

# Mission, Vision, and Values

An Interview with Xiaojun (Dennis) Huang, Executive Vice President, Bank of China U.S.A.

**EDITORS' NOTE** Dennis Huang is an EVP and senior financial economist of Bank of China U.S.A. His team has been delegated to lead the Bank's strategic management process, including risk-based strategic planning and strategy implementation monitoring, on top of his responsibilities focusing on macro-economy and business research, as well as training. He also leads the N.Y. Research Center of the Research Institute of BOC Group and BOC Academy (NY) of BOC University.



Xiaojun (Dennis) Huang

Before working for the Bank, Huang had extensive securities industry experience in both China and the U.S. He engaged in the preparation of the Shenzhen Stock Exchange. He has served as an elected board member of the China International Finance Society, BOC's Global Research Expert Network, and as a member of the advisory board of the Emerging Market Institute of Johnson Business School at Cornell University. Huang holds an MBA from Cornell University.

**COMPANY BRIEF** As China's most international and diversified bank, Bank of China ([www.boc.cn/en](http://www.boc.cn/en)) has a well-established global service network with institutions set up across the Chinese mainland, as well as in more than 60 countries and regions. It has established an integrated services platform based on the pillars of its corporate banking, personal banking, financial markets and other commercial banking businesses, which covers investment banking, direct investment, securities, insurance, funds, aircraft leasing and other areas, thus providing its customers with a comprehensive range of financial services. Bank of China U.S.A. (BOC U.S.A.) ([www.bocusa.com](http://www.bocusa.com)) has branches in New York City, Queens, Chicago and Los Angeles.

## How important is being a sustainable business to Bank of China U.S.A.?

We are fully committed to promoting the integration of ESG concepts across BOC U.S.A. By integrating ESG factors and the concept of sustainable development into our strategic planning, we promote the integration of sustainability in corporate governance, risk management, and value creation. As we are continuously educating ourselves on the latest industry trends, we are building a foundation of knowledge to integrate environmental and social risks into our systems.

Part of our commitment to serving the needs of our clients and our communities is reducing our carbon footprint. As reported in the 2021 annual ESG Corporate Social Responsibility Report of the BOC Group, sustainable development bonds issued overseas reached US\$12.8 billion, and BOC U.S.A. contributed a significant part in the Group's overseas green and sustainable finance business development. We provide green financial services and continue working to expand our capabilities to achieve our sustainability goals.

## Will you discuss Bank of China U.S.A.'s ESG initiatives?

Embedding and adopting ESG into banking strategies has never been more important. BOC U.S.A. will expand our customer base in local, sustainable, and low-carbon industries, with a particular focus on clean energy. This includes energy conservation, emissions reduction, waste recycling, and low-carbon transportation.

Within the past year, we have led or participated in many green finance projects, with a combined credit of billions of dollars. Our clients include one of the largest geothermal power producers and one of the largest commercial offshore wind projects in the U.S., as well as widely recognized companies in environmental maintenance and industrial cleaning services. BOC U.S.A. has proudly achieved industry-wide coverage supporting clean energy.

Besides green finance, our ESG business development also addresses social and sustainable finance. We invested significant amounts in green bonds issued by the International Bank for Reconstruction and Development (IBRD) and Inter-American Development Bank (IADB) for the purpose of combating the COVID-19 pandemic. The total value of green and social bonds held by BOC U.S.A. as of 1st quarter of 2022 is close to 9.5 percent of our entire bond portfolio.

We have established a dedicated ESG Working Group, consisting of six subgroups, covering all three aspects of ESG. In addition to all I have described about our ESG business development, we have also taken initiatives to continue enhancing our existing Diversity, Equity, and Inclusion (DEI) programs, our Corporate Social Responsibility (CSR) activities, our Community Reinvestment Act (CRA) initiatives, as well

as our Anti-Bribery and Anti-Corruption (ABAC) program. We also launched green office and green operations projects and implemented an annual carbon footprint survey aiming at reducing our own carbon footprint.

## How critical is it for Bank of China U.S.A.'s leadership team to enable and support delivery of its ESG and sustainability strategy?

Our executive management attaches great importance to green finance and ESG. First and foremost, we see ESG and sustainability as an essential part of BOC U.S.A.'s strategy. Starting from 2021, ESG has become an important part of our strategic plan. Following the overall guidance of BOC Group, our strategic plan closely adheres to the group's strategic outline and emphasizes high-quality development and highlights green finance as one of our main priorities.

