Part Eight

Fulfillment of Social Responsibility
I. Participating in standard setting

In 2010, the CBRC organized banking institutions and the China Banking Association to diligently study the draft *Guidance on Social Responsibility* (ISO 26000:2010). In the meantime, the CBRC actively provided comments and Chinese perspectives on the draft Guidance to the International Organization for Standardization (ISO) through the Standardization Administration of the People’s Republic of China (SAC). Following the official release of the ISO 26000:2010 in November 2010, the CBRC continued the study of the new guidance.

With the support and promotion of the CBRC, the CBA has published the *Annual Social Responsibility Report of China’s Banking Sector* for two consecutive years, which has evaluated banking institutions’ fulfillment of social responsibility against around 100 indicators that fall into four categories, including management, economy, environment and society. As a result, a set of effective incentive mechanisms have been formed to encourage banking institutions to fulfill their social responsibilities.

**Box 35: Guidance on Social Responsibility**

The social responsibility involves social, political, economic, cultural, legal, religious, ethical, and many other aspects, which is of great importance to the sustainable development of society, economy and environment. Since the beginning of this century, the social responsibility has been at the core of international attention. Some countries and organizations conducted various research on development and implementation of social responsibility standards. In order to meet the international demands for standardization of social responsibility activities, the ISO began to develop ISO 26000 in 2004, aiming to provide organizations with guidance concerning social responsibility. The guidance is intended to be adopted by organizations on a voluntary basis.

More than 400 experts from over 90 countries, including China, participated in the development of the ISO 26000. The main content of ISO 26000:2010 include: (i) concepts, terms and definitions related to social responsibility, (ii) the background, trends and characteristics of social responsibility, (iii) principles and practices relating to social responsibility, (iv) the core subjects and issues of social responsibility, (v) integrating, implementing and promoting socially responsible behavior throughout the organization and, through its policies and practices, within its sphere of influence, (vi) identifying and engaging with stakeholders, (vii) communicating commitments, performance and other information related to social responsibility. The main principles in organizing activities on social responsibility are as follows: (i) in applying ISO 26000, it is advisable that an organization takes into consideration societal, environmental, legal, cultural, political and organizational diversity, as well as differences in economic conditions, while being consistent with international norms of behavior. (ii) the organization should follow the seven core principles, including accountability, transparency, ethical behavior, respect for stakeholder interests, respect for rule of law, respect for international norms of behavior, and respect for human rights.
II. Facilitating the World Expo Shanghai and the Guangzhou Asian Games

For the World Expo Shanghai, the CBRC set up a dedicated task-force to ensure efficient and quality financial services. Under the guidance and surveillance of the CBRC, banking institutions engaged themselves in meeting the surging demand for financial services during the Expo, particularly with regard to foreign exchange services, outlet service and accessible service facilities; delivered satisfactory service to the bankcard holders from home and abroad with enhanced facility capacity and improved service conditions; ensured the quality of service delivery by properly handling complaints; ensured the security and efficient operation of information systems; and maintained the smooth delivery of financial services by strengthening security and performing emergency drills. In general, by clearly defining the responsibilities and accountability as well as setting up appropriate problem handling mechanism, banking institutions have ensured delivery of efficient and quality services for the Expo.

During the Guangzhou Asian Games, the CBRC again secured satisfactory delivery of financial services by promptly issuing guidance, conducting both pre-informed and unexpected inspections, convening IT security meetings, and carrying out IT risk audit for the Games. As required by the CBRC, banking institutions, particularly in Guangdong Province, provided “convenient, considerate, efficient and quality” financial services to the Games and ensured “Four Accessibles” in service delivery, i.e. accessible counter service to different language speakers, accessible bankcard consumption, accessible facility for the disabled, and accessible convenient service. Overall, banking institutions achieved the goal of zero incidence, zero risk and zero complaint during the Games by setting up steering groups for complaint handling, security response mechnism and IT security, and having in place around-the-clock stand-by system.

III. Supporting disaster relief and post-disaster reconstruction

China suffered frequent occurrence of earthquake, flood, landslide and other natural disasters in 2010. On April 14, a 7.1 magnitude earthquake hit Yushu County of Qinghai Province; on August 7, a severe landslide struck Zhouqu County of Gansu Province, both having destructive impact on people’s lives and property. Immediately after the occurrence, the CBRC followed the central government’s arrangements and guided banking institutions to work on disaster relief and resumption of financial services while supporting the recovery and reconstruction of disaster-stricken areas.

1. Making immediate arrangements for disaster relief and resumption of financial services

After the Yushu earthquake took place, the CBRC
timely set up a disaster relief steering group who went to the stricken areas to direct disaster relief work and ensure stable operation of banking institutions. Three days after the occurrence, temporary outlets were set up in severely stricken areas to resume operations, and within one week 25 banking outlets completely resumed operations to provide timely settlement services for disaster relief.

The steering group also guided banking institutions in Qinghai Province to ensure timely remittance and transfer of relief funds by setting up dedicated relief fund channels, exempting fee charges, extending business hours and providing settlement services on weekends and public holidays. Banking institutions were urged to take prompt measures to salvage cash and blank vouchers stuck in ruins and increase security resources to ensure financial safety. Banking institutions were required to complete the verification of pre-quake deposits and loans and quake-incurred loan losses, so as to safeguard depositors’ rights and interests and prepare for loan write-offs.

