



*COMPREHENSIVE*  
**CROSS-BORDER**  
FINANCIAL SERVICE



In the fourth issue of RMB sovereign bonds in Hong Kong, BOCHK was appointed as one of the Joint Coordinators, Lead Managers and Bookrunners



# CORPORATE SOCIAL RESPONSIBILITY



We actively participated in different RMB seminars and conferences locally and globally to promote Hong Kong as an offshore RMB business centre

At the Group, sustainability is at the core of how we manage our business and plan for our development. We incorporate Corporate Social Responsibility (“CSR”) in our business operation and strategy to achieve our vision of becoming the premier choice for customers, employees, shareholders and investors.

The Group has made significant progress in CSR measurement and reporting. Our first standalone CSR Report which followed the Global Reporting Initiative G3.1 Guidelines was published in 2012. Covering a wide range of areas in CSR and sustainability through more systematic data collection, the report enhances the disclosure and transparency of our accomplishments in CSR.

The Group’s outstanding performance with regard to sustainability has earned us broad recognition. For three years in a row, BOC Hong Kong (Holdings) Limited has

been included as a constituent of the *Hang Seng Corporate Sustainability Index Series*. The Company’s ranking has moved up from 18th in 2011 to 12th in 2012, with the rating upgraded from “A” (satisfactory) to “AA-” (stable). In addition, BOCHK has been named as a *Caring Company* by the Hong Kong Council of Social Service (“HKCSS”) since 2002. We recognise the importance of high standards of corporate governance and thus maintain an effective corporate governance framework. In compliance with the relevant requirements of international and local corporate governance best practices, BOC Hong Kong (Holdings) Limited was presented the *Award for Corporate Governance Excellence* under the Category for Hang Seng Index Companies by the Chamber of Hong Kong Listed Companies for two successive years. All these recognitions demonstrated, once again, our prominent advancement in environmental, social and corporate governance initiatives.

At the Grand Inauguration of our premier Private Banking Service, we launched our unique “1+1+1” service model to help high-net-worth customers meet their personal, family and business needs





## Customer-centric through Innovation and Service

In the ever-changing market environment, we strive to embrace customer service values by enhancing our products and service platform. We are also committed to promoting the development of Hong Kong as a major financial hub and offshore RMB centre.

### Ongoing innovation to meet diverse customer needs

The Group fully supports the development of offshore RMB business in Hong Kong. We strive to provide comprehensive and convenient services to our customers. Following the regulatory extension of RMB services to non-Hong Kong residents in August 2012, we promptly offered diversified RMB services in all branches.

To better serve the increasing needs from RMB trade settlement, we continued to enrich our products. We launched the multi-currency shipping finance product in RMB which was designed to help minimise risks associated with the movement of RMB exchange rates for both shipowners and shipyards. This product was a breakthrough in the traditionally USD-dominated shipping market and earned us the *Innovation Award – Business Innovation* from the Lloyd's List. Through the close collaboration with our parent, BOC, we enhanced our capabilities in serving cross-border enterprises by launching a number of cross-border trade finance products. These included the acceptance L/C discounting, RMB offshore import/export finance, RMB outward documentary bills supplemented by deliverable forward solutions, as well as CNH swaps for Hong Kong subsidiaries of the Mainland enterprises to hedge FX risks.

For our RMB settlement services, we have extended our service hours to 9:30 pm (Hong Kong time) from Monday to Friday since June 2012 for the setting up of RMB telegraphic transfer and express transfer (CHATS) instructions through Internet and Mobile Banking. This service enables customers in different time zones to enjoy same-day settlement of their remittances.

In view of the growing demand for RMB insurance products, our insurance arm, BOC Life has broadened its product range by launching the IncomeGrowth Annuity Insurance Plan offering immediate annuity income to customers. RMB riders, the first of its kind in Hong Kong, were also introduced to provide customers with greater flexibility and wider protection. Our ongoing efforts in offering quality and innovative RMB services won us four honours in the *Hong Kong Offshore RMB Centre – 1st RMB Business Outstanding Awards* organised by Metro Finance in 2012.

