

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CEL DRAWS ON  
ITS EXPERTISE AND  
RESOURCES TO CREATE  
DEEP, MEANINGFUL  
RELATIONSHIPS AND A  
SUSTAINABLE ENVIRONMENT  
IN COLLABORATION WITH  
ITS SHAREHOLDERS, BUSINESS  
PARTNERS, EMPLOYEES AND  
COMMUNITIES.



## ABOUT THIS REPORT

This Environmental, Social and Governance (ESG) Report ("Report") is issued by China Everbright Limited ("CEL" or the "Company" together with its subsidiaries, hereinafter referred to as the "Group") (stock code: 165.HK). This report was confirmed and approved by the Board of Directors of the Company (the "Board" or the "Director(s)") on 17 March 2022.

### Reporting Standards and Content

This Report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and the Global Reporting Initiative ("GRI") Standards: Core option. This Report covers the sustainability strategies and performance of the Company and its subsidiaries<sup>1</sup> (including Hong Kong headquarters and regional offices in Mainland China) for the period from 1 January 2021 to 31 December 2021 (the "reporting period").

In addition, the Group fully supports the United Nations Sustainable Development Goals ("SDGs") and is committed to integrating them into our environmental and social management strategy. In 2021, we continued to review our sustainability plans and identified 9 SDGs that are most relevant to our business.



- We are committed to providing a safe working environment to protect employees from occupational hazards, and have implemented a number of caring measures to protect employees' health. In recent years, we have also actively participated in and supported the sight-saving campaigns of "Lifeline Express" and "Orbis", hoping to restore eyesight to the visually impaired around the world.



- We strive to create an environmentally friendly and sustainable office environment, and have taken a number of environmental protection measures in areas of greenhouse gas emissions, energy use, water consumption and material use, hoping to maintain effective business operations while minimising the impact on the environment.



- Through the China Everbright Charitable Foundation ("CECF"), we continue to promote various educational work and development, and contribute to nurturing the future pillars of our society and country. At the same time, we vigorously invest resources to promote the long-term professional and personal development of our employees.



- We actively invest in carbon neutrality and green energy to build a zero-carbon economic system. At the same time, we strive to achieve "carbon neutrality" at the operational level by the end of 2022 through various measures including increasing the proportion of renewable energy, promoting energy savings and reducing consumption.



- We ensure equality in our human resource management structure such as salary levels, training opportunities and career prospects are not affected by gender, thereby achieving gender equality.



- We maintain a high level of corporate governance and operate our business by upholding the highest ethical and responsible principles, so as to continuously protect and safeguard the rights and interests of our stakeholders.



- We provide employees with diversified training opportunities and broad opportunities for career advancement, respect the rights and interests of employees, and strive to build a high-quality talent team.



- We closely collaborate with stakeholders from all walks of life to build long-term partnerships of mutual trust, and exert our strengths in different fields to actively promote sustainable development. We also incorporate environmental, social and governance ("ESG") factors and considerations into our investment decisions and practices, which not only provide better returns for investors, but also help bring positive impacts to society and the world.



- We are committed to promoting diversity and inclusion, and uphold the principles of fair and impartial human resources management in areas such as recruitment, promotion, training and assessment to protect the basic rights of employees.

Note:

<sup>1</sup> With regards to the detailed sustainability performance of Ying Li International Real Estate Limited ("Ying Li") (SGX: 5DM), a listed subsidiary of the Group, please refer to its sustainability report section under its annual report, which is expected to be published by the end of April 2022. It will be made available on the websites of the Singapore Stock Exchange ([www.sgx.com](http://www.sgx.com)) and Ying Li's corporate website ([www.yinglij.com](http://www.yinglij.com)). As such, the data in this Report do not include data from Ying Li. Besides, the descriptions of CEL's major investee and key investee companies, which are not accounted for as subsidiaries in the consolidated financial statements of the Company, detailed in this Report are voluntary and additional disclosures beyond current compliance requirements.

## REPORTING PRINCIPLES

This Report is based on seven reporting principles: materiality, quantitative, balance, consistency, stakeholder inclusiveness, sustainability context and completeness:

Materiality	We regularly conduct materiality assessments to identify material ESG issues of concern to us and our stakeholders, and to ensure that these issues are reflected in this Report.
Quantitative	We strive to present quantitative information with explanations.
Balance	We disclose the positive and negative impacts of our business in a transparent manner.
Consistency	This Report has been compiled as consistently as possible as our past reports to allow readers to make meaningful comparisons of our ESG performance.
Stakeholder Inclusiveness	We have a broad range of stakeholders, including shareholders, investors, clients, collaborating partners, employees, suppliers, media, communities and NGOs.
Sustainability Context	Apart from the significant environmental, social and governance factors, the sustainability context of this Report also includes sustainable development goals and climate-related financial risks.
Completeness	We consistently incorporate material topics, topic boundaries, relevant significant impacts, and stakeholder views into this Report, and adhere to the above six reporting principles to ensure complete disclosure.

## ACCESS OF THE REPORT

This Report is available in English and Traditional Chinese. An electronic version of the Report can be accessed on our website [www.everbright.com](http://www.everbright.com).

## CONTACT US

We welcome your comments and feedback on our Report and sustainability performance. Please email us at [media@everbright.com](mailto:media@everbright.com).

## BOARD OVERSIGHT OF ESG AND CLIMATE MATTERS

In 2021, CEL has adhered to our long-term development mission by establishing an Environmental, Social and Governance Committee ("ESG Committee") under the Board to fully incorporate ESG factors into our governance structure and investments.

Under the authority of the Board, the ESG Committee is responsible for formulating the Company's ESG, climate change and responsible investment policies, strategies and objectives; supervising the Company's performance and effectiveness in implementing ESG, climate change and responsible investment related measures; identifying and evaluating ESG and climate change related material topics and their priority that are relevant to our operations and/or our stakeholders; and reporting to the Board on relevant matters. The ESG Committee is also tasked with reviewing our ESG report and provide suggestions to the Board. The Board is responsible for overseeing the ESG Committee's tasks and reporting, and reviewing and approving the our ESG report.

The Board has reviewed the material ESG issues, and will manage and monitor these issues, and take them into consideration when determining the Company's business direction and strategy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

## MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

Stakeholders play an important role in our business development and strategy. Therefore, in order to continuously review and improve our sustainability performance, we regularly communicate with our stakeholders through a variety of channels and strive to understand their emerging expectations and needs.

Our stakeholders include individuals and organisations, both inside and outside the company, that have a significant impact on, or may be significantly affected by our business.

STAKEHOLDER GROUP	COMMUNICATION CHANNEL	KEY CONCERNS
Shareholders and Investors	<ul style="list-style-type: none"> <li>• General meeting</li> <li>• Regular reports and announcements</li> <li>• Investor forum</li> <li>• Site visit</li> <li>• Email, meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Environmental Compliance</li> <li>• Coping with Climate Change</li> <li>• Anti-corruption</li> </ul>
Clients and Collaborating Partners	<ul style="list-style-type: none"> <li>• Email, meeting</li> <li>• Customer satisfaction survey</li> <li>• Grievance channels</li> </ul>	<ul style="list-style-type: none"> <li>• Product Responsibility</li> <li>• Responsible Investment</li> <li>• Customer Privacy</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Email, intranet, meetings</li> <li>• Annual review</li> <li>• Training and community events</li> <li>• Questionnaire</li> <li>• Grievance channels</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Welfare</li> <li>• Occupational Health and Safety</li> <li>• Diversity and Equal Opportunity</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supplier screening and evaluation</li> <li>• Supplier conference</li> <li>• Email, meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement Practices</li> <li>• Supplier Management</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Press conference</li> <li>• Regular reports and announcements</li> <li>• Interview</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Environmental Compliance</li> <li>• Social Investment</li> </ul>
Community and NGOs	<ul style="list-style-type: none"> <li>• Sponsorship and charitable contribution</li> <li>• Community activity</li> </ul>	<ul style="list-style-type: none"> <li>• Social Investment</li> <li>• Responsible Investment</li> <li>• Coping with Climate Change</li> </ul>

## MATERIALITY ASSESSMENT

To better reflect the concerns of stakeholders and the Group's impact on the economy, environment and society in this Report, we commissioned an independent consultant to conduct a comprehensive questionnaire to our stakeholders this year.

Through the following three steps, we identified the sustainable development issues most relevant to CEL, prioritised key issues and produced a materiality matrix according to the principles defined in the GRI Standards, thereby establishing the reporting boundary and scope.

### IDENTIFY KEY ISSUES

Independent consultants conduct surveys with our stakeholders by questionnaires to collect their views on CEL's environmental, economic and social performance.



### PRIORITISE ISSUES

Independent consultants prioritise issues based on stakeholders' importance to the issues and the issues that have a significant impact on the Group and expressed through a materiality matrix.



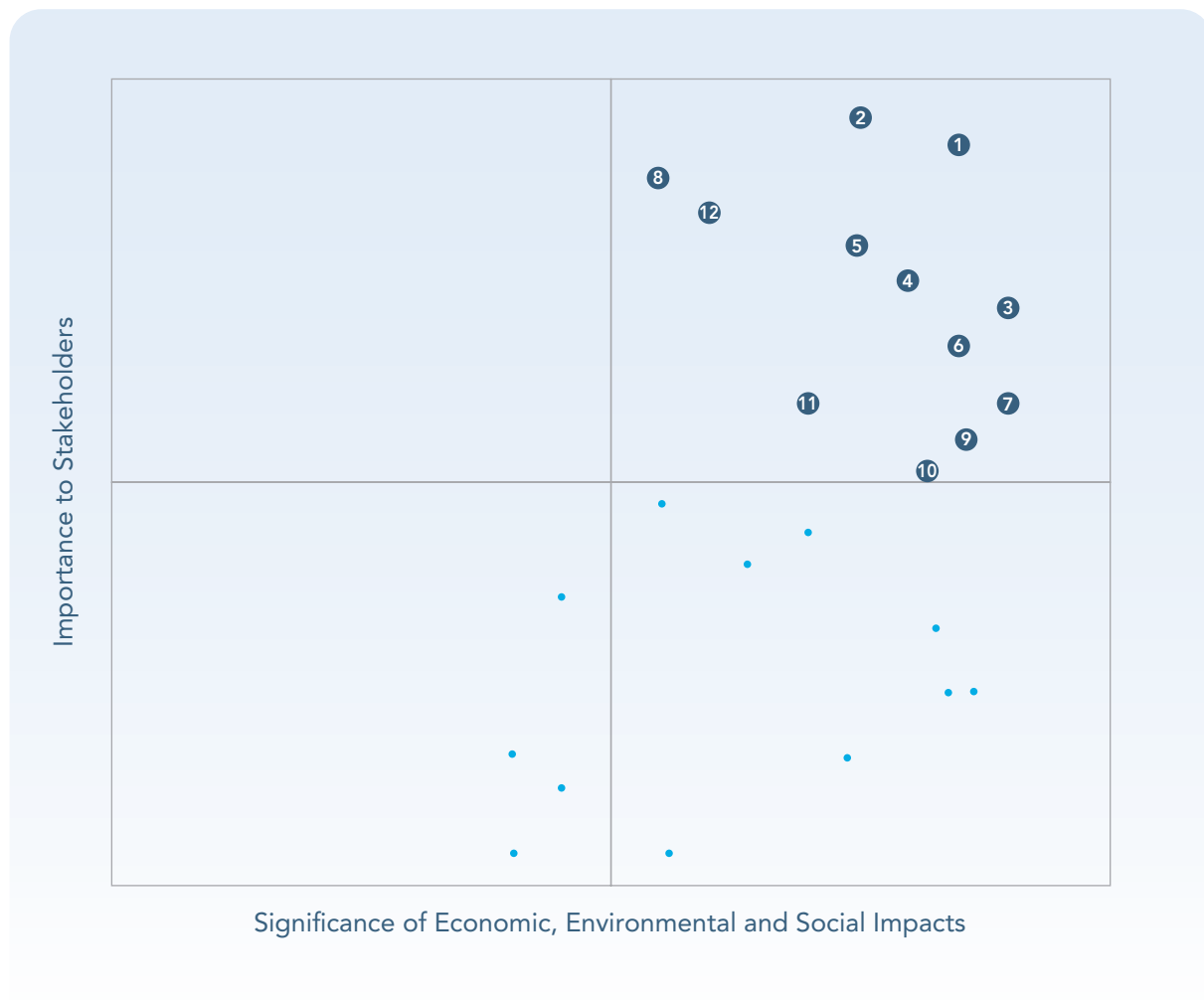
### VERIFY KEY ISSUES

The Board verifies important issues and ensures that they are consistent with CEL's development strategy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

## MATERIALITY MATRIX




The Materiality Matrix below shows the relative importance of each sustainability issue to stakeholders and the significance of economic, environmental and social impacts. The top twelve issues with the highest importance will be considered as crucial issues and will be elaborated in detail in this Report.



## MATERIAL TOPICS

Sustainability Categories	Material Topics and Stakeholders' Concerns	Boundaries		Relevant GRI Standards	Highly Related SDGs
		Within the Group	Outside the Group		
Economic	1 Responsible Investment	✓	✓	Not Applicable	
	2 Economic Performance	✓	✓	GRI 201	
	8 Anti-corruption	✓	✓	GRI 204	
	12 Indirect Economic Impact	✓	✓	GRI 203	
Environment	10 Environmental Compliance	✓	✓	GRI 307	
	3 Product Responsibility	✓	✓	GRI 417	 
Social	4 Diversity and Equal Opportunity	✓	✓	GRI 405	 
	5 Socio-Economic Compliance	✓	✓	GRI 419	
	6 Training and Education	✓	✓	GRI 404	
	7 Occupational Health and Safety	✓	✓	GRI 403	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

Sustainability Categories	Material Topics and Stakeholders' Concerns	Boundaries		Relevant GRI Standards	Highly Related SDGs
		Within the Group	Outside the Group		
	9 Employee Benefits	✓	✓	GRI 401	
	11 Social Investment	✓	✓	GRI 413	 

## OUR SUSTAINABLE BUSINESS

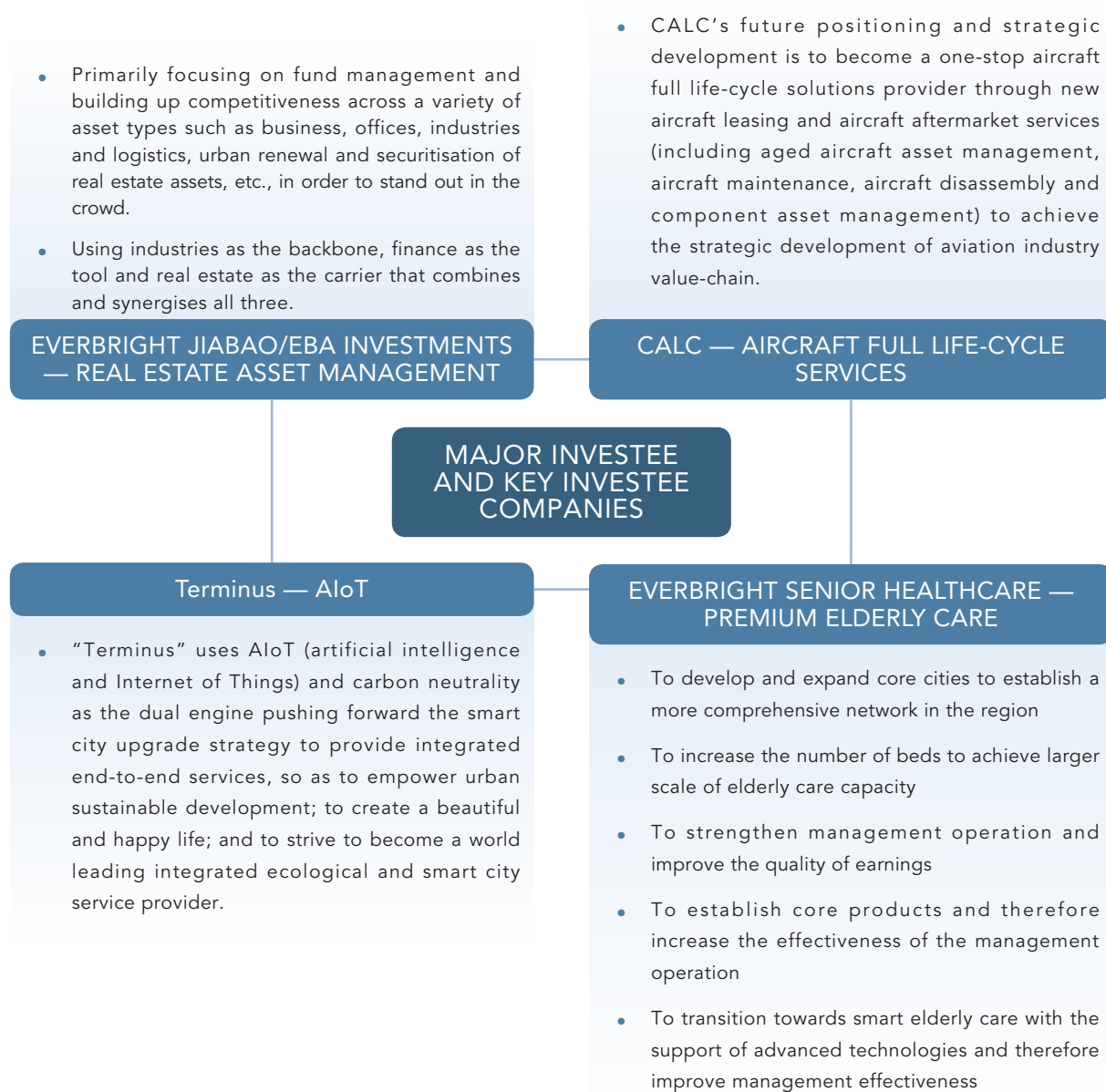
As a leading cross-border asset management and investment company in China, CEL has over 20 years' experience in cross-border asset management and private equity ("PE") investments, and is a listed company in Hong Kong with alternative asset management as its core business.