In recent years, we established a formal ESG Program and an ESG Annual Work Plan to ensure we deliver on our ESG commitments. Our executive leadership has been closely involved in the development of all key documents in these plans to ensure we have strategic consistency and the necessary resources to support our efforts.

Our executive management team also regularly joins meetings convened by our dedicated ESG Working Group to participate in key discussions about ESG topics and provide guidance regarding prioritized ESG programs. A dedicated EVP was also assigned to lead ESG-related key initiatives and monitor their implementation.

## Will you highlight Bank of China U.S.A.'s focus on developing and delivering ESG products and services to help its clients achieve their individual ESG objectives?

We have a client in the wind energy sector who is currently building the nation's first utility-scale offshore wind energy project more than 15 miles off the coast of Massachusetts. The project will generate clean, renewable and affordable energy for more than 400,000 homes and businesses across the Commonwealth, while reducing carbon emissions by more than 1.6 million tons per year – that is the equivalent of taking 325,000 cars off the road. It will achieve all this while offering \$3.7 billion in energy related cost savings over the life cycle of the project. Since the project financing was initiated in 4th quarter last year, it has attracted





*The headquarters building for Bank of China U.S.A. in Manhattan*

a number of mainstream banks to participate, but Bank of China U.S.A. was the only Chinese bank to receive an invitation. This project also received the Project Finance International (PFI) award for ESG Deal of the Year in 2021.

Another example of a project finance deal we supported is the largest complex of geothermal power plants in the world. The complex, located in California, will house 13 power plants, with a net generating capacity of about 725 megawatts of electricity – enough to power 725,000 homes, or a city the size of San Francisco. It will be one of the most reliable energy sources in California, accounting for 9 percent of the green power produced in

the state. In December 2021, Bank of China U.S.A. participated in the syndicated financing group for the project and committed to its loan facility. In 2022, as the construction of the facility progresses, we will continue providing financing to the project to demonstrate our long-term commitment to ESG.

We also support solar projects as well. In particular, we backed one of the largest solar PV (Photovoltaic) + BESS (Battery Energy Storage System) projects in the U.S. with a sponsor who is at the forefront of developing, building and operating energy storage and solar projects across North America. With an industry-seasoned team and in-house capability in development,

construction and long-term asset management, the sponsor delivers a full spectrum of energy services, but with a nimble, flexible, and more unique approach. This year, Bank of China U.S.A. has been invited to participate in its loan facility to make this project a reality.

**How is Bank of China U.S.A. attracting, developing, and retaining the leadership, talent and skills needed to drive its sustainability strategy and outcomes?**

Bank of China U.S.A. is committed to capacity building initiatives that focus on ESG, particularly those that foster employee knowledge and understanding of ESG-related topics. Doing so not only makes a positive impact on organizational performance, revenue, and competitiveness, but also instills the necessary values and skills to inspire environmentally aware individuals to act sustainably inside and outside of the workplace. This work is in alignment with our green finance talent development plan and in conjunction with an internal sustainability-focused research institute aimed at cultivating green finance professionals.

Green finance-related training and R&D projects are a major strategic task in our training plan. With great importance placed on green finance training, we coordinate and integrate education and training resources inside and outside the bank. We provide senior managers and key personnel at all levels and across all business lines with training on green finance of various forms, including lectures, classes and seminars. As we continue to enrich our personnel to build a green finance talent team, we are making efforts to identify green finance experts and assign full-time green finance specialists across our branches.

**How does Bank of China U.S.A. organize to deliver its ESG and sustainability strategy, including structure, work, governance, and platforms?**

BOC U.S.A. has included ESG as a priority for development in our strategic plan. In terms of governance structure, we established a dedicated ESG Working Group in May 2021 under the Strategy and Business Development Committee (SBDC) to drive the bank's green finance and ESG efforts. In less than a year, they have expanded into six subgroups covering almost all departments of the bank. These groups also report to the Executive Management Committee (EMC) on key items and updates.

In terms of framework, the working group developed the BOC U.S.A. ESG Program (Version 1.0) in August 2021, which was approved by the SBDC and EMC. Within this framework, the working group has created an action plan based on input from all relevant departments, which includes sections on green finance, community engagement and compliance, ESG-related risk management, internal audit, ESG training, among other topics, and will serve as the guidance and assessment framework for our ongoing ESG practices.

To ensure the implementation of the ESG and green finance strategies, the working group developed the BOC U.S.A. Green Finance Performance Evaluation and Assessment Approach in July



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2021, which has been formally incorporated into our annual internal performance evaluations. This helps reinforce the working mechanism to ensure that each subgroup has its own action plan, and we are working to integrate climate risk into our existing risk governance framework.