During the year, we enhanced our investment product suite by helping investors to grasp RMB market opportunities. BOCHK participated in the underwriting of 14 offshore RMB bonds, including the fourth issuance of RMB sovereign bonds. The ground-breaking issuance of China Development Bank's 20-year offshore RMB bonds extended the yield curve of offshore RMB bonds in Hong Kong. We are also a leading distributor by offering customers a wide choice of 13 RMB Qualified Foreign Institutional Investor funds

in Hong Kong. Our asset management arm, joined hands with the World Bank to launch the "BOCHK – World Bank Emerging Markets Bond Fund", the first global emerging market currency bond fund in Hong Kong with a China theme. During the year, our Asset Management was also granted five prestigious *2012 Best of the Best Awards* by Asia Asset Management.

For our mortgage business, we pioneered the 1-Day Approval Mortgage Service. This enables eligible home buyers to obtain formal approval results of their mortgage loan applications more expediently.

BOCHK's Global Custody business has established an extensive sub-custodian network to cover multiple markets around the world. Our outstanding cross-border custody service received the award as the *Best Asian Bank for Cross-Border Custody* from the AsianInvestor.



We introduced the first-ever RMB cash deposit machine in Hong Kong





The "BOCHK – World Bank Emerging Markets Bond Fund" is the first global emerging market currency bond fund in Hong Kong with a China theme



### Supporting Local Enterprises

Local enterprises are an important pillar of growth of the Hong Kong economy. To meet the financing and liquidity needs of commercial customers, BOCHK offered a privileged guarantee fee subsidy in 2012 to support the Special Concessionary Measures of the SME Financing Guarantee Scheme of the Hong Kong Mortgage Corporation. We also supported the new Microfinance Scheme to provide assistance to those who wish to start their own businesses, become self-employed, upgrade their skills or obtain professional qualifications.

To recognise the outstanding achievements of local industrialists and manufacturers, we continued to sponsor the *Young Industrialist Awards of Hong Kong* and the *Hong Kong Awards for Industries*.

### Enhancing Service Platforms

The Group is committed to meeting the banking needs of local customers from all walks of life. We provide the most extensive branch network among Hong Kong banks with 269 branches and over 1,000 automated banking machines in Hong Kong, including the first RMB cash deposit machines.

With an aim to provide more convenient banking services, we further upgraded our electronic channels. We are the first banking group in Hong Kong to launch the Mobile Banking functions for IPO shares subscription and IPO financing application. A dedicated hotline and free connection from BOC's hotline to ours have been set up for customers in the Mainland to obtain investment information with ease. The pioneering chip-based BOC Card was launched with enhanced ATM security. At the same time, the CUP QuickPass and Unionpay Online Payment introduced by BOC-CC provide new and flexible electronic payment solutions and online platform for merchants. By connecting customers' accounts maintained separately in Hong Kong and the Mainland, the new "NCB Wealth Express Card Service" launched by NCB jointly with NCB (China) offers greater flexibility in cross-border financial management and features the hassle-free auto-sweeping function.

### Caring Banking Services

Special procedures for the handling of design and planning of the branches and ATMs are continuously reviewed for customers with specific needs. All newly renovated branches have already incorporated barrier-free facilities, such as sloping platforms, to facilitate disabled customers to enter the branches. For ATM services, the Group launched the first-ever Voice Navigation ATM in Hong Kong to assist the visually impaired in using ATMs. All of our ATMs feature protruding symbols which further improve those customers' access to ATM services. In addition, all newly installed or replaced ATMs are designed with the height of both keypads and screens suitable for wheelchair access, and around 93% of ATMs have soft keypads. We have also designed our Internet Banking with functions for visually impaired customers, including the support of screen readers and provision for font resizing.

The Group also offers monthly fee waivers on deposit accounts to senior citizens aged 65 or above, account holders aged below 18, and recipients of Government Disability Allowances/Comprehensive Social Security Assistance. Other special banking privileges are offered to senior citizens aged 65 or above. BOCHK strives to provide elderly customers with a flexible financial solution and becomes a leading bank offering the "Reverse Mortgage Programme" from 2011. In 2011/2012, we assisted eligible Hong Kong citizens in registering for "Scheme HK\$6,000" of the Hong Kong Special Administrative Region ("HKSAR") Government via our branches or Internet Banking and enabling payments to be received through bank transfer.