Through the primary market funds, secondary market investment portfolios and funds-of-funds under its management, CEL has nurtured many valuable enterprises with high growth potential alongside with its investors. Based on the needs of the Chinese economy, CEL also strives to forge the synergy between Chinese and overseas technological advantages and Chinese market, and to provide Chinese and overseas investors with diverse financial services.

Besides, CEL nurtured China Aircraft Leasing Group Holdings Limited ("CALC"), the largest independent aircraft operating lessor in China; consolidated multiple mid-to-high-end senior healthcare enterprises to form a quality senior healthcare brand, China Everbright Senior Healthcare Company Limited ("Everbright Senior Healthcare"); incubated Chongqing Terminus Technology Co., Ltd. ("Terminus"), a unicorn company in the artificial intelligence and Internet of Things ("AloT") industry; and developed EBA Investments' Real Estate Fund ("EBA Investments")/Everbright Jiabao Co., Ltd. ("Everbright Jiabao"), a leading real estate PE fund enterprise in China. Meanwhile, CEL also invests in financial assets to achieve a balanced return and liquidity in its principal investments. In addition, CEL holds a portion of the equity interests of China Everbright Bank Company Limited ("China Everbright Bank") and Everbright Securities Company Limited as cornerstone investments.



## Major Investee<sup>2</sup> and Key Investee Companies<sup>3</sup>



Notes:

<sup>2</sup> Major Investee refers to Everbright Jiabao/EBA Investments.

<sup>3</sup> Key investee companies refer to CALC, Everbright Senior Healthcare and Terminus.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

## CEL'S APPROACH TO ESG MANAGEMENT

We believe that a comprehensive corporate governance and risk management mechanism is not only the foundation of the Group's success but also the key to long-term sustainable development. The Group adheres to our promise of top-notch corporate governance, upholds the highest ethical standards and responsible principles which continuously protect the interests of our stakeholders.



Apart from strictly complying with the applicable laws and regulations in Hong Kong, the requirements and guidelines set by relevant regulatory authorities such as the Securities and Futures Commission of Hong Kong and the Stock Exchange, the Group also reviews its corporate governance practices from time to time in order to meet the international and local best practices, including the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules.

Besides, we are committed to promoting sustainable business growth and development that creates positive value and impact for the environment and the communities we serve. We embed environmental and sustainability concepts into our corporate culture and incorporate environmental, social and governance policies and concepts into our company's management and investment decision-making processes, and we are committed to actively supporting and implementing sustainable development goals in our operations.

## Corporate Governance

CEL is led by an effective and high-quality Board. The Board acts honestly and loyally by making objective decisions with the Group's best interests at heart and fulfilling our corporate responsibilities to stakeholders. The Board is composed of a balanced number of Executive, Non-executive and Independent Non-executive Directors with extensive financial management experience or other diversified expertise to ensure that all factors of benefit and risk are considered.

In order to fulfil its responsibilities more effectively, the Board has six committees under its governance structure, namely the Executive Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee, the Strategic Committee and the ESG Committee.

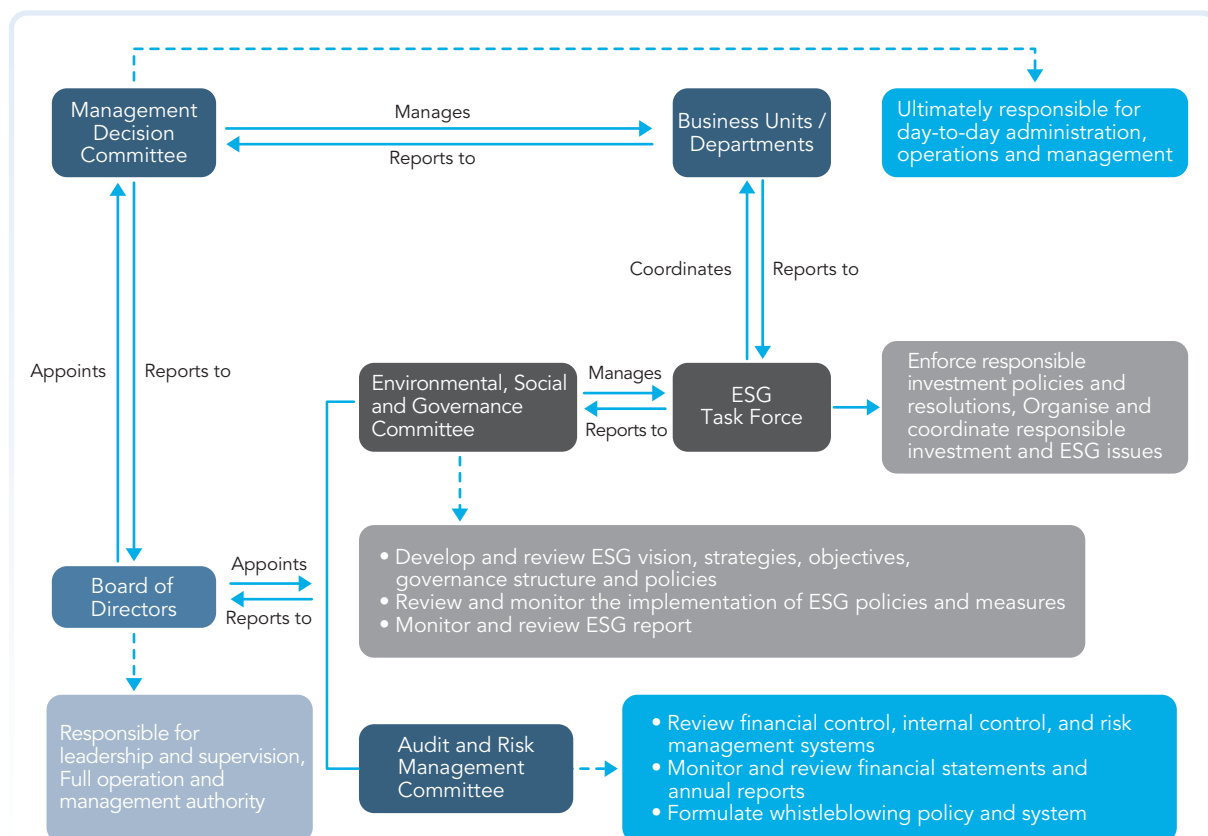
CEL's "Terms of Reference of the Board" specifies the authority and responsibilities of the Board and its six committees, with amendments as appropriate from time to time. For more details on our members of the Board and other corporate governance matters, please refer to the "Corporate Governance Report" in this Annual Report.

## ESG Management

As the highest authority of the Group, the Board oversees the Group's ESG matters and is responsible for reviewing and approving the Group's ESG reports. The ESG Committee was established in 2021. Its chairman and members are appointed by the Board and must include at least one Independent Non-executive Director. The ESG Committee aims to integrate ESG principles into the business decision-making process and to keep pace with other international companies on ESG. The ESG Committee is in charge of formulating the Company's ESG and responsible investment policies, strategies and objectives, overseeing the performance and effectiveness of the Company's ESG and responsible investment practices, and reporting regularly to the Board on related matters. With regards to the ESG Committee's composition, responsibilities and summary of its works in 2021, please refer to the "Environmental, Social and Governance Committee" section of the "Corporate Governance Report" in this Annual Report.

The ESG Task Force is responsible for the implementation of the Company's responsible investment policies and resolutions formulated by the ESG Committee; formulating work plans in accordance with the responsible investment objectives; coordinating the responsible investment work of various departments; summarising the progress of the Company's responsible investment work in stages, reporting the work results to the ESG Committee, organising research on the policy and market development of responsible investment, and proposing strategic and policy adjustments and improvements. In addition, the ESG Task Force will organise dedicated staff to be responsible for ESG-related matters, including conducting ESG analysis and implementing active ownership. To facilitate stakeholders' understanding of the Company's ESG-related developments, the Group has updated the design of its website and set up a "Sustainability" column for displaying the Company's ESG-related policies and developments, etc. During the reporting period, in order to better incorporate ESG policies and concepts into investment and management, a total of nine relevant documents, including *Whistleblowing Policy*, *Employee Diversity Statement*, *ESG Risk Management Statement*, *Data Security and Privacy Statement*, and *Responsible Investment Guidelines*, were formulated or updated in the "Sustainability" column of the Company's website.

Furthermore, investment teams and research staff are responsible for implementing the Company's responsible investment policies and undertaking responsible investment work in relation to their job functions. The Company will guide or assist each fund team to develop a separate ESG policy for each fund, taking into account the characteristics of each fund and the investors' requirements. ESG policies will be incorporated into the fund's investment strategy, operating manual and risk management framework, and guide each fund to establish a corresponding ESG disclosure and reporting system, which will in turn encourage and assist each fund team to adopt responsible investment principles to guide investment practices.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

## ESG Governance Framework

In addition to the governance structure, several policy guidelines and relevant training are required to complement each other to enhance operational efficiency, ensure operational compliance, and foster a culture of accountability. As such, we have formulated a series of policies and guidelines on topics like corporate ethics, risk control, human capital, sustainable development and responsible investment to enable our staff to implement related measures more effectively. At the same time, some of these policies and guidelines are publicly available on our corporate website to enhance the transparency of the Group's governance.

## Corporate Ethics

Upholding excellent ethical standards is a fundamental requirement for a high-quality business. CEL strictly complies with the *Anti-Unfair Competition Law of the People's Republic of China* and the *Prevention of Bribery Ordinance* of Hong Kong, and established the *Anti-money Laundering and Counter-terrorism Financing Policy* as well as the *Prevention of Bribery and Corruption Policy* to forbid our staff from performing any forms of money laundering, bribery or corruption activities when carrying out any businesses on behalf of the Group. The Group conducts various types of ethics and anti-corruption training every year to raise the awareness and moral consciousness of our staff, not only to remind them of the need for strict compliance but also to avoid opportunities for miscreants to take advantage of our staff for illegal activities. CEL also formulated the *Guidelines on Management of Conflicts of Interests*. Apart from clearly setting out the potential situation of conflicts of interests in the business affairs, it also sets out the division of responsibilities in managing conflicts of interests, prevention strategies and accountability policies, in particular with respect to receiving bribe. In 2021, the Group's management and all other employees participated in our ethical standards and anti-corruption training.

While the ethical performance of CEL is important, the protection of whistleblowers is equally important. Our *Whistleblowing Policy* is designed to protect employees or any third-party whistleblower from retaliation by not disclosing their identity without the whistleblower's consent or requirements under the laws to ensure whistleblowers can uphold the Company's ethical standards without concerns of being retaliated. As anonymous whistleblowing can only provide limited information, hence hindering any relevant investigation or follow-up work, we encourage whistleblowers to state their names to enhance investigation efficiency. The *Whistleblowing Policy* not only applies to our employees but also extends to our other stakeholders such as shareholders, investors, customers and suppliers, etc., and is made publicly available in several local languages of places where we operates on our corporate website. During the reporting period, the Group did not receive any whistleblowing complaints pursuant to the *Whistleblowing Policy*.

During the reporting period, there were no confirmed cases related to money laundering, bribery or corruption that would significantly impact the Group.

## Risk Management

Risk management is an integral part of the Group's business operation. Through our current *Risk Management Policy* and the newly established *ESG Risk Management Statement*, we could therefore cover various types of risks more comprehensively. We are devoted to maximising shareholders' value while ensuring the risk is at an acceptable level. The Group's risk management work is mainly led by the Vice President of the Group in charge of Risk Management, Legal and Compliance, monitored and audited by the Audit and Risk Management Committee; and the ESG Committee would be responsible for ESG risks. During the reporting period, we continuously implemented respective risk management system practices and effectively managed the Group's significant risks and ESG risks. In 2021, there were no significant ESG risk events impacting the Group.

For more details on our Group's risk management, please refer to the "Corporate Governance Report" and "Risk Management Report" sections in this Annual Report.

## Supply Chain Management

Our Group has extended responsibilities and standards of environmental protection to our suppliers through the *Green Office and Sustainability Procurement Management Guide*, which we prioritise working with socially and environmentally responsible suppliers to reduce the carbon emission during the operation of both parties. For example, our paper suppliers are ISO 14001 certified to prove they have an effective environmental management system. Besides, we prioritise purchasing energy-saving products in order to reduce the negative effects brought by the Group's supply chain.

In 2021, we formulated the *Procurement Management Policy* to enhance procurement management, thereby improving the quality and efficiency of procurement, reducing procurement costs and effectively reducing the environmental and social risks in the supply chain. The policy clarifies the responsibilities of the Procurement Task Force in terms of approval and supervision, and further standardises the procurement workflow.

As of 31 December 2021, the Group had 413 suppliers, 98% of which were located in our main operating regions, including the Mainland and Hong Kong, with the remaining 2% in other regions. A major portion of the suppliers provides services relating to human resources while the rest are providing services to administration, information technology, company secretary, legal and compliance, finance and general office.

## Data Security

The outbreak of COVID-19 has increased reliance on technology and the risk of data leakage, thus increasing the cost of maintaining network security for businesses. To strengthen the management of confidential information and confidentiality agreements, the Group has formulated the *Information Technology Security Policy, Management of Confidential Information and Confidentiality Agreements*, and *Data Security and Privacy Protection Statement*, which require strict enforcement by all units of the Group and third parties. In order to collect and utilise sensitive data, prior consent should be given by the relevant persons as necessary and handled in accordance to the legal requirements and highly transparent procedures, such as the signing of a non-disclosure agreement with the related parties. Collected data should also be shared to others only on a need-to-know basis, and only authorised departments or individuals should be allowed to perform any edits or deletion. Relevant policies and information systems will undergo regular internal and third party audit, in aims to enhance data protection. In the unfortunate event of a data breach, the Group shall respond in accordance with the relevant regulations and guidelines by notifying parties involved, identifying the source of the breach and fixing the problems, which in turn provides an extra layer of protection on the privacy of stakeholders, such as suppliers and clients, and the corporate operational data.

The Group has established a Risk Management Committee under the Management Decision Committee, which involves IT risk meetings. The Vice President of the Group in charge of Risk Management, Legal and Compliance is the chairman of the Risk Management Committee and reports directly to the Management Decision Committee on matters relating to data security and information security, and the Board is ultimately responsible for works relating to data security. The Group holds quarterly IT risk meetings and conducts regular reviews of the Company's IT risks, etc.

In terms of data security, the Group has adopted a series of technical measures to enhance data security protection, including separating the production environment from the operation and maintenance environment, and separating the development team from the operation and maintenance team to ensure the security of the production environment and data, and strictly restricting access to the data centre. In addition, for data that needs to be exposed on the Internet, a DMZ is set up. In terms of system deployment, data is placed on the intranet and with the protection of the information security system such as server IP access restriction, double-layer firewall and intrusion detection system to prevent data intrusion. The Group specifies that data storage media containing internal information must be physically destroyed before disposal. We have also established a comprehensive data security incident handling mechanism, including response to data security incidents and follow-up actions to ensure that the impact of incidents is minimised, and losses are mitigated as far as possible. In 2021, we had no incidents of leakage or loss of client information.

