



光大控股
EVERBRIGHT LIMITED

The Power to *Transform*
專注致遠 順勢有為

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

STOCK CODE : 165

Charting a Course forward with
STABLE GROWTH

穿越週期 穩步前航



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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 2023.

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. This Report covers the sustainability strategies and performance of the Company and its subsidiaries¹ (including Hong Kong headquarters and regional offices in Mainland China) for the period from 1 January 2022 to 31 December 2022 (the “Reporting Period”).

In addition, the Group is committed to aligning with the United Nations Sustainable Development Goals (“SDGs”) and integrating them into our business and environmental and social management strategies, aiming to protect the community and the environment while promoting economic prosperity. We have identified the following 9 SDGs that are most relevant to the Group’s business, which served as the basis for our sustainable development strategy. The following table illustrates how we promote sustainable development in different areas.

	<ul style="list-style-type: none"> We continue to invest resources to improve and optimise the working environment and strive to eliminate occupational hazards to ensure the safety of employees in the workplace. Various measures have also been implemented to promote the physical and mental health of our employees. In addition, we have 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. 		<ul style="list-style-type: none"> We are committed to promoting green business and have taken a number of environmental protection measures in areas of greenhouse gas emissions, energy use, water consumption and material use, as well as advocating paperless office, video conferencing, hoping to maintain effective business operations while minimising the impact on the environment.
	<ul style="list-style-type: none"> We attach great importance to the long-term professional and personal development of our people. Therefore, we continuously offer our employees comprehensive training opportunities. At the same time, we also fulfil our civic responsibilities and contribute to the community by supporting various educational work to nurture future pillars of our society and the country through the China Everbright Charitable Foundation (“CECF”). 		<ul style="list-style-type: none"> We understand the risks posed by climate change, therefore we actively promote low-carbon business transformation. We are committed to investing in environmental protection and sustainable development industries, as well as reducing carbon emissions at the operational level.
	<ul style="list-style-type: none"> 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 have implemented <i>Employee Diversity Statement</i> to ensure that there is no gender discrimination within the Company. 		<ul style="list-style-type: none"> We maintain a high level of corporate governance and operate our business by upholding the highest ethical and responsible principles, so as to protect and safeguard the interests of our stakeholders. We also strictly implement company policies to ensure legal compliance of business and office operations.
	<ul style="list-style-type: none"> 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. 		<ul style="list-style-type: none"> 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 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.
	<ul style="list-style-type: none"> In order to effectively protect the basic rights of employees and promote diversity and inclusion, we uphold the principles of fair and impartial human resource management in areas such as recruitment, promotion, training and assessment. Relevant policies are monitored by the Environmental, Social and Governance Committee (“ESG Committee”) to ensure effective implementation and execution. 		

Note:

¹ 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 of its Annual Report 2022, which is expected to be published by the end of April 2023. It will be made available on the websites of the Singapore Stock Exchange (www.sgx.com) and Ying Li’s corporate website (www.yingliji.com). As such, the data in this Report do not include data from Ying Li. All policies covered in this Report are applicable to the Company and subsidiaries. Besides, the descriptions of the Group’s 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 topics of concern to us and our stakeholders, and to ensure that these topics 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 electronic versions in both English and Traditional Chinese which can be accessed on our website at www.everbright.com and the website of the Stock Exchange of Hong Kong at www.hkexnews.hk.

Contact Us

We welcome your comments and feedback on our Report and sustainability performance. Please email us at media@everbright.com.



THE BOARD'S OVERSIGHT OF ESG AND CLIMATE MATTERS

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, ethical standards, 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 our ESG report.

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

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

The Group understands that maintaining a close relationship with stakeholders is crucial to our sustainable development. Therefore, we regularly communicate with various stakeholders through different channels and platforms to ensure we prioritise sustainable development topics that are most important to our stakeholders, which enables us to adjust our business practices, review and improve our sustainable development strategies.

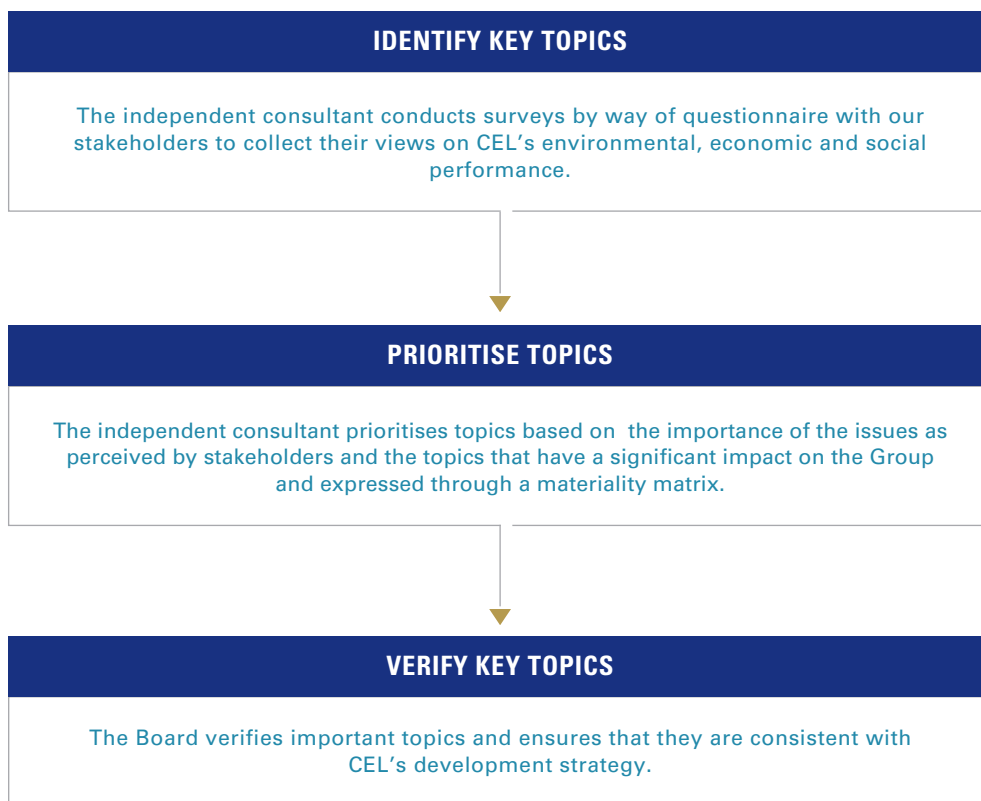
Our stakeholders include individuals and organisations, both inside and outside the Company, that have a significant impact on, or may be significantly affected by our business. Key stakeholders include shareholders and investors, clients and collaborating partners, employees, suppliers, media, community and NGOs.