Immediately after the landslide hit Zhouqu County, the CBRC Chairman Liu Mingkang arrived in Gansu Province to direct the relief and reconstruction work, called a meeting to urge banking institutions’ support to Zhouqu’s reconstruction, assigned a task force to check the disaster situation, and made prompt arrangements on post-disaster reconstruction.

2. Adoption of policy measures to direct financial work in disaster-stricken areas

To direct the provision of financial services and prevention of risks and to support post-disaster recovery and reconstruction, the CBRC adopted a series of policy measures and provided prompt guidance on the efforts of banking institutions in preparation for disaster, response to disaster, post-disaster service continuity, credit support to reconstruction, and mitigation of related financial risks. In addition, the CBRC prompted issued a 

Notice on Strengthening the Risk Management of Rural Household Loans for the Reconstruction of Earthquake-stricken Areas, urging banking institutions to take effective measures to curb risks associated with reconstruction loans to farmers.

3. Guiding banks’ credit support to reconstruction

The CBRC instructed banking institutions to adjust their credit policies and ensure credit support to reconstruction. While bank lending contracted nationwide, credit scales in disaster-hit Qinghai and Jiangxi provinces were revised up. As for corporate and personal loans extended prior to the disaster but difficult to repay on time because of the disaster, banking institutions were urged to implement the “Four-No Credit Policies”, namely, no collection call, no interest penalty, no bad credit record, and no negative impact on access to credit support for disaster relief.

On the basis of “cost accountable, risk controllable and information sufficiently disclosed”, banking institutions were asked to provide financial support to production recovery and home reconstruction by setting up green channels with simplified approval procedures and disbursement process. As of end-2010, reconstruction loans extended to disaster-stricken areas totaled RMB 2.398 billion.

4. Encouraging banks’ branching into disaster-stricken areas

The CBRC encouraged banking institutions to make appropriate plans for extension or resumption of their services in disaster-stricken areas through setting up service facilities or outlets. Provided that risks were kept under effective control, banking institutions were encouraged to set up branches and develop innovative products and services in stricken areas. So far, three branches have been established by the large commercial banks and city commercial banks with the approval of the CBRC, and 13 new-type rural financial institutions have been incorporated in disaster-stricken areas.
IV. Advancing the “Financial Knowledge to Countryside” campaign and assisting employment of young people

In 2010, the CBRC joined the Central Youth League to issue the Guidance on Forming Synergy to Advance the “Financial Knowledge to the Countryside” Campaign. Accordingly, the CBRC worked with the local youth leagues to organize various activities to assist in promoting rural financial literacy and improving rural credit environment. Specifically, banking institutions were encouraged to set up special campaign booths in rural areas, which totaled 780 as of end-2010. More than 10,000 volunteers participated in the campaign, and over 20,000 events of various kinds were organized on financial knowledge and financial product education. During the campaign, about 10 million inquiries from farmers were answered, and over 15 million books, CDs and pamphlets were distributed.

At the same time, the CBRC actively endeavored to bring together financial institutions and universities to create mutually beneficial internship mechanism. As of end-2010, the CBRC and banking institutions have jointly set up over 110 employment, incubation & internship centers for young people, which have offered internship opportunities for nearly 3,000 unemployed young people.

Box 36: The CBRC’s social responsibility performance

The CBRC started to offer “one-to-one” support to Hezheng County of Gansu Province since 2010 and invested RMB2.03 million in poverty relief projects. During the year, the CBRC donated RMB132,000 as student scholarship to Hope Project schools in Sichuan and Gansu provinces, and jointly with the All-China Coordinating Committee on the Work for Children and Teenagers, donated reading rooms for 6 primary schools in poor areas of west China. Besides, the CBRC mobilized its employees to donate money to help people in disaster stricken areas, including RMB3.23 million to Yushu County of Qinghai Province, RMB621,400 to Zhouqu County of Gansu Province, and RMB705,600 to draught-stricken areas in southwestern China. Additionally, a total of RMB1.63 million was donated by the CBRC departments and local offices to assist in artistic career of the disabled, environmental protection, community development, new countryside development, and other public beneficial activities.

In 2010, the CBRC developed the Implementation Plan for Energy Conservation and Emission Reduction. According to the plan, the CBRC Head-office Energy Conservation & Emission Reduction Steering Group was replaced by the CBRC System Energy Conservation and Emission Reduction Steering Group, with the responsibilities of each member organization of the group clearly defined. One major move in promoting energy conservation and emission reduction was the official launch of the integrated office platform, whereby documents were prepared, processed, reviewed and approved electronically, which led to a reduction of paper use by nearly two thirds, and in turn contributed to significant cost cut. The CBRC also held an “Energy Conservation Publicity Week” dedicated to the theme of “Green Office, Low-carbon Life”, which helped to further enhance the CBRC employees’ awareness of energy conservation and emission reduction.

The CBRC has set up an Employee Mutual Fund against Disasters and Diseases, under which RMB2.76 million was allocated in 2010 to 74 employees at 28 CBRC local offices who suffered major diseases. The CBRC has also put in place an employee recreation scheme, under which visits combining recreation and learning are organized for employees, with preference given to those working at the CBRC local offices in mountain areas and poverty or disaster stricken regions and communities. Moreover, numerous workshops and seminars have been provided for young employees whereby their comments with respect to both work and life are carefully listened to.