## Responsible Investment

Being a cross-border investment and assessment management company, CEL understands that each of our investment decisions could affect the investment portfolio and even impact the whole society. In light of this, we consider environmental, social and corporate governance factors in our investment decisions; adopt precautionary principles in our risk management framework; and be actively involved in all investment strategies and practices. We believe that by exercising responsible investment, we could provide investors with a better return and bring a positive impact on society and the world.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

The Group has formulated the *Responsible Investment Guidelines* and is committed to incorporating ESG factors and considerations into our investment decisions and practices, thereby reducing risk, enhancing returns and satisfying investors' needs and contributing to the sustainable development of our business and society. The Guidelines apply to all asset categories managed by the Company. We follow them by communicating directly with our investees to promote sustainable performance and active ownership, not only by communicating responsible investment values and standards to our investees but also by supporting and promoting ESG improvements among them. In addition, we have developed products on the theme of responsible investment such as low carbon intelligence and green low carbon funds to implement the concept and policy of responsible investment, integrate ESG-related factors in the investment approach and investment process of these products, and promote the concept of responsible investment-related products to our clients to achieve sustainable investment returns and social benefits for them.

In fact, since 2006, the Group has started investing in environmental protection and renewable energy companies to support the environment and sustainability industry. During 2020, we extended our efforts and established the "Everbright Belt & Road Green Investment Fund" (the "Green Fund") to develop a domestic ESG investment system and construct the first equity investment fund in Mainland China which fully adopted the ESG investment standard.

In order to formulate the process of early screening of projects, the fund investment team referred to the *Performance Standards on Environmental and Social Sustainability* of the International Finance Corporation (IFC), and at the same time considered the fund's investment direction. The team set up the "Negative Exclusion List" and the "Green Positive List" respectively so as to eliminate projects with significant environmental and social risks and focus on green and carbon neutrality-related investments; the ESG performance of the potential projects will also be included as one of the key considerations in the due diligence process and be extended to the investment decision-making process of the fund investment committee. After the initial investment, we will also regularly evaluate the environmental and social performance of the project through normalised management and emergency management to ensure the sustainability of the project. We hope to create stable returns for investors through diversified investment forms while contributing to the construction of a green "Belt and Road", and to provide solutions for carbon neutrality, reflecting our determination to implement responsible investment.

In addition to the Green Fund, the investment teams of the Group's other funds are also actively practising ESG investment and management concepts in the management of the entire investment process. Everbright Overseas Infrastructure Investment Fund acquired Boreal, a public transportation operator in Norway, in April 2018. The company's business has grown significantly through effective post-investment management of the fund team. At the same time, the fund has practised active ownership and adhered to its ESG green investment philosophy, helping the company to develop its electric bus and electric ferry business, striving to gradually transform the company into a world leading green and sustainable transportation company.

For more details on our Group's responsible investments and case studies, please refer to the paragraphs under "Our Environment" in this Report.

### Internal Control and Audit

In order to fully control the level of risk and to exercise effective control over internal management, the Company has implemented a "Three-Line Defence" framework. The first line of defence is the business units and related frontline teams, with the heads of each department taking the lead in implementing and maintaining appropriate controls. The middle and back-office departments also have relevant control functions, including risk management, legal and compliance, operations, finance and accounting and company secretary, forming the second line of defence. The Internal Audit Department provides the third line of defence by providing traceability and independent audit of the overall operational controls. The Internal Audit Department reviews and makes recommendations on the effectiveness of the Company's risk management, internal control processes, management systems and policy guidelines on an annual basis, and prepares quarterly internal audit reports based on the audit findings for review by the Audit and Risk Management Committee and follow-up by the management. We update and revise the policy guidelines from time to time based on the results of our audits and monitor their implementation. From time to time, we also conduct external audits of operations and data to further enhance operational performance.

For more details of our internal controls and audits, please refer to the "Corporate Governance Report" section of this Annual Report.

## OUR EMPLOYEES

The Group views employees as its most valuable assets. We strive to uphold people-oriented and human-centric principles, creating a diverse, inclusive and healthy working environment, as well as constantly improving our human resources management and providing unparalleled career development opportunities such that our employees can develop to their full potential.

The Group's *Staff Handbook* clearly lays out all important information such as employee management, remuneration and benefits, attendance policy, working hours, leave, anti-discrimination and code of conduct in accordance with the relevant laws and regulations. To attract and retain talents, we provide our full-time employees with comprehensive welfare and benefit packages, including medical insurance, maternity and paternity leave, celebration red packets, and other special allowances and subsidies. We ensure that the compensation system of our employees is fair, competitive, and would also reward employees with discretionary bonuses based on their performance.

The Group has been awarded the status of "Manpower Developer" by the Employee Retraining Board (ERB) for 3 consecutive years, in recognition of the Group's commitment to advocating the corporate culture of "talent training and development". In addition, the Group has been presented with the logo of "Happy Company" by the Chinese Manufacturers' Association of Hong Kong and the Hong Kong Promoting Happiness Index Foundation for 7 consecutive years and simultaneously the "Happy Company 5 years+", as well as the "Sport-Friendly Action" logo of recognition by the Chinese YMCA of Hong Kong for 2 consecutive years, in recognition of the Group's dedication to improving the physical and mental health of our employees.



### Employee Diversity and Equal Opportunity

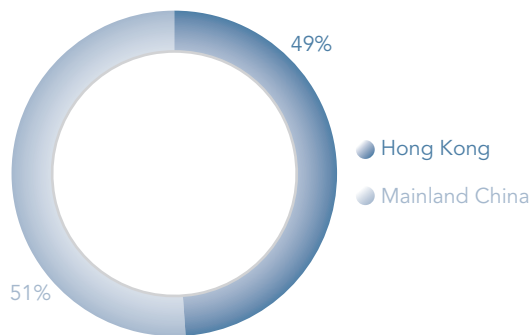
The Group is committed to promoting diversity and inclusion and adheres to fair and impartial human resources management practices in areas such as recruitment, promotion and dismissal, training and assessment. We strictly observe the regulations stated in our *Staff Handbook*, *Employee Diversity Statement* and *Employee Rights and Benefits Statement* to guarantee employees' basic rights, protecting them from any form of discrimination, harassment, and defamation due to their gender, nationality, race, physical impairment, marital status, and sexual orientation, thereby providing them with an equal opportunity environment to thrive and realise their full potential. In addition to our commitment in promoting equal pay for equal work irrespective of gender, we have formal grievance procedures and complaint systems in place such that any form of discrimination and misconduct can be addressed. During the reporting period, we did not receive any complaints related to discrimination.

In terms of graduate recruitment, CEL has actively responded to and supported the "New Graduates-New Opportunities Scheme" jointly launched by the Labour Department of the Hong Kong SAR Government and the Hong Kong Chinese Enterprises Association, providing employment and training opportunities for university graduates. In 2021, the Company has established a number of positions such as Accounting Officer of the Finance and Accounting Department, Infrastructure Operations and Maintenance Officer and Application Development Officer of the Operation Centres, aiming at recruiting Hong Kong residents who are lawfully employable in Hong Kong and hold a Bachelor's degree or above conferred by universities in Hong Kong or overseas between 2019 and 2021. Alongside Youth DAB's "First Youth Entrepreneur Future Internship Programme 2021", we have recruited a total of 6 interns and provided them with internship opportunities.

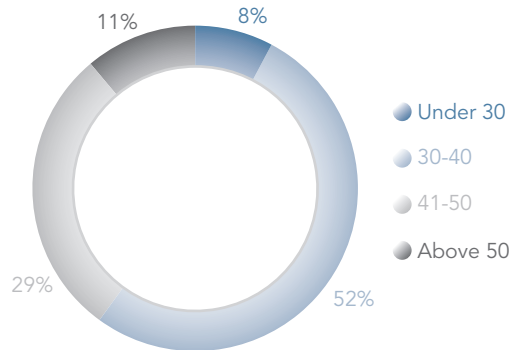
As of 31 December 2021, the headquarters and wholly-owned subsidiaries of CEL had 282 employees in total, all of which were employed on a full-time and permanent basis. The ratio of male to female staff was 1.2 : 1.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

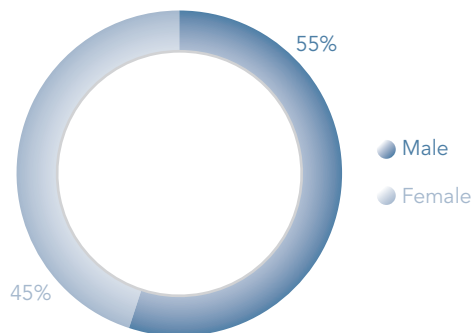
BY REGION



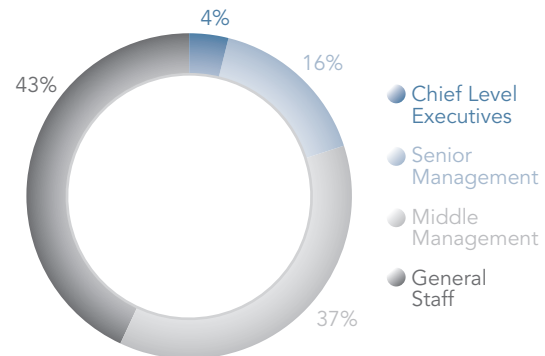
BY AGE GROUP



BY GENDER



BY EMPLOYEE CATEGORY



## Employee Training and Development

In accordance with our *Employee Training and Development Policy* and *Employee Development and Training Statement*, the Group continues to allocate resources to promote the long-term professional and personal development of our employees. We provide a series of internal and external training, encompassing targeted business training, management skills and outward training, business ethics, anti-corruption, anti-money laundering, taxation, laws and regulations, ESG, data security, soft skills, cross-department collaboration as well as physical and mental health. In addition, we regularly review and update our training content in a timely manner to ensure that the courses provided are suited to employees' learning needs and are able to enhance employees' understanding of emerging issues and the business landscape.



## Special Training Series for ESG

In September 2021, CEL's ESG Task Force and our Human Resources Department invited professional institutions and top experts in the industry to carry out a series of ESG special training in the Company, with the aim of enhancing the Company's understanding of ESG concepts, mastery of investment methods, thereby promoting the implementation of ESG investment practices. Over 120 employees from 5 office locations, together with CEL's Management Decision Committee participated in the training via on-site and online modes.



## Carbon Neutrality Workshops and Training

In May 2021, the members of the CEL's Management Decision Committee studied and adhered to Everbright Group's series of documents regarding "Implementing Carbon Neutrality Target Requirements and Promoting Green and Sustainable Development" and looked into and discussed the Company's strategic development directions in associated fields.

In June 2021, CEL's Green Fund team and Human Resources Department jointly organised a training on carbon neutral investment ideas, sharing with our employees the overview of carbon neutrality research and associated investment opportunities. More than 120 employees from 5 offices participated in the online training session. Our business team also presented a case study on carbon peaking and carbon neutral investment logic during the event.

## Anti-Discrimination Ordinance Training

In October 2021, we invited representatives from the Hong Kong Equal Opportunities Commission to conduct an on-site training on the topic of Anti-Discrimination Ordinances. Following introduction of the current Anti-Discrimination Ordinances in Hong Kong, the speaker presented factors such as gender, physical impairment, family status and racial discrimination which may constitute discriminatory behaviour, then explored means to prevent discrimination in the workplace. More than 30 employees from our 5 office locations participated in the training through on-site and online means.

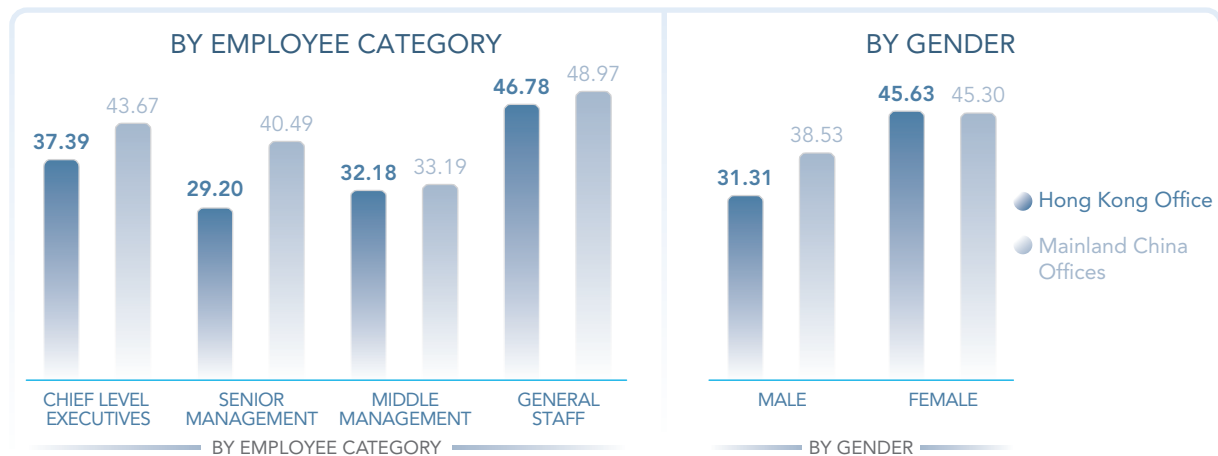
## New Energy Vehicle Investment Training

In September 2021, CEL's New Economy Fund Department and Human Resources Department invited top experts in the industry to carry out new energy vehicle investment training within the Company, sharing their experience and thoughts on the investment opportunities in the field of new four automobile modernisations, as well as the evolving competitive landscape brought about by automobile intellectualisation. This training aims at enhancing our employees' understanding of investment opportunities related to vehicle electrification, intellectualisation and networking within the industry, and was attended by around 50 employees from our 5 office locations through both on-site and online platforms.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

We have introduced annual training hour targets of 30 hours and 20 hours for all new and existing employees respectively, and have incorporated the target completion level into our performance appraisal system to encourage active participation in various work-related internal and external training activities. This continuously improves our employees' personal professional skills, and ultimately enhances the core competitiveness of the Group. In 2021, employees of CEL have completed a total of 11,204.7 hours of training, with an employee training ratio of 100%.

## Average Training Hours in 2021



## Health and Safety Training Hours per Capita in 2021

	By Employee Category				By Gender	
	Chief Level Executives	Senior Management	Middle Management	General Staff	Male	Female
● HK Office	1.2	12.0	1.0	1.1	1.2	1.2
● Mainland China Offices	1.0	1.0	0.0	1.0	1.0	1.0

## ESG Training Hours per Capita in 2021

	By Employee Category				By Gender	
	Chief Level Executives	Senior Management	Middle Management	General Staff	Male	Female
● HK Office	1.7	1.7	2.0	1.8	1.7	1.7
● Mainland China Offices	1.8	2.0	2.0	2.9	1.8	1.7

## Data Security Training Hours per Capita in 2021

	By Employee Category				By Gender	
	Chief Level Executives	Senior Management	Middle Management	General Staff	Male	Female
● HK Office	1.3	0.5	1.5	1.5	1.0	1.1
● Mainland China Offices	0.5	0.5	–	0.5	0.5	0.5

For newly recruited employees, the Group provides online orientation training which covers the Company's business overview, brand concept, rules and regulations, codes of conduct and other aspects in order to enhance their understanding of the Group's macro-level operations. New hires are also arranged to participate in a mentorship programme when they join the Company, through which senior members of staff will provide them with timely guidance and comprehensive support to help them smoothly integrate into our corporate culture and working environment.

Furthermore, through providing employee education subsidies, the Group encourages employees to participate in self-improvement courses organised by professional organisations which are beneficial to their career development, enhancing their professional knowledge and skillsets. Labour contract workers and labour dispatch workers are also eligible to apply for our education subsidy.

In 2021, the Group has subsidised 6 of our employees to pursue higher education qualifications including Master of Business Administration and Juris Doctor, 791 of our people in their external training courses such as "Capital Operation: Difficulties in Tax Planning and Risk Response", "Investment Portfolio Management Theory and Fund Management Practices" and "New Developments in Dual-Class Share Structure", as well as 59 staff members for their professional qualification membership fees.

In order to retain high-quality talents and maintain our workforce stability, the Group actively builds a talent pool and reserves a batch of qualified international talents, young talents and outstanding young cadres. The "CEL International Talent Pool Building Work Plan" and "CEL Young Talents Training Plan" were formulated, stipulating the Group's requirements regarding the qualifications, training plans and implementation plans. During talent selection and appointment, we focus on high calibre candidates in the talent pool; while in terms of training, priority is given to promising young talents in the talent pool for participation in internal and external professional training to strengthen their practical experience. At the same time, in order to further enhance talent development in certain professional areas, specific talent pools for scientific and technological innovation, risk and legal and financial management professions have also been established, and relevant management measures will be progressively improved.