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

Materiality Assessment

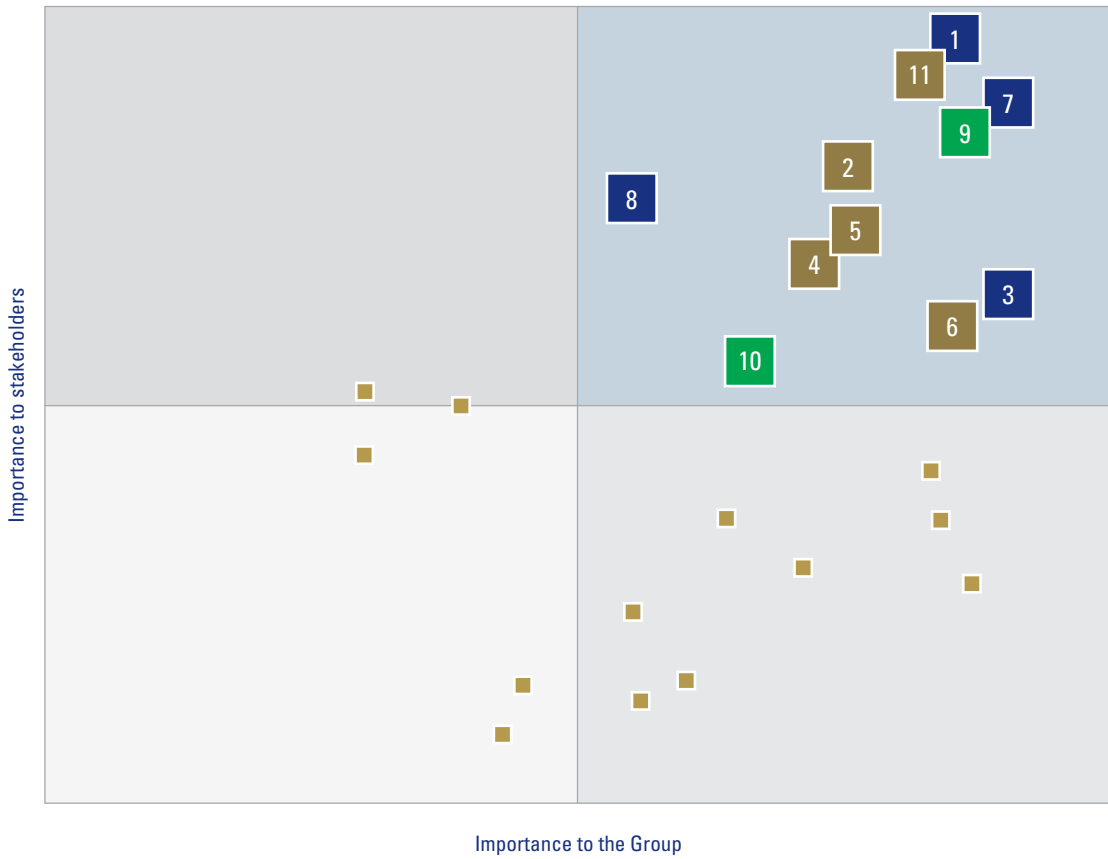
The Group commissioned an independent consultant to conduct a comprehensive questionnaire to our stakeholders last year to better understand the priorities and concerns of each stakeholder group.

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


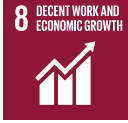









Materiality Matrix

The Materiality Matrix below shows the relative importance of each sustainability topics to stakeholders and the significance of economic, environmental and social impacts. The top 11 topics with the highest importance will be considered as material topics and will be elaborated in detail in this Report.



Our Material Topics

Category	Material Topics and Stakeholders' Concerns	Impact Boundaries		Relevant GRI Standards	Key Relevant SDGs
		Within the Group	Outside the Group		
Economic	1 Responsible Investment	✓	✓	Not Applicable	
	8 Procurement Practices	✓	✓	GRI 204	
	7 Anti-corruption	✓	✓	GRI 205	
	3 Significant Indirect Economic Impact	✓	✓	GRI 203	
Environment	10 Emissions	✓	✓	GRI 305	
	9 Energy	✓	✓	GRI 302	

Category	Material Topics and Stakeholders' Concerns	Impact Boundaries		Relevant GRI Standards	Key Relevant SDGs
		Within the Group	Outside the Group		
Social	2 Training and Education	✓	✓	GRI 404	
	4 Diversity and Equal Opportunity	✓	✓	GRI 405	 
	5 Employee Welfare	✓	✓	GRI 401	
	6 Occupational Health and Safety	✓	✓	GRI 403	
	11 Customer Privacy	✓	✓	GRI 418	

OUR SUSTAINABLE BUSINESS

As a leading cross-border asset management and investment company in China, CEL has over 25 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 funds and direct investment 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 the Chinese market, and to provide Chinese and overseas investors with diverse financial services.

