification process described in GRI 102-42, the following stakeholder groups were mapped: parent company; market analysts; regulatory authorities; clients; community; suppliers; government and society; environment; market; media/press; unions. Other relevant internal stakeholders are employees and service providers.	
	102-40 List of stakeholder groups		
	102-41 Collective bargaining agreements	41	
	102-42 Identifying and selecting stakeholders	CCB's external stakeholder groups in Brazil were identified based on interviews and meetings with company managers, in a process that was updated and reviewed in accordance with requests from directors and process managers.	
	102-43 Approach to stakeholder engagement	Diverse interaction channels are adopted at CCB Brasil, such as the disclosure of results and sustainability performance information (Annual and Sustainability Report, releases, alerts etc.); institutional websites for the general external audience (updated annually); intranet and awareness campaigns on topics such as compliance and prevention of money laundering; visits and meetings (one event every six months); online actions on topics such as financial education and informative materials for clients; participation in discussion forums (one event every two months); social and voluntary actions; participation in sector associations; and meetings with specific groups.	
	102-44 Key topics and concerns raised	Page 43. There is no specific engagement program, but rather actions for each group, such as measures for employees (which sometimes include service providers) related to training courses and compliance guidelines; for clients (websites and visits, informative materials, financial education); community (isolated social actions); and suppliers (websites).	

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
Reporting practice			
GRI 102: General disclosures 2017	102-45 Entities included in the consolidated financial statements	4 and 5	
	102-46 Defining report content and topic boundaries	4	
	102-47 List of material topics	5	
	102-48 Restatements of information	None.	
	102-49 Changes in reporting	None.	
	102-50 Reporting period	5	
	102-51 Date of most recent report	2016	
	102-52 Reporting cycle	Annual.	
	102-53 Contact point for questions regarding the report	4	
	102-54 Claims of reporting in accordance with the GRI Standards	Comprehensive.	
	102-55 GRI content index	50	
	102-56 External assurance	4	

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
MATERIAL TOPICS			
Economic performance			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	25	
	103-3 Evaluation of the management approach	25	
GRI 201: Economic performance 2017	201-1 Direct economic value generated and distributed	28	
	201-2 Financial implications and other risks and opportunities due to climate change	45 and 47	
	201-3 Defined benefit plan obligations and other retirement plans		The institution does not offer employees pension plans.
	201-4 Financial assistance received from government		No financial assistance was received from government
Anti-corruption			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	20	
	103-3 Evaluation of the management approach	20	
GRI 205: Anti-corruption 2017	205-1 Operations assessed for risks related to corruption	23	
	205-2 Communication and training about anti-corruption policies and procedures	21, 24 and 38	
	205-3 Confirmed incidents of corruption and actions taken	There were no confirmed cases of employees being dismissed or punished for corruption. Neither were there any confirmed cases of contracts with commercial partners being canceled or not being renewed due to breaches related to corruption. No corruption-related lawsuits were brought against the organization or its employees during the reporting period.	

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
Materials			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	46	
	103-3 Evaluation of the management approach	46	
GRI 301: Materials 2017	301-1 Materials used by weight or volume	46	
Energy			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	47	
	103-3 Evaluation of the management approach	47	
GRI 302: Energy 2017	302-1 Energy consumption within the organization	47	
	302-2 Energy consumption outside of the organization	47	
	302-4 Reduction of energy consumption	47	
Water			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	46	
	103-3 Evaluation of the management approach	46	
GRI 303: Water 2017	303-1 Water withdrawal by source	46	
Emissões			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	47	
	103-3 Evaluation of the management approach	47	
GRI 305: Emissions 2017	305-1 Direct (Scope 1) GHG emissions	47 and 48	
	305-2 Energy indirect (Scope 2) GHG emissions	47, 48 and 49	

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
	305-3 Other indirect (Scope 3) GHG emissions	47	
	305-6 Emissions of ozone-depleting substances (ODS)		The institution does not emit ozone-depleting substances
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		There are no significant NOx, SOx or other atmospheric emissions
Effluents and waste			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	46	
	103-3 Evaluation of the management approach	46	
GRI 306: Effluents and waste 2017	306-1 Water discharge by quality and destination		Since the water used comes from public utilities it is not possible to determine its source or destination
	306-2 Waste by type and disposal method	46	
Supplier environmental assessment			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	42	
	103-3 Evaluation of the management approach	42	
GRI 308: Supplier environmental assessment 2017	308-1 New suppliers that were screened using environmental criteria	42	
	308-2 Negative environmental impacts in the supply chain and actions taken	42	