## Occupational Health and Safety

The physical and mental health of our employees are of great importance to the Group, hence through the implementation of a number of compassionate measures to protect employees' health, we are committed to providing a safe working environment to protect employees from occupational hazards. We comply with relevant occupational health and safety regulations and have formulated the *Occupational Safety and Health Policy* for regular identification and monitoring of potential risks in operations, ensuring that employees are aware of safety precautions. Furthermore, we have incorporated various considerations in the design of office lighting fixtures, ventilation and workstations to guarantee occupational health in our working environment.

In addition to enhancing our employees' safety awareness through participating in annual fire drills conducted by the buildings' management office, the Group conducts regular safety inspections to ensure safety of our office environment and that all escape routes are free from obstruction, thereby minimising safety risks. Amidst the outbreak of COVID-19, we provided employees with appropriate personal protective equipment including surgical masks and disinfectants. A daily reporting mechanism was also launched with the aim of providing timely guidance and health tips based on the rapidly evolving pandemic situation to safeguard our employees' health. From 2020 onwards, we have been cooperating with Sun Life Everbright Life Insurance to customise group insurance plans against COVID-19 for the Company's employees to protect their physical wellbeing.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

At the same time, the Group advocates work-life balance and regularly organises various recreational activities for employees, such as pastel painting, stretching activities and traditional Chinese medicine seminars, encouraging our employees to develop their hobbies, maintain vitality and enrich their life outside of work. We also incorporate natural light and indoor green plants in our offices as far as practicable to improve the working environment. In 2021, “charging stations” were set up at five of our offices to provide employees with replenishments such as fruits, coffee, milk and desserts, facilitating them to take timely energy breaks and promoting workplace wellbeing. To enhance the cultural ambience and provide a means for relieving workplace stress, Reading Corners have also been established at our five offices with a broad collection of books on politics, economics, finance, history and biography, advocating the concept of lifelong learning. We also actively encourage all of our employees to donate books in support of resource conservation, environmentally friendly and community sharing principles.

Since 2018, the Group has implemented the Employee Assistance Program (EAP), which provides external professional advice and assistance to colleagues on any personal, family or workplace issues and concerns, taking care of the mental health of employees and thereby supporting them in enhancing their commitment and satisfaction at work.

### Communication and Connection

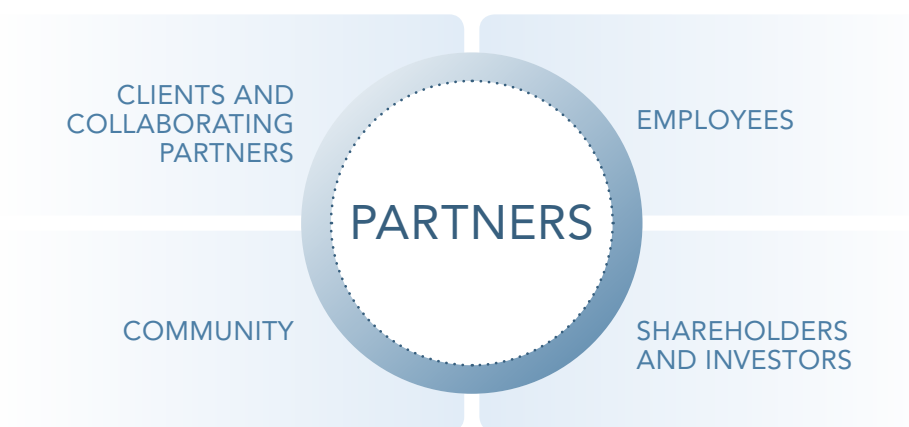
The Group maintains close interactions with employees and listens to employees’ concerns through conducting active and open dialogues via various means of communication. Internally, our “Partner Express” emails inform employees of Company news and real-time information in a timely manner; externally, the Company’s information content is also communicated to institutional investors and the media in the form of presentations and press releases. Furthermore, through the quarterly electronic periodical “Partner”, we regularly publish the Company’s key business information, branding development and snapshots of employee life, closely connecting with colleagues in Mainland China and Hong Kong. In addition, in order to facilitate employees’ collaboration and improve work efficiency, the Group has independently developed and implemented an online collaborative Office Automation Platform with comprehensive functions and a complementing mobile app, allowing employees to access company information as well as conduct administrative work and other tasks from anywhere, irrespective of whether they are in office, on business trips or at home.

In 2021, we have launched the “Consulting Opinions” dedicated mailbox as an extended channel for employees to provide their suggestions, from which we consolidated the “Work List for What I Can Do for Employees” and update it regularly for follow-up. In addition, we held our first face-to-face symposium between senior executives and young employees during the year to provide a wider communication channel for the Company’s management to further understand the ideas of our younger staff members.

In order to strengthen the Company’s cultural management and enhance the Company’s internal cohesion, our Cultural and Social Responsibility Department organised a number of cultural activities including festive theme activities, employee care activities, team incentive activities, and cultural and sports activities to strengthen interactions between management and general staff members. Additionally, it promotes the cultural integration of employees in Mainland China and Hong Kong and enriches the life outside of work for employees. In September 2021, CEL coordinated the 24<sup>th</sup> anniversary celebration “24 years persevering our initial resolution, journeying on for a brighter future with CEL” between our 5 offices through both in-person and online means, demonstrating the cultural integrity of “China Everbright, a profound influence, pursuing excellence, striving for the top, glorious life, relentless pursuit” in CEL’s employees. Our Human Resources Department has also set up the budget for team building and activities at the departmental level for organising internal training sessions and teambuilding activities by each department internally.

## OUR VALUE CHAIN

Under the complex and everchanging global economy and international environment, the Group is committed to grasping both new domestic and international landscapes, by actively promoting and developing high-quality transformation. CEL maintains a close relationship with the four major partners, aiming to utilise our own expertise and resources to maximise value creation for our stakeholders from all walks of life and build a long-term, mutually trusting partnership together.



### Clients and Collaborating Partners

The Group's "Cross-border Asset Management" platform connects the blooming and promising Mainland and Hong Kong markets. In recent years, we have been actively looking for overseas investment and cooperation opportunities to enhance the confidence of fund investors and business partners, so the Group has established an effective risk management mechanism to safeguard the capital and interests of both parties.

When the fund is established, the Group will invest a certain share of seed capital to prove our confidence and commitment to the long-term development of the fund. During the capital investment stage, the investment team must invest a certain proportion of its own funds as co-investment to ensure that the interests of the fund management team are aligned with the investors. Each fund will set up an independent investment review committee of sorts to ensure that fund runs smoothly, and the external investors are protected. When exiting an investment project, the interest of the fund held by the management team will be aligned with that of the remaining investors, prompting the management team to invest prudently and pragmatically with proper risk management mentality.

In the past, the financial industry had faced the challenges of multiple financial crises, leading to the collapse of some financial giants. This series of blows had stimulated the financial industry to reflect on how to strike a balance between rapid business development and risk management. The Group has relied on excellent corporate and risk management mechanisms to maintain a more stable and more rapid development amidst facing market adversity.

In order to facilitate our communication with investors and business partners, we have held the "Everbright Investment Annual Conference" since 2012, which has received positive feedbacks from investors, business partners and project teams. The eight annual conferences held between 2012 and 2019 took place in Sanya, Shanghai, Xiamen, Chongqing, Qingdao, Hong Kong, Hangzhou and Zhengzhou respectively, with up to 4,000 global partners, investment professionals and executives of investee companies in attendance. In 2021, we held the "2021 Global Smart New Economy Summit and Everbright New Technology Investment Strategy Conference" through a hybrid mode of online and offline methods. More than 600 people including the Group's investors, partners, well-known scholars, news media, and investment professionals attended the meeting, with overwhelming responses.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

Through the summit, CEL demonstrated its “cross-border asset management” platform to all the guests, and explained its development status, strategy and vision, so that the participants could have a better understanding of the actual operation behind the funds. Not only did investors and business partners gain a better understanding of our project development and business advantages, but we also effectively expanded our network to collaborate on funds through the summit, spanning different industries and categories of products, revealing the complementing advantages of the funds under the Group. Since 2014, our group had invited a host of media, analysts and investors from Hong Kong and Mainland China to attend the annual conference, to report on the latest business development of CEL for investors and the financial community.

### Shareholders and Investors

CEL holds engagement and communication with shareholders and investors in high regard, and continuously strives to enhance the Group’s transparency and extent of disclosure. In 2021, we showcased our current business development through multiple channels such as one-on-one virtual conferences, in-person visits, participation in investor forums, and investor and analyst meetings, so as to provide more insight in solving the key concerns of the shareholders, investors and analysts. During the year, two investor and analyst meetings were held, attended by a total of 56 institutions and 150 individuals; more than 20 one-on-one online video/telephone exchanges and more than 10 one-on-one in-person exchanges took place. We also actively participated in investor forums and securities dealer strategy meetings and constantly engaged local and overseas institutions such as asset management companies, fund companies, securities dealers, banks and investment banks.

Through the general meetings, the Group’s management can effectively ensure close and direct contact with our shareholders. After the financial results are announced every year, the Group will hold two press conferences and analyst meetings, of which video recordings shall be kept. Afterwards, videos of the press conferences will be uploaded to our official website so that external stakeholders can revisit them at any time. We will also upload all relevant documents under the section of “Investor Relations” on our corporate website to centrally manage various reports and information, which in turn helps our shareholders and investors to learn of our operations more quickly and conveniently.

In addition, we upgraded our corporate website ([www.everbright.com](http://www.everbright.com)) in 2017 with improved design, layout and functions to match the Group’s future development and increasingly more international brand image. Apart from browsing the Group’s official website through a computer, a simplified form is also available for mobiles for ease of mobile browsing. The login function for funds within the website allows our management team to keep close contact and communication with our clients and investors for exchanging and sharing real-time market information. Our official WeChat public account (WeChat ID: chinaeverbright) also provides another convenient way to share diversified information with different stakeholders and the public.

## OUR ENVIRONMENT

CEL has been committed to protecting the environment and natural ecosystems not only through investing in environmentally friendly and sustainable businesses but also through building a green and sustainable office environment, with aims of reducing our impacts on the environment.



### “Dual Carbon” Trend

Following China’s 2030 peak emission and 2060 carbon neutrality pledges to the world, CEL announced its decision to follow suit with its own 2022 operational carbon neutrality promise at the 24<sup>th</sup> Beijing Hong Kong Economic Cooperation Symposium. We firmly believe that as a professional cross-border investment firm, making a good investment means seeking certainty within a pool of uncertainties. “Dual Carbon” strategy, green development and green recovery have become a global consensus and the greatest certainty the world can share amidst the uncertainties in the global economy and capital market. In synergy with our parent company, China Everbright Group Ltd. (“Everbright Group”), which has the advantage of possessing multiple financial licenses and experience, such as banking, securities, insurance and trust, we are able to achieve our “Dual Carbon” targets through the combination of resource synergy and sustainable operations, seeking out low-carbon investment opportunities with certainty among the risks of uncertainties brought about by climate change.

## Operational level

In line with our “Dual Carbon” strategy, CEL has been internally advocating “green office”, “zero-waste office”, “green management” and “green living”, while actively promoting low-carbon business transition in associates and investees. The Group’s *Green Office and Sustainable Procurement Management Guidelines* provide clear guidance on office air quality, energy and water conservation, resource utilisation, waste recycling and disposal, and sustainable procurement, in attempt to reduce environment and social risks associated with office operations and procurement of supplies. To monitor and evaluate the implementation of these guidelines in each department more effectively, the head of each department are responsible for ensuring that their teams are familiar with the details of the guidelines and could implement them accordingly. We will also continuously review the purpose and effectiveness according to the findings of the evaluation for carrying out follow-up actions for continuous improvement.

Apart from enhancing energy efficiency and energy conservation in the office, we are also planning to a step further by purchasing renewable energy certificates (REC) in Hong Kong and supporting tree planting efforts in Mainland China to increase carbon absorption rates. While these measures will partly offset the Group’s carbon emissions, carbon trading will be required to offset the remaining emissions to realise operational carbon neutrality.

The Group’s main environmental impacts generally come from energy use, paper consumption and waste generation. In view of this, we have adopted various environmental protection measures to minimise the impacts on environment while maintaining effective corporate operations.

During the reporting period, we did not have any confirmed violations related to the environment that caused significant impacts to the Group.

## Responding to Climate Change

Climate change has brought new risks and opportunities to our businesses. The most pronounced risks include extreme weather events and the motivation for transitioning to a low-carbon economy. However, the transition to low-carbon economy can also provide new opportunities for investors, including the acceleration of replacing obsolete infrastructures and assets, and yielding greater returns through investing in low-carbon industries. There is a fine line between risks and opportunities associated with climate change, hence we must be prepared to manage such risks to avoid investment loss and yield greater return.

The Group made reference to the recommendations from the Task Force on Climate-Related Financial Disclosures (“TCFD”) to identify climate-related risks and financial impacts, and formulate and implement mitigating measures. We have also dedicated to incorporating climate risk consideration into our long-term investment process, so as to build a resilient portfolio that could mitigate the impacts from climate change.

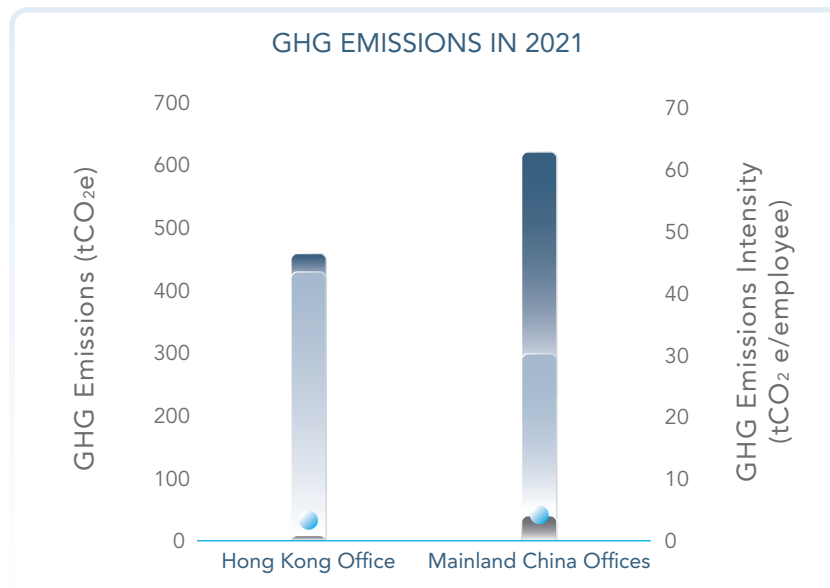
Risk	Description	Potential Financial Impact
Policies and Regulations	Not able to comply with more stringent climate-related policies, regulations and relevant monitoring procedures.	Reduced operating revenue Increased credit risk
Technology	During the transformation to low-carbon technologies, the development and application of low carbon and environmentally friendly technologies such as renewable and alternative energies may not be as successful as planned.	Increased R&D cost Decreased value of fixed assets
Entity	Increased frequency and intensity of extreme weather conditions such as typhoons, rainstorms and flood, bringing detrimental effects to our livelihoods and economy.	Reduced operating revenue Increased operating cost Decreased value of fixed assets

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

## Greenhouse Gas Emissions Management

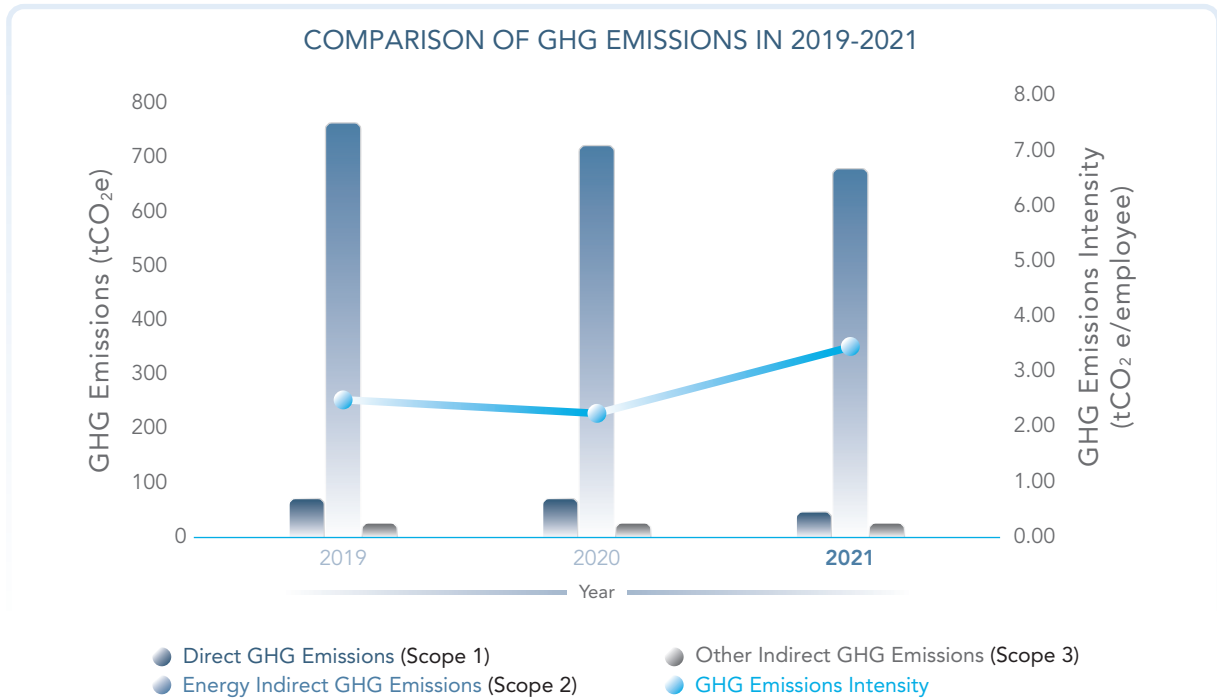
In order to effectively manage greenhouse gas ("GHG") emissions, the Group collects annual environmental data to calculate GHG emissions from our office operations according to "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong (2010 edition)" compiled by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong. We also referred to the ICAO Carbon Emissions Calculator to include GHG emissions from our business travel flights. The final emission calculation would be used as an indicator to monitor the Group's future emissions.