Besides, CEL has nurtured China Aircraft Leasing Group Holdings Limited ("CALC"), the largest independent aircraft operating lessor in China; incubated Chongqing Terminus Technology Co., Ltd. ("Terminus"), a unicorn company in the artificial intelligence and Internet of Things ("AIoT") industry; 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"); 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.

Key Investee Companies



- Primarily focusing on fund management and building up competitiveness across a variety of asset types such as business, offices, industries and logistics, urban renewal and securitisation of real estate assets, etc., in order to stand out in the crowd.
- Using industries as the backbone, finance as the tool and real estate as the carrier that combines and synergises all three.

EVERBRIGHT JIABAO/EBA INVESTMENTS — REAL ESTATE ASSET MANAGEMENT



- CALC's future positioning and strategic development is to become a one-stop aircraft full life-cycle solutions provider through new aircraft leasing and aircraft aftermarket services (including aged aircraft asset management, aircraft maintenance, aircraft disassembly and component asset management) to achieve the strategic development of aviation industry value-chain.

CALC — AIRCRAFT FULL LIFE-CYCLE SERVICES

Terminus — AIoT



- "Terminus" uses AIoT (artificial intelligence and Internet of Things) and carbon neutrality as the dual engine pushing forward the smart city upgrade strategy to provide integrated end-to-end services, so as to empower urban sustainable development; to create a beautiful and happy life; and to strive to become a world leading integrated ecological and smart city service provider.

EVERBRIGHT SENIOR HEALTHCARE — PREMIUM ELDERLY CARE



- To develop and expand core cities to establish a more comprehensive network in the region
- To strengthen management operation and improve the quality of earnings
- To establish core products and therefore increase the effectiveness of the management operation
- To transition towards smart elderly care with the support of advanced technologies and therefore improve management effectiveness

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 Company 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 the 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 Company'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.

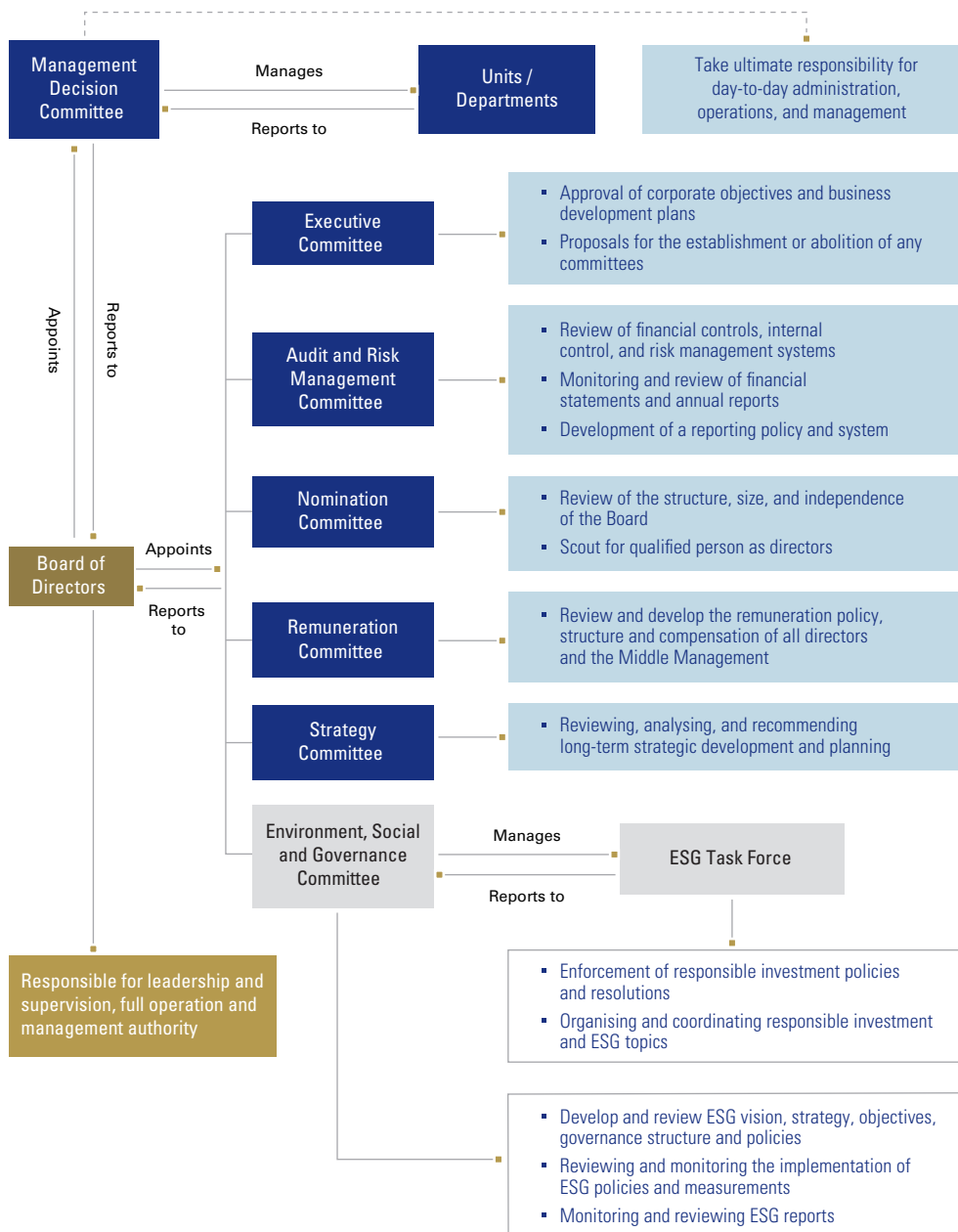
In order to fulfil its responsibilities more effectively, the Board has six committees under its governance structure, namely the Executive Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee, the Strategic Committee and the ESG Committee.