### Contributing to the Community We Serve

With our roots in Hong Kong, BOCHK attaches great importance to our community and considers the fulfilment of social responsibility as crucial for creating and maintaining our long-term core competences. Over the years, through the BOCHK Charitable Foundation ("the Foundation"), we actively participate in a diverse range of charitable activities, covering education and culture, sports and arts, environmental protection, and social welfare and assistance to the needy in Hong Kong and the Mainland of China.





The opening of our innovative Causeway Bay Branch brings new banking experience to our customers



BOCHK Dynamic Volunteer Team extended our message of caring to people from all walks of life by joining different social activities

### Building a Harmonious Community

The Group encourages employee participation in various community and charity activities. As at 2012, over 1,300 staff members registered as members of our Dynamic Volunteer Team. All our staff receives one-day annual leave for volunteer activities. During the year, we joined 55 service activities, including the “Green Concert – Power Generating Challenge”, the “Hong Kong Geopark Charity Green Walk” and other volunteer events organised jointly with a number of charity organisations. By supporting various fund-raising activities in 2012, BOCHK helped raise a total donation of over HK\$13.2 million for social welfare agencies.

In 2009, we set up the “BOCHK’s Caring Hong Kong – A Heart Warming Campaign” with the net proceeds from the sale of the Olympic Commemorative Banknote. The objectives of the campaign are to assist disadvantaged groups and to build a harmonious community. As at the end of 2012, an aggregate of HK\$87 million was approved under the campaign to support 78 large-scale projects of the member social welfare agencies of the Community Chest of Hong Kong and HKCSS. Over 900,000 service attendees have benefitted from these donations.

Recognising the importance of corporate citizenship, BOCHK has been the lead sponsor of the “Hong Kong Corporate Citizenship Programme” organised by the Hong Kong Productivity Council (“HKPC”) for three consecutive years. The aim of the programme is to encourage enterprises to adopt social responsibility principles in their business strategies and management philosophies. The programme also develops a number of initiatives to enhance young people’s awareness of social responsibility.



Our staff joined the “Long March for Education Walkathon” of Sowers Action to help improve rural education



### Spreading the Message of Caring

Caring has no boundaries. The Group has extended its support to Yunnan in the Mainland of China through participating in the "Long March for Education Walkathon" of Sowers Action. In 2012, we formed a team of 30 existing and retired staff members to take part in the 10-day Walkathon to Shangri-la in Yunnan. Over HK\$800,000 was raised to help improve rural education. We also donated some basic necessities to children in the mountain areas. We have supported the Walkathon for the fourth consecutive year since 2009. With a commitment to undertake CSR in the Mainland communities it serves, NCB (China) continued to support a local school called Yangping School with donations.

Through our credit card company, BOC-CC, we continuously support various social welfare organisations to collect donations. Charities can enjoy waivers of the transaction processing fees for the donations made with BOC credit cards by cardholders.

We fully supported the "Bank of China Hong Kong Sports Stars Awards" to recognise the excellent performance of athletes and promote their sportsmanship



### Nurturing Future Talent

We spare no effort in nurturing our younger generation to build a better society. The Foundation has awarded HK\$15.4 million scholarships and bursaries to nine universities in Hong Kong since 1990, benefitting a total of 1,661 students. The Group also organised the "Summer Internship Programme" offering university and tertiary institution students valuable internship opportunities.

To reinforce our commitment to support tertiary education, BOCHK established the Financial Services Learning Centre in cooperation with the Hong Kong Institute of Vocational Education ("IVE") to provide a simulated branch environment for formal financial training. Under the programme, students can acquire practical banking knowledge and customer service skills effectively through role playing. To give students opportunities to apply what they have learnt, BOCHK provided over 200 vacancies of the position of Customer Service Officer to IVE graduates by the end of 2012.

To promote the importance of CSR among enterprises and the youth, we sponsored the "Hong Kong Corporate Citizenship Programme"



The Group also continued to support youth development. Our insurance arm, BOC Life, has sponsored the "Meet Challenge in Wudang" for two consecutive years, a martial art training programme organised by the Hong Kong Federation of Youth Groups. The programme aims to help the participants to build up their physical and mental strength during their stay at the Wudang Monastery in Hubei Province, China. In 2012, a total of 40 youths from local tertiary institutions participated.