As our emissions mainly originated from the Group's electricity use, and paper and water consumption in the offices; vehicle fleet, and employees' air and ground travels. We required our drivers to use unleaded petrol, choose the most efficient driving routes, prevent vehicle idling and conduct regular vehicle maintenance. Employees were encouraged to carpool, streamline business travels and promote video conferencing with hopes of minimising the Group's GHG emissions.



	Unit	Hong Kong Office	Mainland China Offices
● Direct GHG Emissions (Scope 1)	tonnes of CO <sub>2</sub> equivalent	6.8	18.4
● Energy Indirect GHG Emissions (Scope 2)	tonnes of CO <sub>2</sub> equivalent	422.5	264.4
● Other Indirect GHG Emissions (Scope 3)	tonnes of CO <sub>2</sub> equivalent	35.7	321.6
● GHG Emissions Intensity	tonnes of CO <sub>2</sub> equivalent/employee	3.3	4.2





### Energy and Water Conservation

Energy consumption is one of the main contributing factors to climate change, therefore our energy saving measures are geared towards employees' electricity consumption behaviour. We adhered to the Group's *Green Office and Sustainable Procurement Management Guidelines*, which encouraged employees to utilise energy-saving appliances and LED lights; and stipulated the shutdown of electrical appliances such as air conditioners, computers and printers when they are not in use or when employees leave the office. We also encouraged employees to turn on power saving mode on their computers to help reduce electricity consumption.

In addition, we replaced multiple servers with a high-capacity server and adopted virtual hardware to greatly reduce electricity consumption and amount of hardware installation.

While the environmental impacts from CEL's water consumption were insignificant, water consumption efficiency in offices remained important to us. We had signs posted in meeting rooms, pantries and washrooms to remind employees regarding efficient consumption of bottled water and checking if water taps were tightly closed. If any leakage from taps or pipes was found, we would arrangement repair works right away to avoid water wastage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued**Energy and Water Consumption in 2021*

	Direct energy consumption	Direct energy consumption intensity
Electricity	1,050,988.0 kWh	3,726.9 kWh/employee
Fuel – Petrol	9,307.5 litres	33.0 litres/employee

	Water consumption	Water consumption intensity
Water <sup>4</sup>	1.4 m <sup>3</sup>	0.005 m <sup>3</sup> /employee

**Waste Management and Material Procurement**

The majority of CEL's waste came from the general wastes from our offices, and yet the generated amount was closely tied to our resource utilisation and sustainable procurement practices. We referenced the Group's *Green Office and Sustainable Procurement Management Guidelines* in enforcing waste reduction measures and sustainable procurement. When procuring office appliances, we would prioritise suppliers certified with ISO14001 environmental management system or similar certifications; prioritise procurement of energy-efficient labelled office electrical appliances, LED lights with energy saving functions, Forest Stewardship Council ("FSC") certified paper, and other more environmental friendly and energy and water saving products, in order to minimise our impacts on the environment.

By implementing waste reduction at source, the Group avoided the use of disposable tableware, ordered the right amount of food, and limited the supply of bottled water at meetings and seminars, etc. We also encouraged digitalisation of documents and adopting black and white, double-sided printing in order to reduce paper consumption and waste generation.

We reused materials as much as possible to reduce procurement frequency, for example, reusing paper binding rings, envelopes, single-side-printed papers for printing on the blank side and other stationery. In case of equipment malfunction, repair work or replacement of parts would be conducted to prolong its lifecycle.

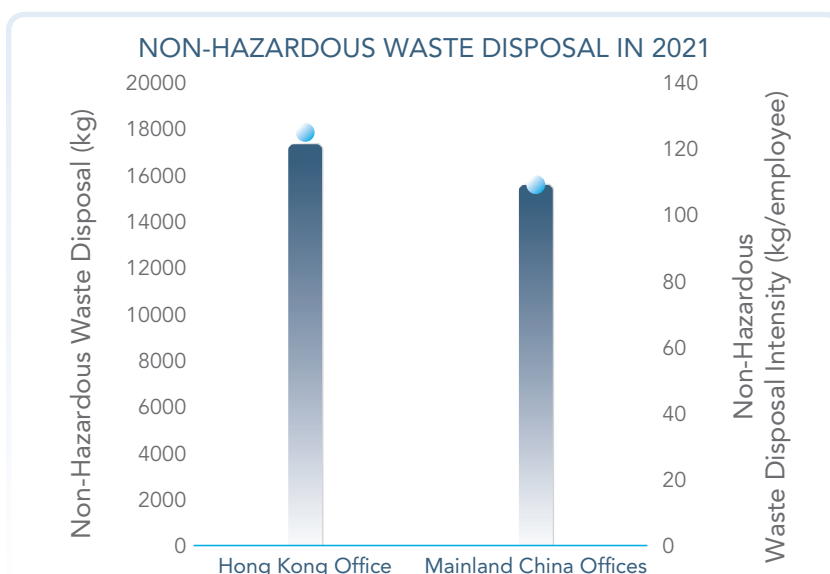
We also actively advocated recycling by providing recycling bins next to printers for the convenience of collecting used paper and toner cartridges; and procuring competent contractors to collect and process electrical and electronic waste. Our Beijing office handled all types of waste in accordance with the requirements of Beijing's municipal waste classification and property management, while either property management or dedicated contractors collect non-hazardous waste and recyclables in our other offices. The Group's mercury-containing fluorescent tubes were all collected by property management in all offices, which would then be sent to competent recyclers or other contractors for proper handling of hazardous waste. Furthermore, our Hong Kong office took part in Environmental Protection Department's recycling programme to properly recycle regulated electrical appliances and other waste electronic equipment.

During the reporting period, we collected more than 2,200 kg of paper and plastic bottles, 189 pieces of hazardous waste<sup>5</sup> and 337 toner cartridges.

**Notes:**

<sup>4</sup> Only includes bottled water consumption. Property management has not been able to provide the Group's office water consumption.

<sup>5</sup> Includes waste mercury-containing fluorescent tubes.



	Hong Kong Office	Mainland China Offices
● Non-Hazardous Waste Disposal	17,360.0 kg	15,604.0 kg
● Non-Hazardous Waste Disposal Intensity	124.9 kg/employee	109.1 kg/employee

## ASSET LEVEL

CEL established the Green Fund in 2020, becoming the first equity investment fund in Mainland China to fully adopt ESG investment standards. The Green Fund adopted the modular “master fund + sub-funds” structure to help build a new domestic-international dual-cycle development structure through our collaboration with major provinces and cities under the “Belt & Road” initiative by setting up direct investment sub-funds, investing in outstanding market oriented sub-funds, directly investing in quality projects, etc. Our funds team collaborated with world-class consulting firms to design a ESG investment system by referencing international standards such as the UN *Principles for Responsible Investment*, International Capital Market Association’s *Green Bond Principles* and the EU’s *Sustainable Finance Taxonomy*, as well as domestic ones like the *Green Industry Guiding Catalogue* issued by the National Development and Reform Commission and China Securities Investment Fund Industry Association’s *Green Investment Guidelines (Trial)*.

The Green Fund complied with green and responsible investment philosophies, and adopted the “Green Positive List” model to orient investment directions. The “Green List” focuses on four aspects of diversified investment, namely Green Environment, Green Energy, Green Manufacturing and Green Living. Apart from creating stable and profitable returns for investors, it also helps promote national green development, and achieve our targets of emission peaking and carbon neutrality.

Green Environment	Focus on environmental technology innovation and horizontal integration of businesses, and utilise Everbright’s environmental protection features to promote circular economy and “Waste-Free City” infrastructures in urbanisation and industrial transformation processes.
Green Energy	Focus on improving multi-scenario applicability of renewable energy and energy efficiency to continue lowering the cost of clean energy, reduce dependence on subsidies and accelerate energy transition.
Green Manufacturing	Focus on “hard technologies” such as smart manufacturing and information technology as well as utilising investment opportunities such as industrial internet of things (IIoT) to enhance manufacturing efficiency and reduce energy consumption.
Green Living	Focus on new green and low carbon consumption behaviour and investment opportunities such as medical and health, as well as promoting greener and more sustainable living, especially in the post-pandemic era.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

We believe that the Green Fund's response to achieving carbon neutrality in terms of investment principle and method lies in three main terminals: energy production, energy utilisation and carbon reduction support. For energy production, we would focus on renewable energy sources such as solar photovoltaic and wind energy, supplemented by methods such as energy storage and hydrogen fuel to gradually replace traditional fossil fuel for power generation. As for energy utilisation, we would reference the six ways set out in the "14th Five-Year Plan – Industrial Green Development Plan" published by the Ministry of Industry and Information Technology to electrify our energy source on the basis of decarbonisation by promoting high-end industrial structure, low-carbon energy consumption, recycling, cleaner production processes, green product supply and digitalised production methods. Last but not least, carbon reduction support refers to reducing energy consumption and carbon emission with the use of supplementary equipment and technology. For example, we would integrate the latest technologies such as big data, AI and 5G with green and low-carbon industries.

CEL's investments has been adhering to these three investment principles since as early as a decade ago, from early investment in low-carbon transformation, energy conservation and emission reduction, to the deployment of wind and solar energy then, and to the most current aspects such as energy storage, new energy, smart vehicles and smart scenario technology to help enterprises to reduce carbon more effectively. The Group has since gained a vast amount of investment experience, an extensive network and a first-mover advantage. Our key investments include CECEP Wind Power, Haitai Solar, XPeng Motors and Yuanchen Environmental Protection Science & Technology. Looking to the future, carbon capture, utilisation and storage ("CCUS") will be one the primary technologies to achieve decarbonisation of energy production and industries. Although relevant business models are still under development, CCUS is one of the few promising technologies to realise negative carbon emissions in the long run. Therefore, it is worthy of our investment and patient incubation to aid in our efforts as we journey towards China's "Dual Carbon" targets.

### Empowering "Carbon Neutral" Industries

CEL had been supportive of industrial development and a pioneer in empowering its key investee companies in the field of sustainable development to build a zero-carbon economy.

For example, Terminus, an AIoT (Artificial Intelligence of Things) unicorn company incubated by CEL, became the first to apply the AIoT framework in China to promote smart city construction, and develop core businesses such as municipal-level operating systems, carbon neutrality and robots. Its AI Park in Chongqing was the first ecological zone to use AIoT technology to monitor carbon emissions throughout the zone's life cycle. The annual emission of the football field-sized AI Park is around 3.8 tonnes, which is equivalent to the annual emission of a small passenger car.

CALC, an investee of CEL, was the first operating aircraft lessor in China and a leading global aviation finance enterprise. Differing from other financial leasing companies, CALC focuses on operational aircraft leasing business, owns aircraft assets and opens up the value chain at each stage of an aircraft's lifecycle. Instead of the passive business model of fleet management and needs of capacity replenishment, CALC actively participates in aircraft operators' fleet upgrades to enhance the fleet's asset value. CALC has two aircraft recycling bases domestically and abroad; full licences for aircraft maintenance, recycling and remanufacturing and sale of components from respective Chinese, US and EU authorities. Through making use of the coordination of the teams across the world, CALC has been able to maximise the life cycle value of its fleet by increasing the number of leases, transactions and dismantled commercial aircrafts annually. As of 31 December, 2021, CALC had a fleet of 152 aircraft. CALC satisfies fuel consumption and carbon emission reduction requirements of the operators through the procurement of the most energy efficient new generation slim-bodied aircrafts, while continuously enhancing its aircraft handling capacity at the same time. As at the end of 2021, CALC's two recycling bases had dismantled more than 380 aged aircraft and 80 engines in aggregate; provided over 370,000 components for reusing in the civil aviation market. This shows that CALC is steadily becoming the world's leading sustainable full value chain aircraft solution provider that promotes the sustainable development of "green aviation".

## OUR COMMUNITY

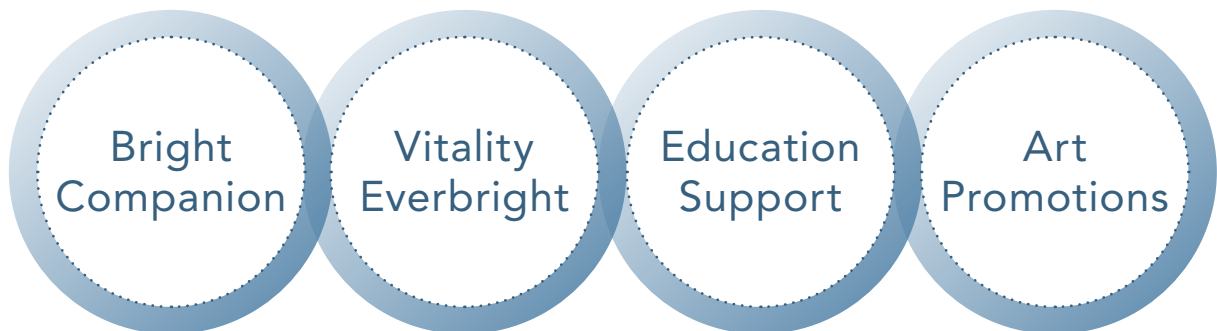
Giving back to society is viewed by CEL as an important part of fulfilling its corporate social responsibility ("CSR"). We work closely with all types of stakeholders to help promote stable development and inject vitality into the community in different ways, with an aim to help those in need by putting our influence on society to good use. In April 2021, CEL formally established the Cultural and Social Responsibility Department to better fulfill our social responsibility and foster our corporate culture.



Since the establishment of CEL's Volunteer Team in 2012, we have organised a variety of community activities and strived to contribute to the development of a harmonised community. To give back to the society, CEL's Volunteer Team organises a variety of volunteer activities, and has visited nursing homes, centres and schools for children with special needs, sheltered workshops; prepared lunchboxes in collaboration with Food Angel for distribution to the elderly; participated in garden restoration at a historical monument; and organised parent-child volunteering, mural painting in schools, tree planting as well as various other fundraising and in-kind donation events.

The Group's *Corporate Social Responsibility Policy* clearly shows our commitment to being socially responsible. We provided support and targeted resources allocation in diverse fields by focusing on social needs, including poverty alleviation, disaster relief and helping the disadvantaged, to promote social harmony. In 2021, CEL was fully committed to alleviating poverty. We supported Henan by donating RMB500,000 for flood control, completed donation of RMB1 million for designated assistance funds, and purchased around RMB400,000 goods for poverty alleviation through consumption. We additionally donated more than RMB100,000 through CECF.

In 2008, CEL established CECF, a charitable organisation recognised by the Hong Kong government. Over the past years, CECF continuously supported community projects in support of local community development with the four themes of "Bright Companion", "Vitality Everbright", "Education Support" and "Art Promotions".



### Bright Companion

CEL's Chinese and English name of "Everbright" symbolises the company's vividness and optimism; while in real life, CEL also creates a bright future and supports the needy through concrete actions. In recent years, CEL has actively supported and taken part in sight-saving campaigns of "Lifeline Express" and "Orbis", hoping to restore eyesight to the visually impaired around the world.