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
Employment			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	35	
	103-3 Evaluation of the management approach	35	
GRI 401: Employment 2017	401-1 New employee hires and employee turnover	35 and 36	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	40	
	401-3 Parental leave	40	
Labor/Management Relations			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	35 and 41	
	103-3 Evaluation of the management approach	35 and 41	
GRI 402: Labor/management relations 2017	402-1 Minimum notice periods regarding operational changes	41	
Occupational health and safety			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	35 and 41	
	103-3 Evaluation of the management approach	35 and 41	
GRI 403: Occupational health and safety 2017	403-1 Workers representation in formal joint management–worker health and safety committees	41	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	41	
	403-3 Workers with high incidence or high risk of diseases related to their occupation	41	
	403-4 Health and safety topics covered in formal agreements with trade unions	41	

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
Training and education			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	35 and 38	
	103-3 Evaluation of the management approach	35 and 38	
GRI 404: Training and education 2017	404-1 Average hours of training per year per employee	38	
	404-2 Programs for upgrading employee skills and transition assistance programs	38 and 40	
	404-3 Percentage of employees receiving regular performance and career development reviews	38	
Diversity and equality of opportunities			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5 and 35	
	103-2 The management approach and its components	5 and 35	
	103-3 Evaluation of the management approach	5 and 35	
GRI 405: Diversity and equality of opportunities 2017	405-1 Diversity of governance bodies and employees	36 and 37	
Non-discrimination			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	18	
	103-3 Evaluation of the management approach	18	
GRI 406: Non-discrimination 2017	406-1 Incidents of discrimination and corrective actions taken	No cases of discrimination were recorded in the dialogue channels available	

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
Local communities			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	33	
	103-3 Evaluation of the management approach	33	
	FS14 Initiatives to improve access to financial services for disadvantaged people	Page 33. Disadvantaged people have access by means of specific communication channels equipped with accessibility technology (such as telephone contact center for the hearing impaired and website reader with voice technology). The physical installations of the branches have all been adapted to enable access for the disabled.	
Supplier social assessment			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	42	
	103-3 Evaluation of the management approach	42	
GRI 414: Supplier social assessment 2017	414-1 New suppliers that were screened using social criteria	42	
	414-2 Negative social impacts in the supply chain and actions taken	42	
Public policy			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	43	
	103-3 Evaluation of the management approach	43	
GRI 415: Public policy 2017	415-1 Political contributions	43	

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
Marketing and labeling			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	33	
	103-3 Evaluation of the management approach	33	
GRI 417: Marketing and labeling 2017	417-1 Requirements for product and service information and labeling	33	
	417-2 Incidents of non-compliance concerning product and service information and labeling	There were no cases of non-compliance with regulations and voluntary codes related to services in 2017.	
	417-3 Incidents of non-compliance concerning marketing communications	There were no cases of non-compliance in marketing regulations and voluntary codes, including advertising, promotion and sponsorship, in 2017.	
	FS16 Initiatives to enhance financial literacy by type of beneficiary	38	
Client privacy			
GRI 103: Management approach disclosures 2017	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	34	
	103-3 Evaluation of the management approach	34	
GRI 418: Client privacy 2017	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 34. In 2017, CCB Brasil recorded 19 cases of complaints from customers that were substantiated by the organization. These were from credit card holders who contacted CCB alleging that they were unaware of charges made on their cards. There were 12 cases in 2016. The total number of leaks, theft or loss of client data was 29 in 2017, compared with 22 in 2016. The higher number was due to the 39% increase in e-commerce transactions in Brazil.	
Socioeconomic compliance			
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its boundary	5	
	103-2 The management approach and its components	18	
	103-3 Evaluation of the management approach	18	
GRI 419: Socioeconomic compliance 2017	419-1 Non-compliance with laws and regulations in the social and economic area	In the reporting period there were no significant fines or non-monetary sanctions for non-compliance with laws and regulations in the social and economic area.	

GRI Standard	Disclosure	Page number/URL/Considerations	Omission
Product Portfolio			
Financial Sector Supplement - Product portfolio	FS1 Policies with specific environmental and social components applied to business lines	24	
	FS2 Procedures for assessing and screening environmental and social risks in business lines	24	
	FS3 Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Pages 19 and 24. The socioenvironmental risk assessment system is compliant with Central Bank resolutions nº 4.327 and 4.557, providing mechanisms aimed at identifying, classifying, assessing, monitoring, mitigating and controlling socioenvironmental risks in business and in stakeholder relations.	
	FS4 Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	24	
	FS5 Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	The interactions are incorporated into the institution's stakeholder engagement and relationship mechanisms. See the responses to items 102-40,102-42, 102-43 and 102-44.	
	FS6 Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector	29	
	FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose	45	
	FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	45	
Active ownership			
Financial Sector Supplement - Active ownership	FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Page 24. 100% of the movable assets involved in financial operations with the bank were subject to socioenvironmental assessment. Of these, 44% were assessed by the Sustainability Committee due to the high associated risk. 100% were approved.	
	FS11 Percentage of assets subject to positive and negative environmental or social screening		Not applicable to the reality of CCB Brasil operations

► Credits

PUBLICATION OF THE 2017 ANNUAL AND SUSTAINABILITY REPORT

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