**How does Bank of China U.S.A. create the right culture and engage its people in its ESG efforts?**

We strive to achieve excellence and deliver results in a professional, responsible, and timely fashion. Operating in the U.S.’s financial hubs of New York, Chicago, and Los Angeles makes it possible for us to build a diverse workforce and an open and inclusive corporate culture. Employees with different backgrounds and corporate experience bring varied perspectives and values to the bank. Our culture of diversity, mutual respect and inclusion supports strong employee engagement and fosters teamwork.

We have also cultivated a community committed to giving back to the areas in which we operate. In recent years, we’ve expanded our community outreach through partnerships with many local organizations. For example, since 2019, we have partnered with Big Brothers Big Sisters of New York City and created a workplace mentorship program for high school students from underserved communities.

For many of our employees, volunteering is a way to connect with coworkers and stay true to the bank’s values outside of the work environment. These engagements foster a culture of cooperation and a sense of purpose beyond our business activities. We invest many efforts to support these causes and are always proud to see their positive impact in our local communities. Some employees have even gone so far as to sit on the boards of various foundations, including Cent\$ Ability and Big Brothers Big Sisters of New York City, further demonstrating our culture and commitment to our local communities.

**How does BOC Group’s mission, vision, and values impact Bank of China U.S.A.’s ESG efforts?**

As a part of the BOC global network, BOC U.S.A.’s culture is built on the strong foundations of BOC Group’s mission, vision, and

values. That is, the bank’s mission to “integrate the world for the benefit of society,” vision of “building a world-class and modernized banking conglomerate,” and values of providing “excellent service, sound creativity, and open and inclusive collaboration that is mutually-beneficial.”

Our success with implementing ESG practices across all our branches and departments is derived from the guidance laid out by BOC Group and our adherence to the bank’s mission, vision, and values. The bank’s growing global commitment to ESG means BOC U.S.A. has the support of senior leaders both in the U.S. and in China to make fundamental changes to our business practices that drive sustainability and environmental and social risk governance.

We strive to continue introducing the market’s best practices for green and sustainable finance development, climate and social risk framework, DEI, and all other ESG-related topics.

**How important is having a strong ESG focus and commitment to retaining talent for Bank of China U.S.A.?**

We recognize that retaining the best talent is largely dependent on implementing and maintaining good values within the bank. By placing increasing importance on finding solutions to global issues, whether environmentally, socially or from a governance perspective, BOC U.S.A. is dedicating resources on many fronts to emphasize our strong ESG focus while serving the pressing development needs of the global economy.

As we keep a close eye on our development goals surrounding carbon emissions reduction, we created green development requirements to raise awareness among all our staff and continue to promote a green development culture across the bank. We are integrating green and low-carbon concepts into every aspect of our management and business activities to balance both short- and long-term ESG strategies and outcomes, while raising the concept of sustainability as a bank-wide strategy.

We are also assigning increased score weights for ESG-related strategic contributions when designing performance evaluation rules

and score cards to properly incentivize teams and individual employees to proactively think and act sustainably.

**What are some of the key challenges and priorities for Bank of China U.S.A.’s ESG efforts as you look to the future?**

Some of the key challenges and priorities for our ESG efforts lie in systematizing changes throughout the bank and maintaining a proper balance between development and emissions reduction.

In the short term, our immediate priorities are to implement our ESG Action Plan and to integrate climate risk factors into our risk governance framework. By completing these two projects, we will have laid a solid foundation for further ESG efforts. In order to integrate environmental and social standards into business processes, we need to include ESG-related risk management into the entire credit review process. This may include developing an innovative ESG evaluation system to incorporate characteristic indicators and establish a differentiated interest rate pricing mechanism with greater support for enterprises or projects that contain ESG-related practices and performance. Consequently, a fully functioning ESG evaluation system can help us identify credit quality and sustainability, while providing data for sound investment and financing decisions.

Also, as an active bond participant in the capital markets, we plan to establish and improve the sustainability bond-related framework, and actively explore products such as ESG and sustainability-linked bonds.

In the longer term, reaching an adequate granularity of data could also be a challenge, particularly the quantification of risk management metrics. Regarding risk management, we will make continued driving efforts to improve our ESG risk management framework by establishing a mechanism that covers the entire process, including risk identification, risk assessment, and risk monitoring.

We will also strive to yield more reasonable returns while serving new ESG initiatives, advancing the healthy growth of the economy and society, and moving forward in lockstep with various stakeholders toward a future of prosperity and mutual growth. ●