### Fostering a Culture of Sport for All

Participation in sports not only promotes good health, but also the development of a positive attitude towards life. We advocate the "Sport for All" message in the community through sponsorship of the "Bank of China Hong Kong Sports Stars Awards" and "Festival of Sport" for seven years in a row. In the online public voting of the "Hong Kong Sports Stars Awards 2012" held in 2013, we recorded a total of over 145,000 votes, representing an increase of 1.3 times from 63,000 votes in 2011.

Badminton is a key sports initiative of the Foundation. A total of more than HK\$13 million was allocated for the development of the badminton over the past 14 years, with more than 1 million participants. Over HK\$4 million has been donated to the "Badminton Development and Training Scheme 2011-2014" for organising a diverse range of competitions, family fun days, training courses, reward programmes and demonstration sessions, recording over 125,000 participants in 2012.

For 10 consecutive years, the Foundation has sponsored the "Hong Kong Island & Kowloon Regional Inter-school Sports Competition", the largest school sports competition of its kind in Hong Kong. The competition's top honours, *BOCHK Bauhinia Bowls Award* and *BOCHK Rising Star Award*, have

"BOCHK Banknote Exhibition" displayed to the general public over 200 pieces of our precious collection of banknotes





been set up to foster the talents of young athletes. In 2012, we recorded over 80,000 athlete enrolments from 269 schools, which participated in more than 8,000 matches of this competition.

**Promoting Culture**

Music and art provide us not only with cultural appreciation but also inspiration for personal development. In celebration of the Centenary of BOC and the 15th anniversary of the establishment of HKSAR, we solely sponsored the “International Military Tattoo” presented by the Home Affairs Bureau and organised by the Leisure and Cultural Services Department. The military tattoo featured stunning marching and military music performances by over 1,000 representatives from 12 world famous military bands. We offered 1,870 free tickets to the underprivileged groups so as to share this spectacular show with them. The entire event, including two free open-air performances and a series of “meet-the-band” sessions, attracted an audience of more than 43,800.

BOCHK endeavours to promote cultural development by supporting a variety of programmes and exhibitions. We exclusively sponsored “A Testament of Friendship – Zhang Daqian Paintings and Calligraphy from the Collection of You Yi Tang” organised by Sotheby’s Hong Kong in 2012. The exhibition showcased a magnificent ensemble of over 100 pieces of calligraphy and paintings collection by Zhang.

To mark the 100th anniversary of BOC in 2012, we issued the “Commemorative Banknote in Celebration of the Centenary of BOC” which was well received by the general public. We also held the “BOCHK’s Banknote Exhibition” at the Bank of China Tower (“BOC Tower”), sharing a precious collection of about 200 pieces of banknote over the century from the late Qing Dynasty. This exhibition provided the public an opportunity to learn more about the historical and financial development of modern China.

We sponsored “A Testament of Friendship – Zhang Daqian Paintings and Calligraphy” to showcase a magnificent ensemble of over 100 pieces of calligraphy and paintings by Zhang



“Lang Lang in Recital”

During the year, the Foundation sponsored the “Majestic Drums XVI” organised by the Hong Kong Chinese Orchestra. It was an exciting “East meets West” percussion performance presented by Li Biao, the phenomenal percussionist, and the Philharmonic Percussion Group in Berlin. At the end of 2012, BOCHK specially presented “Lang Lang in Recital”, with the world-class young talent performed an array of enchanting piano classics.

The “International Military Tattoo” featuring stunning military marching was well received by the public





## Conservation of Resources for Environmental Protection

The Group is committed to conserving the environment. Through implementation of our Environmental Policy, we endeavour to minimise our environmental impact by reducing our carbon footprint, using resources more efficiently and effectively as well as promoting environmentally responsible business practices.

### Building a Green Bank

We continued to implement energy efficiency and water saving measures in the Group's four main buildings including BOC Tower, Bank of China Building ("BOC Building"), Bank of China Centre ("BOC Centre") and the IT Centre in Fo Tan, Shatin. In addition, the Group supports resources recycling with an in-house recycling system for waste paper, aluminium cans and plastic bottles. We continue to carry out recycling projects with regard to batteries, compact fluorescent lamps, fluorescent tubes, toner cartridges and used computers on our premises. A food waste recycling scheme has been implemented in our staff canteen at the BOC Tower to promote food recycling. Our environmental practices have earned us recognition and environmental accreditations from a number of professional organisations for many years. In 2012, the BOC Tower has been included in the category of energy efficient buildings following the completion of an energy audit in accordance with the Buildings Energy Efficiency Ordinance.