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" chapter of Annual Report 2022 of the Company.

ESG Management

The Board holds the highest management authority of the Group and is responsible for overseeing the Group's ESG matters and approving the Group's ESG reports. The Board established an ESG Committee in 2021 and appointed its Chairman and Committee members with at least one independent non-executive director in composition. The ESG Committee aims to integrate ESG principles into the business decision-making process and keep pace with the ESG aspects of international enterprises. The ESG Committee is responsible for formulating the Company's ESG and responsible investment policies, strategies and objectives, supervising the performance and effectiveness of the Company's ESG and responsible investment, and regularly reporting to the Board on related matters.

With regards to the ESG Committee's composition, responsibilities and summary of its works in 2022, please refer to the "Environmental, Social and Governance Committee" section of the "Corporate Governance Report" in Annual Report 2022 of the Company.



The ESG Task Force is led by the Group’s President, vice-chaired by two Vice Presidents, and comprised of members from relevant departments, including Investment Team, Risk Management, Legal and Compliance Department, Company Secretarial Department and the General Office. It 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 the stakeholders’ understanding of the Company’s ESG-related developments, there is a “Sustainability” column at the Company’s website for displaying the Company’s ESG-related policies and developments, etc., which are revised and updated from time to time.

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 their investment practices.

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 such as 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 establishes 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 ethical standard and anticorruption 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. During the Reporting Period, we also implemented central inspection and rectification requirements, formulated and issued the *Guidelines for Anti-Money Laundering Work of Domestic Private Equity Fund Managers*, *Interim Measures for the Management of Lists of Restricted Businesses and Personnel*, and other systems, to lead the organisation in carrying out insider trading and profit transmission investigations. We also conducted training for all employees, such as *Prevention of Insider Trading and Profit Transmission*, *SFC Code of Conduct for Fund Managers*, *Overview and Latest Trends of Hong Kong's Anti-Money Laundering Requirements* and *Anti-Money Laundering for Domestic Private Equity Fund Managers* to enhance relevant legal and compliance awareness of our employees. In 2022, 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 *Risk Management Policy* and *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.

To prevent and control the potential losses and harms caused by ESG risks to the Company and our investors, the ESG risk management programme, which is established under the *ESG Risk Management Statement*, has been closely integrated into the Company's risk management and business processes. The multi-level ESG risk management framework established consists of the Board, ESG Committee, Management Decision Committee ("MDC") and its subordinating Risk Management Committee and business and functional departments. Specific roles and responsibility are assigned to allow effective implementation of ESG risk management mechanisms, from supervision, formulation, implementation and execution. Meanwhile, we combine information such as ESG risk assessment data, models and external data to conduct ESG risk assessment, aiming to evaluate the potential ESG risks of the Group and investment projects. In particular, ESG risks are incorporated into the due diligence and investment management processes, from pre-investment to post-investment management processes. The early warning scheme allows us to assess and analyse the unexpected ESG risk event of investees based on several factors, including severity, subjective responsibility, response and handling methods of the parties involved, and industry comparison. The entire risk management mechanism enables us to identify potential ESG risks in an early stage and take prompt and appropriate actions to mitigate the risks based on assessment results.

In 2022, our risk management team formulated new risk management systems such as the *Concentration Risk Management Method*, the *Important Customer Risk Management Method*, the *Investment Asset Risk Classification Management Method*, and the *Connected Transaction Management Guidelines* to continuously improve the Group's risk management. In order to comply with the requirements concerning climate-related risk of The Securities and Futures Commission of Hong Kong (SFC), two licensed institutions of the Group have built relevant governance structure and formulated the Climate Risk Management Measures respectively under the coordination and support by the Risk and Compliance Team. In addition, we conducted a comprehensive risk screening and an examination of the Company's business risk, sorted out the company's large-value customer risk control list and formulated a risk limit control strategy.

In 2022, 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 the Annual Report 2022 of the Company.

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 May 2022, we reviewed and issued the *Procurement Management Guidelines (First Edition)*, establishing a management mechanism for suppliers' whitelists and a multi-dimensional evaluation system for suppliers to enter the whitelist database 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 Guidelines clarify the responsibilities of the procurement management team in terms of approval and supervision, and further standardise the procurement workflow.

The supplier whitelist inventory is composed of suppliers that have a high rank in the industry and have had good cooperation experience before. Upon needs for further business development, departments could propose to the procurement management team to add suppliers to the supplier whitelist. After obtaining the approval from the procurement management team, suppliers could be added to the supplier whitelist.

As of 31 December 2022, the Group had 435 suppliers, providing services to administration, information technology, company secretary, legal and compliance, finance and general office. 97% of our suppliers were located in our main operating regions, including Mainland China and Hong Kong, with the remaining 3% in other regions.