#### "Orbis"- International Sight-saving Organisation

Ever since 2018, CEL has become Orbis's "Hong Kong Corporate Partner" for four consecutive years to support its sight-saving campaigns across the globe, and to help restore the eyesight of cataract patients. This year, CECF has again supported Orbis's online tax-deductible donation campaign through Orbis Donation Matching Scheme, so as to encourage citizens to offer help, doubling Orbis's sight-restoring effort and helping more cataract patients.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

## Vitality Everbright

CEL has an energetic corporate culture thanks to our staff and management's common interests on sports and health events. Through participating and sponsoring various sports activities, we actively advocate the importance of maintaining a healthy lifestyle and developing a self-challenging sportsmanship mentality.

### Title Sponsor for Spartan Race Hong Kong

CEL has title sponsored "Spartan Race Hong Kong" for four consecutive years, hoping to bring a brand-new arena experience and the spiritual concept of challenging one's endless to more participants, and motivating them to be a better self in the game of life. In May and November 2021, Kids Race and Adult Spartan Race were respectively organised, in which every participant collaborated with each other, solved the obstacles together and successfully accomplished the challenges.



### Sponsoring the Hong Kong Special Administrative Region Delegation in the 14th National Games of the People's Republic of China

National Games of the People's Republic of China is the largest national comprehensive sports event of the highest level in China that is held every four years. The 14th National Games was held in Shaanxi from 15 September to 27 September 2021, and 171 athletes from the Hong Kong SAR Delegation participated in 18 events, including archery, gymnastics, fencing, badminton, martial arts, table tennis and taekwondo, etc.

To extend the Hong Kong athlete team's achievement in the Tokyo Olympic Games and appreciate their rewarding sportsmanship, CEL sponsored the Hong Kong SAR Delegation in the 14th National Games to give assistance in the competitions and support sport development in Hong Kong.

In recognition of our generous sponsorship, CEL was awarded a certificate of appreciation by HKSAR Delegation's Organising Committee at the Flag Presentation Ceremony hosted by HKSAR Delegation of the 14th National Games on 20 August 2021.





## Education Support

The Group highly values education and talent. The Group has long been a great supporter of various community projects relating to care for children and young people as well as education. By further promoting a range of work and development about social education through CECF, we aim to nurture more future talents for the country.

### “China Everbright Voice of the Stars Story-Telling Scheme” Promotion

In 2016, CEL launched “China Everbright Voice of the Stars Story-Telling Scheme”. Title-sponsored by CEL, the project is run by Endeavour Education Centre Limited. Celebrities from different sectors are invited to deliver famous stories of Chinese history, historical figures and culture through audio-recording and the audiobooks are given to primary and secondary schools in Hong Kong for free, with an aim to deepen local youth's and students' understanding of Chinese history and culture, strengthen their sense of belonging to China, develop the spirit of ethnic pride and cultivate a positive life attitude through in-depth understanding on the country's development by way of fun learning. As of the end of December 2021, “China Everbright Voice of the Stars Story-Telling Scheme” has broadcasted a total of 128 stories and the cumulative browsing and story listening frequency of relevant webpages have already exceeded 280,000 times. This project was awarded the First Prize for Outstanding Practice Cases of Social Responsibility by Everbright Group.



At the same time, “Chinese History for Children”, an accompanied project on audiobooks, is well received by primary and secondary students in Hong Kong, effectively influencing the parent and facilitating good social benefits.

### Spreading the Scholarly Fragrance into the Community

The book donation ceremony “Spreading the Scholarly Fragrance into the Community” was jointly organised by the Hong Kong Staff Association of Everbright Group, China Development Bank Hong Kong Branch and the Hong Kong Representative Office of China Petroleum & Chemical Corporation on 25 September 2021 at Everbright Centre. This event is targeted at 54 organisations, including associations and schools in western and southern districts of Hong Kong Island and outlying islands. To encourage residents in Hong Kong Island to start their Chinese reading habits, and enhance their understanding on traditional Chinese culture as well as the nations, 5,500 Chinese books with 100 categories were donated, covering Chinese cultural traditions, national identity, history, morality and the rule of law, biographies, classics and general education.



To enrich a scholarly culture and atmosphere in Hong Kong, CEL together with the volunteer team of the Staff Association of Everbright Group actively participated in the event, and 2,000 Chinese books were donated to 20 organisations, including the Central and Western District Branch of the Democratic Alliance for Betterment of Hong Kong, the Central District of Fong Chong Social Service Centre, ZJ Association, The Belcher's-Shek Tong Tsui Association, Central District Kai-Fong Welfare Association, Kennedy Town Kai-Fong Welfare Association, Sai Ying Pun Kai-Fong Welfare Association, Chiu Sheung School, Yip Wing-Shing District Service Centre and HKU Employees Union, etc.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

## Art Promotions

Throughout the years, CEL has enhanced the overall cultural literacy of our society and the public by supporting and promoting the development of various local art groups in Hong Kong through different channels, creating widespread interest among the general public for the refinement and elegance of arts.

### Title Sponsor for Hong Kong Ballet Performance

CEL has been title sponsoring classical productions of Hong Kong Ballet for seven consecutive years, such as “Nutcracker”, “Swan Lake”, “Serenade and More” in the Mainland, “Don Quixote”, “Giselle”, “1st Annual International Gala of Stars” and “International Gala of Stars 2019”, “Romeo + Juliet”, etc. Apart from tremendous social benefits and company reputation generated in the collaboration with Hong Kong Ballet, CEL still puts huge efforts to fulfil corporate social responsibility. Through continuous donations to Hong Kong Ballet’s “Accessibility Fund” for six consecutive years, CECF offered free tickets to underserved communities in Hong Kong to enjoy and promote ballet performances. In 2021, CEL once again donated 100 tickets to Hong Kong Ballet’s “Accessibility Fund” for the underprivileged families to watch the classical ballet performances.



## Poverty Alleviation

In 2021, in accordance with the working requirements of “China Everbright Group’s Practical Opinions on Assisting Targeted Countries in Poverty Alleviation and Rural Revitalisation”, we continue to strengthen our working mechanism and facilitate the fixed-point assistance related to poverty in the aspects of consumption, education and employment.

Consumption	Education	Employment
<p>In 2021, CEL donated fixed-point assistance funds of RMB1 million, and spent more than RMB400,000 on two centralised purchases of characteristic agricultural products. We also extensively mobilised and encouraged our employees to participate in the “3rd Living Streaming Event of Agricultural Product Exhibition” to purchase poverty alleviation products through Everbright Group’s platform “Gou Jingcai”.</p>	<p>With the collaboration of our associate, Everbright Senior Healthcare, we provide manpower and technological supports in vocational education at the designated districts with poverty problems, and assist in vocational secondary schools in Xintian County in the form of school-enterprise cooperation. In 2021, Everbright Senior Healthcare, through its subsidiary Everbright Bai Ling Bang Jin Bo Yuan Vocational School, accomplished a 5-phase professional teaching scheme of senior healthcare, and provided various opinions on housekeeping and healthcare services to foster the development of Xintian Vocational School.</p>	<p>In 2021, Everbright Huichen, a subsidiary of Everbright Senior Healthcare, signed a “Cooperation Agreement” with Xintian Vocational School to provide teaching internship opportunities for 19 students of Xintian Vocational School in 2019. Considering the demand of talents, Everbright Senior Healthcare also communicated with healthcare institutions to ensure graduates in Xintian Vocational School with the completion of internship to have suitable employment positions.</p>

In the future, the Group will continue to utilise our own resources to further reinforce our supporting efforts, help the designated districts and other areas to alleviate poverty, and keep promoting rural revitalisation with all parties to overcome difficulties faced.



## MAJOR RECOGNITIONS, AWARDS AND MEMBERSHIPS

In recognition of the Group's continuous contributions in caring for the community, employees and environment as well as building an inclusive society over the years, CEL has been awarded "Caring Company" and "Caring Organisation" for eleven consecutive years since 2011. CEL has been awarded the "Happy Company" label for seven consecutive years jointly by the Hong Kong Productivity Council and the Promoting Happiness Index Foundation, in recognition of our commitment in creating a pleasant working environment and promoting positive attitudes towards life for our employees. Furthermore, we have also been awarded the "Sport-Friendly Action" Decal by the Chinese YMCA of Hong Kong for two consecutive years, commending our efforts in caring for the physical and mental health of our employees and promoting life-work balance.

At the 2021 Global PE Forum of the China International Fair for Trade and Services, CEL won 4 awards including "2020-2021 Top 10 Demonstrations of ESG Responsible Investment in China's Equity Investment Industry" and "2020-2021 China Equity Investment Industry Outstanding Social Responsibility Award", etc. To honour the excellent ESG practice and corporate governance performance, CEL was also awarded the "2021 China ESG Award for Best Corporate Governance (G) Case" at the CLS-ESG Summit Forum and Awards Ceremony. To add on, the governance case was selected as one of the 14 outstanding cases in the "2021 China Enterprises' ESG Cases White Book Paper".

The awards and recognitions received by the Group in 2021 are as follows:

Recognitions and Awards	Issuing Authority
Caring Company    Caring Organisation  	The Hong Kong Council of Social Service
Happy Company 5 years+ 	Hong Kong Productivity Council & Promoting Happiness Index Foundation
Sport-Friendly Action 	Chinese YMCA of Hong Kong
China's Top 20 Investment Institutions in ESG	36Kr
China Top 30 Private Equity Investment Institutions Top 20 Best Foreign Private Equity Investment Institutions in China Top 30 Best Private Equity Investment Institution in Guangdong-Hong Kong-Macao Greater Bay Area	ChinaVenture Info
2020-2021 Top 20 Chinese Private Equity Investment Institutions 2020-2021 Top 10 China Market-Based Funds of Funds 2020-2021 China Equity Investment Industry Outstanding Social Responsibility Award 2020-2021 Top 10 Demonstrations of ESG Responsible Investment in China's Equity Investment Industry	Global PE Forum
2021 Top 10 Best ESG Investment Institutions 2021 Top 20 Best Returns State-owned Direct Investment Institutions	FOF Reserch Centre
2021 China ESG Award for Best Corporate Governance (G) Case	Cailian Press
2021 China Top 50 PE Investment Institutions 2021 Top 50 State-owned Private Equity Investment Institutions of China	Zero2IPO Group
2021 China Influential PE Investment Institutions Top 50	China Venture Capital Annual List • Golden Investment Prize List
2021 Global Private Equity Investment Institutions ranking 75	PEI 300

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

The Group continues to participate in professional and trade organisations to keep abreast of the main issues, industry trends, the latest laws and regulations and best practices in our operations. The following table lists the membership owned by the Group and its participation in the industry and professional associations.

Institution	Class of Membership
The Chamber of Hong Kong Listed Companies (CHKLC)	Corporate Member
China Venture Capital and Private Equity Association (CVCA)	Corporate Member
China Merges and Acquisition Association	Vice President
Chinese Financial Association of Hong Kong	Vice Chairman
Hong Kong Chinese Listed Companies Association	Corporate Member
Insurance Asset Management Association of China	Special Cooperation Organisation

MAJOR INVESTEE AND KEY INVESTEE COMPANIES<sup>6</sup>

## Everbright Jiabao/EBA Investments – Real Estate Asset Management

With core businesses centred around asset management, investment and development of real estate, Everbright Jiabao, an associate of the Group, envisions to become a pioneer in China's cross-border real estate asset management; EBA Investments is the largest industrial investment fund manager and real estate investment platform operating held by CEL and Everbright Jiabao, specialising in real estate investment and asset management since its establishment. In its 14 years of development, EBA Investments has built multiple mature product lines including equity investment, structured investment and finance, cross-border asset management and real estate securitisation, while simultaneously setting up a comprehensive asset management system.

## Our Employees

Everbright Jiabao advocates a people-oriented concept, believing that human resources are the company's most important assets. Everbright Jiabao is dedicated to providing employees with a diverse and friendly working environment, focusing on cultivating a professional working team to increase the company's competitiveness. Our *Employee Handbook* lists relevant important information in accordance with applicable laws and regulations, ensuring that equal opportunity principles are incorporated into human resources management and remuneration policies. We provide employees with various training and professional development plans, encouraging them to instil in themselves the ideas of self-directed learning and lifelong learning. Our group regularly organises recreational activities, including badminton, basketball as well as arts and crafts workshops, creating a good work-life balance for our employees.

During the COVID-19 pandemic, we strive to uphold stringent regional prevention and control requirements, as we believe the community and people's lives are of utmost importance. Various pandemic prevention and control measures are being enforced and observed strictly in order to build an extensive line of defence, safeguarding our employees' safety and health.

## Our Value Chain

Everbright Jiabao actively practises business integrity and strictly abides by our contracts, following the principles of honesty, mutual benefit and legal compliance, which helps to build good relations with our investors, suppliers, construction units, customers and creditors.

For investors, we use channels such as online interaction platforms and receptions to enhance their insights and understanding of the company's development strategy, thereby safeguarding their interests. In terms of construction work, we greatly value the interests of migrant workers and hence have identified the ability to provide timely wages compensation as an important criterion when selecting construction enterprises to partner with in order to protect the rights of our workers.

Note:

<sup>6</sup> This section details the summary on sustainable development of the Group's major investee and key investee companies, which are not accounted for as subsidiaries in the consolidated financial statements of the Company. These contents are voluntary and additional disclosures beyond current compliance requirements.

## Our Environment

We have always been dedicated to upholding a green development philosophy and are committed to adopting green construction standards. We ensure the incorporation of sustainable development factors such as energy consumption, air quality, water resources and material usage in project development and operations in order to minimise the environmental impacts induced by our business operations.

EBA Investments is a keystone member of the International WELL Building Institute™ (IWBI™) and is committed to create a healthy working environment in accordance with the WELL Building Standard. Multiple of our projects including New Everbright Centre, EBA Centre and EBA Hongqiao Centre have all received various certifications from IWBI™, the U.S. Green Building Council (LEED) and the National Green Building Standards, affirming our green, low-carbon and environmentally friendly philosophy.

In 2021, EBA Investments officially released our self-owned office building asset management brand WELLBEING. This service system will cover EBA Investments' multiple office building projects located in Shanghai and Beijing, and is envisioned to bring a green, healthy and high quality workplace experience for stationed enterprises. Encompassing a wide range of dimensions such as green ecology, smart technology, healthy interactions, resource platforms and customised services, EBA Investments has built an operation service platform which focuses on the harmonious co-existence of people's wellbeing, architecture and cities, establishing the future business ecosphere and redefining the story of the office complexes market.

Dedicated to implementing sustainable development concepts together with our suppliers, we aim to select companies with a strong sense of social responsibility in our business operations, while also focusing on using novel products with environmentally friendly, low-carbon and recyclable features.

## Our Community

Everbright Jiabao's mission is to "repay shareholders, treat employees well and give back to the society", fulfilling its social responsibility by utilising its in-house relevant platforms and resource superiority. Apart from actively participating in the construction of commercial housing for relocation in order to provide high quality housing for relocated households, we have also launched various forms of charitable activities. Everbright Jiabao established Shanghai Jiabao Charity Foundation in 2012, which raises funds to reward people who embrace justice, nurture hygiene talents, aid elderly care and promote cultural development in the community, enhancing harmonious development of the society.

EBA Investments has also introduced long-term commitments to the charity and art industries. Co-hosted by the Beijing Tongzhou District Publicity Department and EBA Investments' New Everbright Centre, the "Meet the Grand Canal—World Canal Exchange Art Project" had its grand opening at New Everbright Centre's An Art Museum on 16 October 2021. This event gathered dozens of artists from China and around the world, displaying 50 pieces of arts. With canals as the theme and arts as the interwoven link, it presented the Chinese culture to the world in the form of art exchange, highlighting the Chinese civilisation and our cultural confidence.

## Terminus – Artificial Intelligence Internet of Things

Terminus is an artificial intelligence IoT platform company which CEL has been cultivating and developing since 2015. It has grown into one of the most competitive companies in the novel technologies sector under the "Three-universal and One-innovative" strategic layout of Everbright Group. Terminus took the lead in applying the AIoT (Artificial Intelligence Internet of Things) technology framework in China, building on its hard core technology to promote applications in the intelligent spatial scenario construction of cities, and has now become a total enabler in the provision of all-inclusive end-to-end AIoT services.