To help reduce paper use, the Group continues to promote the use of e-Statement to customers. We encourage customers, shareholders and investors to view information at the Group's website. We also provide customers with sophisticated Internet Banking and Mobile Banking services. As at the end of 2012, the number of customers using our Internet and Mobile Banking increased significantly. In addition, those choosing to receive consolidated statements and investment statements in electronic form rose 53% and 26% respectively. The paper used for statements was substantially reduced by 47%.

In our new Causeway Bay Branch, we incorporated environmental elements in the design including the use of eco-friendly lighting and promotion of paperless transactions. We will adopt this design concept when renovating branches to enhance customer experience while minimising our environmental impact.

BOCHK has continuously consolidated and upgraded computer equipment to achieve further reduction in energy consumption. In recognition of our efforts, we received the Hong Kong ICT Awards: *Best Green ICT Grand Award* and *Best Green ICT (Adoption – Large-scale Enterprises) Gold Award* in 2012 from the Green ICT Consortium.

To demonstrate our efforts to promote low-carbon living, we participated in the "Eco Expo Asia" for the second consecutive year to exchange information with environmental experts and companies on air quality control and energy management.

The Group has put into practice its Sustainable Procurement Policy and Supply Chain Code of Conduct since 2011. During the year, a Self-Assessment Questionnaire was sent to 73 companies supplying goods and services to the Group.

To promote low-carbon living, we supported the "Eco Expo Asia" with active participation by the public



The assessed suppliers were in compliance with the Code of Conduct and ensured that the content and packaging of their products could be recycled and environmental certification was obtained. Corporate and marketing literature, as well as Lunar New Year cards and posters are printed on paper with environmental certification by the Forest Stewardship Council. Company motor vehicles are economy models.

Since 2009, we have participated in the global environmental initiative "Earth Hour" organised by WWF to raise public awareness of the global climate change. Shark's fin, endangered reef species and black mosses have not been served at corporate banquets since 2009. To pledge our support for the conservation of sharks, the Group has signed the "No Shark's Fin Pledge" initiated by WWF Hong Kong since 2011, discontinuing the supply or serving of shark's fin and promotions related to shark's fin.

### Promoting Green Credit Services

Recognising the importance of environmental protection to conducting ethical business, we have incorporated environmental, social and governance factors into our lending and credit policies, to ensure more sustainable business growth for both the Group and the community.

In 2012, we continued to offer the "Green Equipment Financing Scheme" through our collaboration with the HKPC to encourage corporate customers to purchase environment-friendly equipment. We also provided the "Energy Efficiency Loan Scheme" launched jointly with the two electricity companies in Hong Kong to extend loans to commercial and industrial customers for the implementation of energy saving initiatives.

### In Support of Bio-environmentalism

Environmental education is another key focus of our CSR work. In 2011-2012, the Foundation sponsored the "1,000 Environment-Friendly Youth Ambassadors Action" organised by the eight national authorities of the PRC. Under the programme, an Energy and Water Conservation Contest was held for the primary and secondary students in Hong Kong and the Mainland.



Around 1,200 contestants have been selected in the Contest and appointed as Youth Ambassadors to play an active role in arousing public awareness about energy saving and carbon reduction in their communities.

BOCHK spearheaded the “Hong Kong Geopark Charity Green Walk”, which brought together the important elements of environmental protection and charity. Over 100 eco-tours were organised for 9,500 customers, citizens, staff members and their companions to better understand Hong Kong’s geo-conservation. In addition, the “Itinerary Planner Contest” was launched in 2012 and more than 300 new immigrants and members from the underprivileged groups were invited to take part in the eco-tours free of charge to explore the geological wonders.

Since 2011, we have also jointly organised the “Global Geopark E-Classroom” with the Agriculture, Fisheries and Conservation Department and the Association for Geo-conservation, Hong Kong (“AGHK”). The first-ever E-Classroom provides local and overseas students with an online platform to learn more about geo-conservation from world class experts. About 10 online sessions were held as at September 2012.