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 MDC 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 2022, we had no incidents of leakage or loss of client information.

RESPONSIBLE INVESTMENT

Overview

As a cross-border investment and asset management company, CEL believes that long-term value creation is as important as short-term financial performance. Every investment decision we make has the potential to affect our portfolio and perhaps even the society as a whole, so we have a responsibility to carefully consider the risks of each investment decision and strive to contribute to the efficient allocation of capital in the future. CEL recognises that there can be various risk types and durations, so we have adopted the precautionary principle and active ownership investment strategy in our risk management framework. At the same time, we have integrated environmental, social and corporate governance factors into our investment decisions and considered different sustainability factors, which not only provides better returns for investors, but also helps to create a positive impact on society and even the world.



The Group has formulated the *Responsible Investment Guidelines*, which commits to take into account ESG factors and factors in investment decisions and practices to enhance the sustainability of investment products, while enhancing returns and meeting the needs of investors. We are also committed to actively working with international and domestic responsible investment institutions to promote the recognition of responsible investment principles industrywide.

As early as 2006, the Group began to support sustainable development industries by investing in environmental and renewable energy related companies. In 2020, we even established the Everbright Belt and Road Green Fund (“Green Fund”) to build up an ESG investment system and set up the first equity investment fund in China that fully adopts the ESG investment standards.

In addition, the team of CEL Infrastructure Investment Fund, which benchmarks against advanced industries and highly valued sustainable investment, actively encourages its team members to obtain ESG certificates. During the Reporting Period, two team members obtained Certificate in ESG Investing by the CFA Institute. Meanwhile, the CEL Infrastructure Investment II LPF (“Fund II”), which put strong emphasis on climate financing and ESG investment, also actively introduced international ESG standards, management and rating systems to ensure that the funds can continue to exert a positive impact on climate change and environmental and social improvement. Accordingly, the Asian Infrastructure Investment Bank (AIIB) has made a commitment of US\$100 million to Fund II, including a joint investment of not more than US\$25 million. This marks a major milestone for CEL to take proactive action in terms of international, market and professional aspects.

With reference to International Finance Corporation’s (IFC) *Performance Standards on Environmental and Social Sustainability* and consideration of investment tendencies, the Group has formulated an early project screening process, which involves the Negative Exclusion List and Positive Green List respectively. This process was established to exclude projects with potentially significant negative environmental and social impacts at an early stage, while placing heavy focus on green and carbon neutral investments. The ESG performance of potential investments is also a key consideration in the due diligence and investment decision-making process of the Fund Investment Committee. Once the financing is formalised, we will regularly assess the project’s environmental and social performance through normalised management and emergency response management to ensure its sustainability. We hope to create stable returns for investors through diversified investment channels, contribute wisdom to the green development of “Belt and Road”, provide solutions for achieving carbon neutrality, and are determined to incorporate responsible investment into our core values.

Apart from Fund II and the Green Fund, the Group's other fund investment teams are strongly encouraged to apply ESG investment and management concepts to the investment process. The Group echoes the national carbon-neutral development strategy, takes advantages of the Everbright Group in the field of environmental protection and CEL's long-term experience in the field of new energy, and focuses on the continuous improvement of upstream raw materials and equipment performance, such as photovoltaics, large-scale wind power and new energy vehicles. These advantages have further strengthened our ability to plan for the development of investment regarding carbon neutrality. As of the end of December 2022, CEL has accumulatively served and supported 58 green industry projects, with a scale of about RMB11.5 billion, a stock scale of about RMB7.27 billion, and about 39 projects that are under management. In 2022, 10 new services and green industry support projects were added, with an investment of about RMB550 million, including investment in green projects such as non-nuclear new energy industry development platform (CNNP Rich Energy) under China National Nuclear Corporation (CNNC).

Additionally, CALC, a key investee company of the Group, makes use of its professional ability in providing services throughout the entire aircraft lifecycle, developed aircraft recycling ability to fully explore the value and assets of old-ages aircraft.

During the Reporting Period, CALC and Air China Company Limited entered into cooperation on five aircraft that aged about 20 years for developing disposal plan, such as passenger-to-freighter conversion, to exploit in full the utility of aircraft assets. It has facilitated the development of circular economy of the aviation industry and contributes to the progress of achieving China's "dual carbon" goal.

Our Responsible Investment Guidelines

We developed our *Responsible Investment Guidelines* to integrate environmental, social and governance (ESG) factors into investment decisions, and active ownership investment strategies and practices. This guide applies to all asset classes under our management. Our ESG Task Force is responsible for coordinating and implementing the responsible investment policies and resolutions of the ESG Committee, formulating action plans based on responsible investment objectives, and coordinating the responsible investment efforts across departments. Through direct communication with our investees, we are committed to advancing their sustainable performance and driving them to implement active ownership. It not only conveys the values and standards of responsible investment to the investees, but also supports and promotes ESG improvement among them. In addition, we are gradually integrating responsible investment into the investment research system, the development of responsible investment thematic products, active ownership implementation, and capacity building, in order to consolidate it into the corporate strategy and investment process. For example, we adhere to responsible investment concepts and policies by developing responsible investment thematic products such as low-carbon smart, green & low-carbon funds, and integrating ESG-related factors into the investment methods and processes of these products.