## Our Employees

Terminus adheres to the people-oriented concept and continuously refines its human resources management policies, fuelling the growth of the employees. We are keen on organising different sport clubs and teambuilding activities based on employees' interests to help them realise work-life balance and creating good working atmosphere. Our *Employee Handbook* lays out comprehensive details regarding equal opportunities, remuneration and benefits, promotion opportunities, workplace discipline and communication norms, serving as a reference and mutually established basis which regulates the daily conduct of employees, thereby ensuring employees at all levels enjoy equal treatment and demonstrating the value of diversity. The company has also established the Terminus University, in line with the company's strategy, in order to raise organisational capabilities. This aims to strengthen teamwork and communication, better equip our Terminus people and cultivate a base for mature technology, products, marketing and management talents.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

### Our Value Chain

Terminus strives to become the world's leading all-inclusive services provider in smart city ecosystems. Adhering to the customer-centric service concept and centred around the ideas of new infrastructure as well as dual carbon strategic goals, Terminus is dedicated to employ our AIoT technology to enable dual carbon applications, facilitating the accumulation of core capabilities in the dual carbon realm and achieve ecosystem co-construction, and ultimately promoting the successful establishment of green smart cities. In the process of serving the industry, Terminus regulates the company's business activities and behaviour with honesty, trustworthiness, legal compliance and mutual benefit as our codes of conduct. We maintain close communications with our investors, suppliers, customers and partners through various channels and uphold a premium business reputation. Under the development trend of the smart IoT industry, we will jointly develop sustainable business growth opportunities with controllable risks through close cooperative relationships and effectively protect the interests of our investors.

### Our Environment

Since 2015, Terminus has been accumulating smart energy technologies. In 2021, we have actively responded to the national carbon neutrality goal and empowered carbon neutral smart cities with AIoT technology. Today, we have established a full range of carbon neutral products and ecosystems ranging from technology, industry-learning-research and applications.

Within 6 years, Terminus' business has expanded from empowering a door to constructing a city, providing low-carbon green intelligence services for various cityscapes throughout their life cycles, driving the development of urban morphology into the next stage with technology and supporting the realisation of the dual carbon targets through practical means.

At present, Terminus' future city AICITY pilot station "AI PARK" is an ecological park that utilises AIoT technology to monitor on-site carbon emissions throughout its life cycle. Its daily operation has already achieved "net zero emissions". Through our automatic self-evolved OTA (Over-the-Air) technology and the intelligent multi-scenario services provided by Terminus' Titan robots, we have created a "green intelligent building of life" with temperature, perception and thinking capabilities, setting an industry benchmark for low-carbon green cities.

### Our Community

In 2020, Terminus launched "Operation Huolei", which is a continuous charitable event aimed at smart education empowerment and providing technical support in pandemic response, and has contributed 109 times thus far at the frontline. During the COVID-19 pandemic, Terminus has procured tens of millions of anti-pandemic supplies worldwide, provided in-house technological products targeted against the pandemic with a total value of over tens of millions RMB, and initiated emergency relief and assistance programmes for 58 organisations across 9 domestic frontline zones such as Wuhan, Beijing and Chongqing, as well as 2 international frontline zones in the United Arab Emirates (UAE) and Qatar. As a representative advanced technological corporate in China, Terminus is actively supporting the battle against the pandemic with our technology, orchestrating a new chapter on China's technological capabilities.

At the same time, Terminus' Operation Huolei has introduced novel technology as an enabling means for smart education. Through our "Smart Classrooms", we are dedicated to creating better education and study environment in schools, tapping into more growth opportunities, dreams and aspirations. Our Terminus Operation Huolei Charity Team has visited a number of schools in Hebei, Sichuan, Chongqing and other places, providing students with education materials such as learning equipment and technology products. We also shared knowledge regarding latest developments in the field of artificial intelligence and other science areas, bringing the smart technology experience into classrooms in villages and towns, supporting rural education through concrete actions.

### CALC – Full Value-Chain Aircraft Service

Invested by CEL, CALC is China's first operational aircraft lessor and a world leading aviation finance corporation. CALC aims to provide clients with bespoke full value chain aircraft solutions including general operations such as aircraft leasing, purchase and leaseback, and structured financing; as well as value added services such as fleet plan consulting, fleet upgrade, aged aircraft asset management, aircraft maintenance and disassembly, and component sales.

According to ICF International, a well-known aviation consulting firm, CALC ranks among the top ten aircraft lessors in the world by virtue of its total fleet and orderbook assets. Relying on its experienced and international team and global financing capabilities, CALC's operations span across 17 countries and regions including Asia Pacific, Europe and the Americas.

Listed on the Stock Exchange in July 2014 (stock code: 1848.HK), CALC is the first listed aircraft lessor in Asia. At present, CALC is a constituent stock of the MSCI China Small Cap Index.

## Our Employees

Employees are the core of our operations, their support forms a solid foundation for the sustainable development of our group and business. To establish a motivated workforce, we focus on the training and professional development while offering competitive salaries and welfares, occupational health and safety as well as work-life balance. Our *Staff Handbook* indicates all important information and requirements for our employees' reference.

We have established a comprehensive *Training and Development Policy*, which indicates the training categories and provides relevant training application and reimbursement procedures as well as the framework for training assessment. Our department supervisors and management team will evaluate the capability and performance of the employees within the assessment period. The results of the assessment will be used for sharpening the necessary skills, and acquiring knowledge and experience in order to support our business demand. Moreover, we regularly organise various different outdoor activities and charitable events, allowing employees to enjoy life apart from work. We also offer travel reimbursement every year for qualified employees. Employees who are on business trips are covered by travel insurance. All employees are insured against any industrial accident arising out of and in the course of their employment.

## Our Value Chain

Stakeholder engagement is an indispensable part of CALC's sustainable development strategy. We maintain constant interaction and close communication with stakeholders through various communication channels, to gain further insights into how its business affects different stakeholders. Maintaining trusted relationships with our stakeholders enables us to define and continuously adjust our current and future sustainability strategies.

As a responsible company, CALC strives not only to comply with all the laws and regulations under we operate, but also to build a better and greener future with our suppliers. The company has established a fair and transparent *Suppliers Selection and Management Procedure* for selecting and managing all suppliers to minimise risks related to sustainable development. We will also regularly evaluate the performance of our suppliers and contractors to ensure compliant and continuous improvements.

## Our Environment

Since 2018, the company has implemented *Green Office Programme* to promote efficient use of office resources and raise environmental awareness. Our *Green Office Guide* is supported by our management, offering principles and practical tips for saving energy, water, and office appliances to encourage green operation and advocate eco-friendly living among employees.

To keep track of and manage our impacts on climate change, we regularly monitor and review our GHG emissions. In addition, we also continue our procurement strategy of energy-efficient aircraft and phasing out older models to improve aircraft fuel efficiency and reduce carbon emission. We also develop climate risk research assessments to understand how climate change will induce the main risks of our operations. Moreover, we conduct initial climate risk reviews to outline the physical and transitional risks and consequences, helping us to better develop our business in a sustainable way.

While improving our aircraft, fuel efficiency and relevant external prices are of primary concern to us. In the long term, the New Engine Options (NEOs) will reduce fuel consumption, carbon emissions and operating costs considerably. Starting from 2018, the time we initiated our delivery of the first A321neo aircraft, the group continued to execute the procurement strategy of purchasing energy-efficient aircrafts and phasing out aged aircraft.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

### Our Community

CALC is committed to corporate social responsibility as a long-term goal through our *ESG Policy*. We strive to support the local communities and encourage our employees to participate and volunteer at charitable activities so as to contribute to our society.

In 2021, CALC continued to support Everbright Group's poverty alleviation projects. In the first quarter, we utilised direct procurement and helped to sell approximately HK\$20,000 of featured agricultural products from impoverished counties in Hubei Province; donated US\$2,000 to Mother's Choice, a charitable organisation in Hong Kong and member of, to provide assistance to disadvantaged women and children; and donated RMB250,000 to Tianzhu Tibetan Autonomous County Chengguan Primary School to support the construction of "maker" classrooms in Wuwei City, Gansu Province.

On 5 May, 2021, CALC participated in the "Sunshine Consumer Protection, Shenzhen Take-off" campaign held by Everbright Bank's Shenzhen Branch. All participating staff completed the five-kilometre charity run, advocating a new financial consumption concept – "Health Above All". Besides, CALC employees also took part in Sai Kung Hoi Ha Wan Ecotour sponsored by the World Wide Fund For Nature ("WWF"), and also participated in World Green Organisation's carton beverage recycling and organic farming programmes to raise awareness on the importance of how a sustainable lifestyle is important to environmental conservation and the development of low-carbon economy.

### Everbright Senior Healthcare – Senior Healthcare

Everbright Senior Healthcare is an enterprise under Everbright Group that focuses on universal healthcare development. It is also an associate of the Group. Everbright Senior Healthcare has accurately capitalised on market opportunities since its establishment with a growing momentum. It has become a renowned senior healthcare group and realised its presence in over 50 key core cities in China.

Everbright Senior Healthcare set up a three-level elderly service model supported by institutional and community-based elderly services and supplemented by in-home elderly services. Everbright Senior Healthcare created a "Senior Healthcare +" model to boost development by "Insurance + Senior Healthcare", transformation by "Medical + Senior Healthcare" and branding by "Service + Senior Healthcare", and a standard operation system featuring unified service standards, middle- and back-office operations and central procurement. By building a smart elderly care platform, it follows the principle of light-asset and high-quality development.

Everbright Senior Healthcare continuously implement diversified industry deployment to set up a full chain of diversified elderly care eco-system. It establishes one-stop bespoke service solutions for senior healthcare based on the demands of senior citizens. We also strive to leverage our business advantage, combined with our business characteristics, to cover all types of healthcare needs of the senior citizens.

### Our Employees

Everbright Senior Healthcare is committed to building a team of talents who are passionate about the healthcare industry and equipped with professional knowledge and capabilities. For this purpose, based on our strategy and business, we build our talent pool surrounding three specific talent streams: operation management, marketing and nursing. Through construction and continuous improvement of training systems of operational management talents, executive talents and the three specific talent streams, along with the training programme and exchange activities for key talents based on different levels of position, we are empowering our employees to learn on the job in business operations and strategical development by gaining management and professional experience and grow as a team, gradually forming a learning organization.

In 2021, Everbright Senior Healthcare has successfully attained ISO45001 Occupational Health and Safety Management System certification, which provides more secure protection of our staff's physical and mental health.

## Our Value Chain

Leveraging Everbright Group's universal healthcare collaborative platform, Everbright Senior Healthcare cooperates with multiple parties to deploy a universal healthcare industrial chain and launches multiple kinds of medical and senior healthcare products. Everbright Senior Healthcare is driven by operation and capital to promote the mutual integration of the senior healthcare industry and financial capital. With the model characterised by the integration of "medical care + senior healthcare, insurance + senior healthcare, and services + senior healthcare" embedded with our business advantage, we cover the various daily needs of the senior citizens while upholding our corporate mission of "Improving the Life Quality for Senior Citizens and their Families and Promoting the Chinese Filial Piety Culture".

In 2021, Everbright Senior Healthcare successfully obtained the certifications of ISO9001 Quality Management System, ISO14001 Environmental Management System, ISO45001 Occupational Health and Safety Management System, Pension Service level 5A and Standardisation level 4A, all of which are of great significance to us in further improving the quality of our services, upgrading our management standards and enhancing our market competitiveness.

## Our Environment

Everbright Senior Healthcare's *Environmental Management Policy* has provided clear guidance on the management of carbon emissions, energy, water and waste. We are required to comply with all related laws and regulations to reduce the impact of our operations on the environment. Our *Conservation Management Policy* strengthens the monitoring and analysis of water, electricity and natural gas consumption by designating a person in charge of each facility to handle abnormal situations in time, thereby reducing waste of resources.

To reduce our carbon footprint, we have incorporated green building elements and implemented various environmental measures in our projects. We strictly prohibit the use of materials containing polycyclic aromatic hydrocarbons (PAHs) in new projects and prioritise environmentally friendly furniture and accessories; ensure abundant greenery and increase vegetation coverage in public areas, elderly's rooms and outdoors. Besides, we introduce natural light homes' construction design and adopt energy-saving LED lights whenever possible, to reduce power consumption due to lighting; and use steam-heating equipment running on natural gas instead of highly polluting combustion-based heating to further enhance energy and environmental conservation. We also reduced our water consumption and sewage discharge by installing water-saving devices, sewage treatment and recycling systems.

To improve the awareness of environmental protection of the elderly, their family members and our employees, we put up energy-saving and water-saving tips around the nursing homes and conduct regular advocacy activities to raise their environmental awareness. We also actively participate in the environmental operation management training offered by the government to ensure that our staff fully understand the latest environmental management information, thus increasing our environmental performance in our operations.

## Our Community

"Demonstrate the responsibility of a state-owned enterprise through social responsibility" is the corporate purpose of Everbright Senior Healthcare. With the needs of the elderly as the guiding principle, we are pledged to provide one-stop elderly services in every city, community and household. Employees of nursing homes under Everbright Senior Healthcare will prepare various social and recreational activities for the elderly every month, enabling them to enjoy quality life and adding a splash of colours to enrich their daily lives.

During the pandemic, we actively responded to the call of the government and paid high attention to pandemic control measures. We enhanced the protection of the elderly against the pandemic via vaccination, emergency drills, emotional support and daily management, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

## PERFORMANCE DATA

Economic Performance	2021 Amount (HK\$'000)
<b>Direct Economic Value Generated</b>	
Income from contracts with customers	659,392
Income from investments	4,314,022
Income from other sources	(276,533)
Share of profits less losses of associates	1,229,097
Share of profits less losses of joint ventures	59,237
<b>Economic Value Distributed</b>	
Finance costs	937,446
Other cost <sup>7</sup>	1,438,086
Dividends	977,447
Taxes <sup>8</sup>	111,008
Profit attributable to non-controlling interests	110,942
Charitable donations	1,910
<b>Economic Value Retained</b>	
Retained for CEL's sustainable operation and development	2,408,376
<b>Environmental Performance</b>	
<b>Greenhouse (GHG) Emissions</b>	
Scope 1 (tonnes CO <sub>2</sub> equivalent)	25.2
Scope 2 (tonnes CO <sub>2</sub> equivalent)	686.9
Scope 3 (tonnes CO <sub>2</sub> equivalent)	357.3
GHG emissions intensity (tonnes CO <sub>2</sub> equivalent/employee)	3.8
<b>Energy and Water Consumption</b>	
Direct electricity consumption (kWh)	1,050,988.0
Direct electricity consumption (kWh/employee)	3,726.9
Water consumption <sup>9</sup> (m <sup>3</sup> )	1.4
Water intensity (m <sup>3</sup> /employee)	0.005
Direct fuel consumption – Petrol (L)	9,307.5
Direct fuel intensity (L/employee)	33.0

## Notes:

<sup>7</sup> Represents other costs but excludes depreciation and amortisation for the year.

<sup>8</sup> Represents current income tax but excludes deferred tax for the year.

<sup>9</sup> Since tap water in the offices is supplied by the building and there is no independent water meter, the water consumption only includes the consumption of bottled drinking water.



Environmental Performance	2021
<b>Materials Consumption and Recycling</b>	
Paper consumption <sup>10</sup> (kg)	6,740.0
Paper recycled (kg)	2,218.0
Cartridges consumption (pcs)	337
Cartridges recycled (pcs)	337
<b>Waste Disposal</b>	
Non-hazardous waste (kg)	32,964.0
Non-hazardous waste disposal intensity (kg/employee)	116.9
Hazardous waste <sup>11</sup> (pcs)	526
Hazardous waste disposal intensity (pcs/employee)	1.9
Social Performance	2021
<b>Employees (By Employment Type)</b>	
Full-time	282
Part-time	0
<b>Employees (By Gender)</b>	
Male	154
Female	128
<b>Employees (By Age Group)</b>	
Under 30	23
30-40	147
41-50	80
Above 50	32
<b>Employees (By Employment Category)</b>	
Chief level executives	11
Senior management	44
Middle management	105
General Staff	122
<b>Employees (By Geographical Region)</b>	
Hong Kong	139
Mainland China	143
<b>Turnover Rate</b>	
Overall turnover rate	22.7%

## Notes:

<sup>10</sup> Excluding printing by outsourced financial printing companies engaged by the Group.