To further promote the significance of environmental protection, we cooperated with the AGHK in launching other eco-friendly initiatives, including the “Floating Geopark Kiosk” and the first-ever “Hong Kong Global Geopark of China – Prehistoric Story Room” which features life on earth at the BOC Tower. Designed to showcase the geological spectacles of the Hong Kong Geopark to the world in an interactive way, these initiatives have

We pioneered the “Master of Ceremony Talent Training and Competition” which received overwhelming response from staff



The Group recruits talents from universities every year and provides multi-facet training programmes for their career advancement



received overwhelming responses. Since the opening of the Prehistoric Story Room in October 2011, it has welcomed more than 94,000 visitors and over 680 visiting organisations as at the end of 2012.

### People-oriented with Team Spirit

People are important asset for the Group and CSR helps increase the sense of belonging among our staff and has a positive impact on staff morale. We have laid a solid foundation for future business development with a well-established and comprehensive talent management and training system.

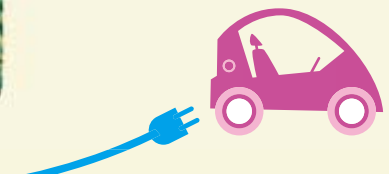
### Staff Training and Development

The Group has a staff team of over 14,000, including talented professionals from different backgrounds with diverse experience and expertise. We recruit highly qualified management and business professionals, as well as graduates of tertiary institutions and universities.

We have in place a systematic talent development mechanism underpinned by a “four-in-one” approach involving senior executives, departmental heads, human resources personnel and individual staff. By formulating talent management strategy, planning for career advancements, rotating jobs, and encouraging staff to pursue further education, our talent management is closely aligned with the Group’s long-term strategy. The Group offers diverse and multi-facet training programmes such as in-house training, cross-posting, secondment and mentorship schemes to prepare our staff for career advancement. We continue to nurture our future talent through our Management Trainee, Officer Trainee and Summer Internship Programmes.



To encourage innovation among staff, we organise a variety of team work building activities





To enhance the leadership and strategic thinking capabilities of our management staff, we offer various programmes of renowned universities such as Richard Ivey School of Business and Cambridge University. Capitalising on the flexibility of the e-learning platform, we cultivate a continuous learning atmosphere by allowing staff to fulfil their learning objectives online. In 2012, we were granted the honourable award of *ERB Manpower Developer 1st* by the Employees Retraining Board for two successive years.

In addition, staff is encouraged to improve themselves by attaining professional qualifications. BOCHK received the *Qualifications Framework Partnerships Commendation* issued by the Education Bureau in 2012, for designing a training curriculum with reference to Specifications of Competency Standards and promoting the qualifications framework in our manpower development.

We continue to strengthen our culture of compliance. By organising workshops and making compliance training courses mandatory for every staff, we strive to uphold the Group's compliance management approach and to comply with relevant regulatory requirements.

We identify and reward outstanding staff and distinguished teams in our annual award presentation

### **Employee Benefits**

The Group is committed to providing its staff with competitive remuneration packages. In addition, we believe the provision of a congenial workplace is as crucial to achieving good performance. The Group has been providing free and regular body check-ups, competitive medical schemes and counselling services to our staff. Moreover, to adopt family-friendly employment practices, we offer our staff early leave from duty on their birthdays and on the days of special festivals. We also offer paid paternity leave to our staff.

### **Employee Engagement**

The Group conducts "online staff engagement survey" to collect staff opinions for continuous enhancement of our working environment, management policies and measures. Appreciation and recognition are important to motivate staff. We, therefore, identify and reward outstanding staff and distinguished teams in our annual award presentation.

### **Work-life Balance**

We proactively encourage staff to maintain a good work-life balance. Different recreational activities are organised for our staff and their family members. Our staff fun day at the Hong Kong Ocean Park in September 2012 recorded a phenomenal turnout, with over 20,000 staff members and their families participated.



"Staff Fun Day at Hong Kong Ocean Park"



A diverse range of staff recreational activities are organised to advocate work-life balance and strengthen the bonding among all levels of staff

## Serving Our Shareholders with a Solid Foundation

The Group is committed to safeguarding shareholders' interests by enhancing corporate governance and ensuring a higher degree of transparency. For details, please refer to "Corporate Governance", "Investor Relations" and "Management's Discussion and Analysis" in the Annual Report.

We believe CSR creates long-term value for the Group, which will remain its priority going forward. We will continue to uphold our CSR and strengthen the communication with our stakeholders to contribute our part in the sustainable development of our economy, environment and society.