Our Management System

The Board has the ultimate responsibility for leadership and oversight of the implementation and performance of responsible investments, the formulation of the Terms of Reference, and the delegation of authority on ESG matters to the ESG Committee. The Board will also receive reports regularly from the ESG Committee and issue a Board Statement on the Company's ESG governance in accordance with relevant regulatory requirements. On top of reporting to the Board, the ESG Committee is also responsible for formulating and overseeing the responsible investment related policies, strategies and objectives, as well as leading the Company's responsible investing implementation. Furthermore, the ESG Task Force is responsible for formulating action plans according to responsible investment objectives and coordinating the responsible investment efforts across departments. Other departments such as investment teams and researchers, are responsible for the implementation of responsible investment tasks and policies relevant to their respective posts.

Introduction to Key Funds

CEL Infrastructure Investment Fund II LPF

Overview

CEL Infrastructure Investment Fund II LPF (“Fund II”) is the second infrastructure fund with international exposure that CEL is planning to establish. Following the success of Everbright Overseas Infrastructure Investment Fund LP (“Fund I”), Fund II will continue investing in Asian infrastructures. The target fund size is USD600 million. Fund II is managed by indirect wholly-owned subsidiaries of CEL.

Fund II aims to promote investment in emerging green infrastructures in Asia and pioneer innovative sustainability-related incentive programmes to advocate climate financing, gender diversity and ESG governance within the private equity industry.

Fund Strategy

Fund II primarily invests in equity and equity-linked investments and will seek to primarily focus on investment opportunities in ASEAN countries, including Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, as well as Mainland China and Hong Kong.

Fund II intends to acquire controlling or significant minority stakes in target companies (including both greenfield and brownfield projects), which should have a combination of an excellent management team, great track record and strong recurrent cash flows so that investors of Fund II can enjoy both a satisfactory cash yield and long-term capital appreciation.

The target investment industries include, without limitation, renewable energy, energy storage, power transmission and distribution networks, gas storage facilities, gas distribution networks, roads (including toll roads, bridges and tunnels), transport terminals (including airports and ports), communication towers, optic fibre network, data centres, water and wastewater treatment facilities, logistics facilities, carparks, social infrastructure, etc.

Investment Team

The investment team plays a key role in managing the relationship with the target company and is responsible for integrating ESG factors into every stage of the investment process. The investment team of Fund II is composed of 7 investment managers, in which two team members have obtained Certificate in ESG Investing by the CFA Institute, while the entire team has participated in systematic ESG-related training. For more details in relation to Fund II, please refer to the Environmental, Social, and Governance (ESG) Policy of Fund II.

Everbright Belt and Road Green Fund

Overview and Investment Strategy

The Everbright Belt and Road Green Fund (“Green Fund”), which is operated and managed by CEL, is one of the formal deliverables at China Everbright Group’s Second Belt and Road Forum for International Cooperation held in April 2019. Among the deliverables, it is the only investment project accomplished by a commercial financial institution. The limited partners of the Green Fund include the Everbright’s companies such as China Everbright Group, CEL and Everbright Environment as well as partners from local state-owned enterprises. Targeting at facilitating low-carbon green development and promoting dual-carbon targets, the Green Fund focuses on investments in 4 chosen areas: green environment, green energy, green manufacturing and green living. With the investment focusing on high-quality enterprises, the Green Fund helps to promote their products, technologies, services, and business models in facilitating the “Belt and Road” construction. The Green Fund’s investment process also includes an analysis with the use of the Positive and Negative Investment Lists, and a rating mechanism based on ESG indicators to ensure that the investment is ultimately in line with our philosophy and objectives.

Fund Strategy

Green Fund is a market-oriented private equity investment fund that focuses on green and sustainable development. It collaborates with Chinese provinces and cities along the “Belt & Road” to set up local direct investment sub-funds and invests in high-quality market-oriented sub-funds and projects, to contribute to the new “dual-cycle” development structure. The Green Fund aims to promote carbon peaking and carbon neutrality in China and countries along the “Belt & Road” initiative by upholding the latest concept of green development.

Investment Team

The investment team plays a key role in managing the relationship with the target company during the investment process and is responsible for integrating green factors and ESG considerations into every stage of the investment process.

ESG and Responsible Investment Related Policies and Information

The Green Fund has further aligned itself with carbon peaking and carbon neutrality by formulating four main investment categories: energy decarbonisation, transportation decarbonisation, industrial decarbonisation and decarbonised living, and filtered out the most representative investment tracks under various decarbonisation methods.

Since the power and heating sectors account for half of China’s carbon emissions, energy decarbonisation is the most important pathway to achieving carbon peaking and carbon neutrality. Photovoltaic and wind energy will gradually replace fossil fuels, so investing in energy decarbonisation projects will include, but are not limited to photovoltaic supply chain integration and optimisation; construction and operation of photovoltaic power stations; technological breakthroughs in the wind turbine industry chain; construction and operation of wind energy projects; and breakthroughs in energy storage technology and business models.

The transportation sector is also a major carbon emitter in China, with roads and railways can achieve zero carbon emissions through electrification, while aviation and shipping can adopt hydrogen fuel to decarbonise. The Green Fund's key investment areas within transportation decarbonisation include structural opportunities for growth in the new energy vehicle supply chain (such as energy batteries); business model innovations in the new energy vehicle aftermarket (i.e. charging stations, battery replacement); breakthroughs in core technologies of new energy vehicles; localisation of key equipment for hydrogen refuelling stations; technological breakthroughs in hydrogen fuel cells; and technological breakthroughs in and commercialisation of hydrogen-powered commercial vehicles.