<sup>11</sup> Including waste mercury-containing fluorescent tubes.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

Social Performance	2021
Turnover Rate (By Gender)	
Male	20.8%
Female	25.0%
Turnover Rate (By Age Group)	
Under 30	26.1%
30-40	20.4%
41-50	22.5%
Above 50	31.3%
Turnover Rate (By Geographical Region)	
Hong Kong	26.6%
Mainland China	18.9%
Percentage of Employees Trained (By Gender)	
Male	100%
Female	100%
Percentage of Employees Trained (By Employment Category)	
Chief level executives	100%
Senior management	100%
Middle management	100%
General staff	100%
Average Training Hours (Hong Kong Office)	
Male	31.1
Female	45.6
Chief level executives	37.4
Senior management	29.2
Middle management	32.2
General staff	46.8
Average Training Hours (Mainland China Offices)	
Male	38.5
Female	45.3
Chief level executives	43.7
Senior management	40.5
Middle management	33.2
General staff	49.0

Social Performance	2021
<b>Occupational Health and Safety Statistics (Employee)</b>	
Work-related fatalities	0
Fatality rate	0
Work-related injuries <sup>12</sup>	1
Injury rate <sup>13</sup>	0.36
Lost days due to work injury	0
High-consequence work-related injuries <sup>14</sup>	0
High-consequence work-related injury rate	0
<b>Occupational Health and Safety Statistics (Third-party Contractors and Subcontractors Working On-site)</b>	
Work-related fatalities	0
Fatality rate	0
Work-related injuries	0
Injury rate	0
Lost days due to work injury	0
High-consequence work-related injuries	0
High-consequence work-related injury rate	0
<b>Suppliers (By Geographical Region)</b>	
Hong Kong	219
Mainland China	184
Other Asian regions	5
Regions outside Asia	5

## Notes:

<sup>12</sup> Types of work-related injury include muscle sprain and minor injuries including cuts and bruises.

<sup>13</sup> Injury rate referred to the calculation methods suggested in GRI403-9. (Injury rate = (Total work-related injuries/Total working hours) x 200,000)

<sup>14</sup> Refers to work-related injury that results in an injury from which the worker cannot or is not expected to recover fully to pre-injury health status within 6 months

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

## GRI AND STOCK EXCHANGE'S ESG REPORTING GUIDE CONTENT INDEX

This Report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix 27 to the Listing Rules and GRI Standards: Core option. The following table provides an overview of the Material Topics, General Disclosures and the Key Performance Indicators (KPI) under the Subject Areas and Aspects of the guide, which are either referred to the relevant chapters of the Report or supplemented with additional information.

## ESG Reporting Guide Content Index

General Disclosures and KPIs	Description	Cross-References/Remarks
Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact in the issuer  relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	We do not hold any relevant policy as our operations do not cause significant impact on the air, greenhouse gas emissions, discharges into water and land, and generation of hazardous waste.  There are no relevant laws or regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
KPI A1.1	The types of emissions and respective emissions data.	Emissions caused by fuel combustion of the Group's vehicles <sup>15</sup> :  SO <sub>x</sub> : 0.137 kg  NO <sub>x</sub> : 5.131 kg  PM: 0.378 kg
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit production volume, per facility)	Our Environment; Performance Data
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Our Environment; Performance Data
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Environment; Performance Data

Note:

<sup>15</sup> Estimated by referencing *Report Guidance on Environmental KPIs* published by Hong Kong Exchanges and Clearing Limited and the *Energy Utilisation – Transport Sector* published by Hong Kong Electrical and Mechanical Services Department.

General Disclosures and KPIs	Description	Cross-References/Remarks
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Our Environment
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduce target(s) set and steps taken to achieve them.	Our Environment

#### Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw material.	Our Environment  We do not hold any relevant policy as the impact of water consumption on environment in our operations is insignificant. Nonetheless, we are committed to actively exploring various water conservation options to continuously improve the water efficiency of our operations.
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Our Environment; Performance Data
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Performance Data  Only includes water consumption for drinking. The property management could not provide the water consumption figure for the Group's offices.
KPI A2.3	Description of energy use efficient target(s) set and steps taken to achieve them.	Our Environment
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Our office's water is managed by property management. We did not find any issue in water sourcing. We are committed to actively exploring various water conservation options to continuously improve the water efficiency of our operations.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	We do not generate any packaging material in our office operations.

#### Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Our office operations will not cause any significant impact on the environment and natural resources.
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our office operations will not cause any significant impact on the environment and natural resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

General Disclosures and KPIs	Description	Cross-References/Remarks
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	CEL's Approach to ESG Management; Our Environment  The Group has formulated the <i>Guidelines for Responsible Investment</i> , which considers climate change and ESG factors in investment decision-making and practice. While creating stable returns for investors, it promotes domestic green development and helps achieve carbon peaking and carbon neutrality goals.
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Environment
Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our Employees  The Group regularly reviews its employment practice to ensure that we are compliance with the <i>Employment Ordinance</i> of Hong Kong, the <i>Labour Law of the PRC</i> and other law regulations.
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Our Employees; Performance Data
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data
Aspect B2: Health and Safety		
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to providing a safe working environment and protecting employees from occupational hazards.	Our Employees  There are no relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

General Disclosures and KPIs	Description	Cross-References/Remarks
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	There are no work-related fatalities occurred in the past three years.
KPI B2.2	Lost days due to work injury	Performance Data
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Our Employees
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our Employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Our Employees; Performance Data
KPI B3.2	The average training hours completed per employee by gender and employee category.	Our Employees; Performance Data
Social		
Employment and Labour Practices		
Aspect B4: Labour Standards		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</li> </ul>	<p>The Group has formulated the <i>Human Rights Policy</i> and incorporated it into our <i>Staff Handbook</i>. Since the Group's business does not involve any deployment of child labour or forced labour, the Group has not formulated relevant policies. However, we will explore the possibilities of including relevant regulations in our <i>Human Rights Policy</i> in the future.</p> <p>There are no relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour.</p>
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	The Group regularly reviews its employment practice to ensure that we are compliance with the <i>Employment Ordinance</i> of Hong Kong, the <i>Labour Law of the PRC</i> and other law regulations related to child labour or forced labour.
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	The Group has zero tolerance towards such practice. Violations are subject to internal disciplinary actions or handled by relevant authorities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

General Disclosures and KPIs	Description	Cross-References/Remarks
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	CEL's Approach to ESG Management; Our Environment
KPI B5.1	Number of supplies by geographical region.	CEL's Approach to ESG Management; Performance Data
KPI B5.2	Description of practices relating to engaging supplies, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	CEL's Approach to ESG Management; Our Environment
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	CEL's Approach to ESG Management; Our Environment
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	CEL's Approach to ESG Management; Our Environment
Operating Practices		
Aspect B6: Product Responsibility		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	<p>The Group has not identified material concerns in its services regarding health and safety, thus a dedicated policy is not in place. Meanwhile, we have formulated the <i>Management Measures for Confidential Information and Confidentially Agreements</i> in light of advertising, labelling and privacy matters relating to our services provided, so as to safeguard client assets and data, respect intellectual property rights, and to protect the interests of all stakeholders and at the same time meet our statutory responsibility as a Hong Kong listed company and parent of a number of regulated entities.</p> <p>There are no relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable as the Group does not provide any physical products.



General Disclosures and KPIs	Description	Cross-References/Remarks
KPI B6.2	Number of products and services related complaints received and how they are dealt with.	There were no complaints during the reporting period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our <i>Staff Handbook</i> details the requirements for observing and protection intellectual property rights generated during the performance of their duties do not infringe the rights of others.
KPI B6.4	Description of quality assurance process and recall procedures.	Not Applicable
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Our <i>Management Measures for Confidential Information and Confidentially Agreements</i> states that employees have the responsibility to keep confidential information including client data and privacy secure; it also details related implementation and monitoring methods (such as the procedures and regulations for signing confidentiality agreements).

### Operating Practices

#### Aspect B7: Anti-corruption

General Disclosure	Information on:	CEL's Approach to ESG Management
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to bribery, extortion, fraud and money laundering.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

General Disclosures and KPIs	Description	Cross-References/Remarks
KPI B7.1	Number of conducted legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	There were no legal cases regarding corrupt practices brought against the Group or its employees during the reporting period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Refer to "General Disclosure" and chapter "Corporate Governance Report" in the Annual Report 2021.
KPI B7.3	Description of anti-corruption training provided to directors and staff	CEL's Approach to ESG Management; Our Employees

## Community

## Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Community
KPI B8.1	Focus areas of contribution (e.g. education environmental concerns, labour needs, health, culture, sport).	Our Community
KPI B8.2	Resources contributed (e.g. money or time) or to the focus area.	Our Community

## GRI Content Index

Disclosure Number	Disclosure	Cross-references/Remarks	Page Numbers
General Disclosure			
GRI 102: General Disclosures 2016			
102-1	Name of the organisation	About This Report	P.43-44
102-2	Activities, brands, products, and services	Our Sustainable Business	P.49-50
102-3	Location of headquarters	About This Report	P.43-44
102-4	Location of operations	About This Report	P.43-44
102-5	Ownership and legal form	About This Report For details of ownership, please refer to this Annual Report.	P.43-44
102-6	Market served	About This Report	P.43-44
102-7	Scale of the organisation	CEL's Approach to ESG Management For details of scale of the organisation, please refer to this Annual Report.	P.51-55

Disclosure Number	Disclosure	Cross-references/Remarks	Page Numbers
102-8	Information on employees and other workers	Our Employees; Performance Data	P.56-61; P.81-84
102-9	Supply chain	The Group's activities are not performed by a significant amount of workers who are not employees. CEL's Approach to ESG Management	P.51-55
102-10	Significant changes to the organisation and its supply chain	There were no significant changes.	N/A
102-11	Precautionary Principle or approach	CEL's Approach to ESG Management	P.51-55
102-12	External initiatives	The Group has not subscribed or endorsed any external initiatives.	N/A
102-13	Membership of associations	Recognition, Awards and Membership	P.74-75
<b>Strategy</b>			
<b>GRI 102: General Disclosures 2016</b>			
102-14	Statement from senior decision-maker	Refer to the chapter "Chairman Statement" in the Annual Report.	P.26-28
<b>Ethics and Integrity</b>			
<b>GRI 102: General Disclosures 2016</b>			
102-16	Values, principles, standards, and norms of behaviour	CEL's Approach to ESG Management	P.51-55
<b>Governance</b>			
<b>GRI 102: General Disclosures 2016</b>			
102-18	Governance structure	Refer to the chapter "Corporate Governance Report" in the Annual Report.	P.98-121
<b>Stakeholder Engagement</b>			
<b>GRI 102: General Disclosures 2016</b>			
102-40	List of stakeholder groups	Materiality Assessment and Stakeholder Engagement	P.45-49
102-41	Collective bargaining agreements	No current employees are covered by collective bargaining agreements.	N/A
102-42	Identifying and selecting stakeholders	Materiality Assessment and Stakeholder Engagement	P.45-49
102-43	Approach to stakeholder engagement	Materiality Assessment and Stakeholder Engagement	P.45-49
102-44	Key topics and concerns raised	Materiality Assessment and Stakeholder Engagement	P.45-49

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

Disclosure Number	Disclosure	Cross-references/Remarks	Page Numbers
GRI 102: General Disclosures 2016			
102-45	Entities included in the consolidated financial statements	Refer to the chapter "Consolidated Statement of Financial Position" in the Annual Report	P.157-158
102-46	Defining report content and topic boundaries	About This Report	P.43-44
102-47	List of material topics	Materiality Assessment and Stakeholder Engagement	P.45-49
102-48	Restatements of information	No restatement was made on the content of last year's report.	N/A
102-49	Changes in reporting	About This Report; Materiality Assessment and Stakeholder Engagement  Compared with the previous reporting period, the topics reported in this report have the following changes:  Added to Material Topics – Product Responsibility, Socio-Economic Compliance, Occupational Health and Safety, Employee Benefits, Social Investment  Removed from Material Topics – Greenhouse Gas Emission and Pollutant, Energy Efficiency, Material and Resource use	P.43-44; P.45-49
102-50	Reporting period	About This Report	P.43-44
102-51	Date of most recent report	Last report was published on 8 April 2021	N/A
102-52	Reporting cycle	Annual	N/A
102-53	Contact point for questions regarding the report	About This Report	P.43-44
102-54	Claims of reporting in accordance with the GRI Standards	About This Report	P.43-44
102-55	GRI content index	GRI and Stock Exchange's ESG Reporting Guide Content Index	P.85-97
102-56	External assurance	We will consider external assurance in the future.	N/A
GRI 200: Economics			
Economic Performance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	Refer to the chapter "Management Discussion and Analysis" in the Annual Report	P.29-41
103-3	Evaluation of the management approach	Refer to the chapter "Management Discussion and Analysis" in the Annual Report	P.29-41

Disclosure Number	Disclosure	Cross-references/Remarks	Page Numbers
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Performance Data	P.81-84
Indirect Economic Impacts			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	Refer to the chapter "Management Discussion and Analysis" in the Annual Report	P.29-41
103-3	Evaluation of the management approach	Refer to the chapter "Management Discussion and Analysis" in the Annual Report	P.29-41
GRI 203: Indirect Economic Impacts 2016			
203-2	Significant indirect economic impacts	The Group has not identified any significant indirect economic impacts that may be caused to stakeholders and the economy during our operations	N/A
Anti-corruption			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	CEL's Approach to ESG Management	P.51-55
103-3	Evaluation of the management approach	CEL's Approach to ESG Management	P.51-55
GRI 204: Anti-corruption 2016			
205-3	Confirmed incidents of corruption and actions taken	CEL's Approach to ESG Management	P.51-55
Responsible Investment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	CEL's Approach to ESG Management; Our Environment	P.51-55; P.63-69
103-3	Evaluation of the management approach	CEL's Approach to ESG Management; Our Environment	P.51-55; P.63-69

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

Disclosure Number	Disclosure	Cross-references/Remarks	Page Numbers
GRI 300: Environmental			
Environmental Compliance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	Our Environment	P.63-69
103-3	Evaluation of the management approach	Our Environment	P.63-69
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	Our Environment	P.63-69
GRI 400: Social			
Employers-employee Relations			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	Our Employees	P.56-61
103-3	Evaluation of the management approach	Our Employees	P.56-61
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Our Employees; Performance Data	P.56-61; P.81-84
Occupational Health and Safety			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	Our Employees	P.56-61
103-3	Evaluation of the management approach	Our Employees	P.56-61
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Our Employees	P.56-61
403-2	Hazard identification, risk assessment, and incident investigation	Our Employees	P.56-61
403-3	Occupational health services	Our Employees	P.56-61
403-4	Worker participation, consultation, and communication on occupational health and safety	Our Employees	P.56-61

Disclosure Number	Disclosure	Cross-references/Remarks	Page Numbers
403-5	Worker training on occupational health and safety	Our Employees	P.56-61
403-6	Promotion of worker health	Our Employees	P.56-61
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our Employees	P.56-61
403-9	Work-related injuries	Our Employees; Performance Data	P.56-61; P.81-84
<b>Training and Education</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	Our Employees	P.56-61
103-3	Evaluation of the management approach	Our Employees	P.56-61
<b>GRI 404: Training and Education 2016</b>			
404-1	Average hours of training per year per employee	Our Employees; Performance Data	P.56-61; P.81-84
404-2	Programs for upgrading employee skills and transition assistance programs	Our Employees	P.56-61
<b>Diversity and Equal Opportunity</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	Our Employees	P.56-61
103-3	Evaluation of the management approach	Our Employees	P.56-61
<b>Diversity and Equal Opportunity</b>			
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	Our Employees; Performance Data Diversity Data of the Board of Directors:  By Gender:  Male – 88.9%  Female – 11.1%  By Age Group:  30-50 years old – 33.3%  Over 50 years old – 66.7%	P.56-61; P.81-84

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *continued*

Disclosure Number	Disclosure	Cross-references/Remarks	Page Numbers
<b>Local Communities</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	Our Community	P.70-73
103-3	Evaluation of the management approach	Our Community	P.70-73
<b>GRI 413: Local Communities 2016</b>			
413-2	Operations with significant actual and potential negative impacts on local communities	The Group has not identified any operation activities with significant actual or potential negative impacts on local communities.	N/A
<b>Marketing and Labeling</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	CEL's Approach to ESG Management	P.51-55
103-3	Evaluation of the management approach	CEL's Approach to ESG Management	P.51-55
<b>GRI 417: Marketing and Labelling 2016</b>			
417-2	Incidents of non-compliance concerning product and service information and labelling	We have had no incidents of non-compliance with regulations related to information and labelling of products and services.	N/A
<b>Socioeconomic Compliance</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Materiality Assessment and Stakeholder Engagement	P.45-49
103-2	The management approach and its components	Our Employees	P.56-61
103-3	Evaluation of the management approach	Our Employees	P.56-61
<b>GRI 419: Socioeconomic Compliance 2016</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	We have not violated the laws and regulations in the social and economic fields.	N/A