Furthermore, the industrial and construction sectors are the second and fourth largest carbon emitters in China, but it is difficult to achieve zero carbon emissions in these sectors through electrification alone. It will be necessary to reduce carbon emissions through energy-saving and emission-reduction technologies in the short term and explore new energy sources (such as hydrogen and biofuels) in the long term. As a result, key investment areas for industrial and construction decarbonisation shall include new energy saving and emission reduction technologies and products for industrial use; technological breakthroughs in hydrogen production and extraction as well as storage and transportation, hydrogen metallurgy and biofuels; business model innovations for prefabricated buildings; and new building materials, etc.

Decarbonised living stems from guiding consumers to reduce their carbon emissions by inducing a behavioural change in consumption. Key investment areas under this decarbonisation track include bioplastics; recycling and reuse of end-consumer products such as biosynthetic fibers and other new decarbonisation materials, plastics, etc.; and innovation in waste sorting technologies and business models.

For more information and examples of the Group's responsible investment, please refer to the "Our Environment" section of this report.

Internal Control and Audit

In order to fully control the level of risk and to exercise effective control over internal management, the Group 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 the Annual Report 2022 of the Company.

OUR ENVIRONMENT

CEL has been striving to operate the business in a responsible manner, spares no effort to promote environmental protection. Ultimately, we are committed to minimise the impacts of our operations on environment as well as carbon footprint.

Helping to Drive “Dual Carbon”

As a leading cross-border asset management and investment company in China, CEL recognises our responsibility and obligation to proactively prepare for climate change. The Group attaches great importance to the national dual-carbon targets, and proposes to strive to achieve the goal of carbon neutrality at the operational level.

We have established an ESG Task Force to incorporate ESG considerations into the framework of Group’s sustainability strategy. During the Reporting Year, the ESG Task Force has launched a study on carbon neutrality, proactively seeking advice from professional consultants on practical solutions that can help achieve carbon neutrality at the Group’s operational level and mitigate the ever-worsening climate impacts. We strive to respond to the exacerbating impacts brought by climate change. Amid business development, we reduce our carbon emissions from transportation and business travel by increasing the use of online meetings and telephone meetings. In the meantime, we have been actively promoting green office in all business units through the advocacy of energy saving and renewable energy, as well as strengthening green procurement. To take it a step further, CEL has formulated *CEL Climate Change Policy*, has been planning to gradually expand climate risk analysis and climate risk management disclosure of the Group and key investee companies, and has signed up as a TCFD Supporter. All these measures have further demonstrated our determination to prepare for the climate crisis.

In response to the impacts of several factors, including COVID-19 pandemic and pressure on business performance, we are still constantly formulating plans for carbon neutrality. We are committed to stepping towards a zero-carbon future. Hence, we have been conducting in-depth investigations on various feasible solutions, such as improving operational energy efficiency, purchasing carbon credits and green electricity certificates and through carbon trading. We are dedicated to identifying and focusing on high quality carbon credits that have undergone stringent verification processes, and appropriate carbon neutral certificates. At the same time, we are enhancing our ability to disclose the Group’s greenhouse gas information in a more complete and accurate manner.

Additionally, we are conducting internal due diligence and carbon audit to review the overall energy efficiency of all operational units and segments, for the formulation of targeted improvement plans. On the other hand, we will cooperate with external consultants after the pandemic to implement work related to carbon neutrality and to develop the implementation roadmap for achieving carbon reduction target.



Green Operation

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 indoor 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, all department heads 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.

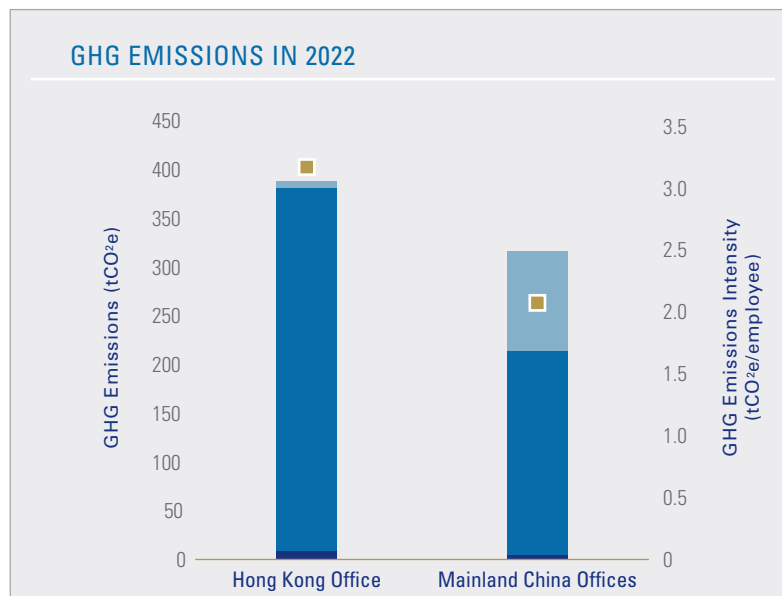
The Group’s main environmental impacts generally come from energy use, paper consumption and waste generation. In view of this, we have adopted various environmental protection measures to minimise the impacts on environment while maintaining effective corporate operations.

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

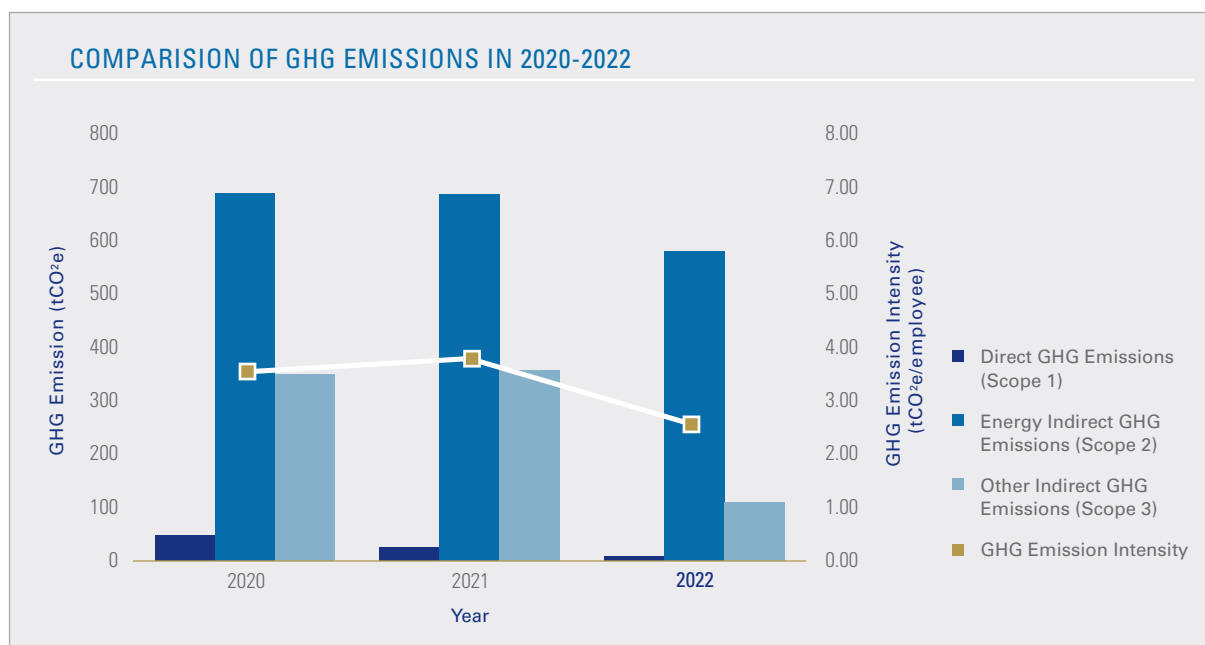
Greenhouse Gas Emissions Management

In order to effectively manage greenhouse gas (“GHG”) emissions, the Group collects annual environmental performance 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 implement 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 ₂ equivalent	6.3	1.6
■ Energy Indirect GHG Emissions (Scope 2)	tonnes of CO ₂ equivalent	371.2	209.9
■ Other Indirect GHG Emissions (Scope 3)	tonnes of CO ₂ equivalent	7.4	101.6
■ GHG Emissions Intensity	tonnes of CO ₂ equivalent/employee	3.16	2.06



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 required 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 enable power saving mode in 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 arrange repair works right away to avoid water wastage.

Energy and Water Consumption in 2022

	Energy Consumption	Energy Consumption Intensity
Electricity	884,824.0 kWh	3,229.3 kWh/employee
Fuel – Petrol	2,934.4 litres	10.7 litres/employee
	Water Consumption	Water Consumption Intensity
Water ²	50.6 m ³	0.185 m ³ /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 ISO 14001 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 environment-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, limited the supply of bottled water at meetings and seminars, etc. We also encouraged digitalisation of documents and adoption of 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 plastic binding rings, envelopes, single-side printed papers for printing on the other side, and other stationery. In case of equipment malfunction, repair work or replacement of parts would be conducted to extend the equipment's lifespan.

Note:

² Since tap water in the office is supplied by the building and there is no independent water meter, the water consumption only includes the consumption of bottled drinking water (except Shenzhen office).

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 hazardous waste treatment. 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 1,607 kg of paper and plastic bottles, 162 pieces of hazardous waste³ and 60 toner cartridges.



	Hong Kong Office	Mainland China Offices
■ Non-Hazardous Waste Disposal	12,232 kg	11,998 kg
■ Non-Hazardous Waste Disposal Intensity	100.26 kg/employee	78.93 kg/employee

Note:

³ Includes waste mercury-containing fluorescent tubes.

Empowering “Carbon Neutral” Industries

CEL had been supportive of industrial development and is 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. The artificial intelligence city intelligent pilot demonstration area built by Terminus in Wuhan is the first-of-its-kind project adopting AIoT in monitoring carbon emissions throughout the whole lifecycle in ecological area. The AI PARK, which was completed in advance, has officially passed the carbon neutrality certification of China Beijing Green Exchange in 2022, and was awarded the first batch of “smart building” practice cases by the China Association of Building Energy Efficiency.

Ying Li, a subsidiary company of CEL, has formulated its three-year action plan on transformation and development in 2021. With the approval and support of the Board of Directors and the parent company, it explicitly took carbon neutrality as one of the development directions. In December 2021, Ying Li signed the *Framework Cooperation Agreement* with State Power Investment Corporation Chongqing Electric Power Co., Ltd. Both parties reached a long-term and all-round cooperation partnership in comprehensive energy service, comprehensive intelligent energy, new energy and other projects and business. The “Central Air Conditioning Energy-saving Transformation” in Phase 1 Project of Daping Ying Li IMIX Park Comprehensive Energy Transformation Project, which was completed in October 2022, is able to realise the unattended, efficient, intelligent and green operation of the central air-conditioning system through the utilisation of a set of SmartEco intelligent energy control system. It is estimated to reduce the power consumption by 222,100 kWh/year with the comprehensive energy-saving rate of about 10.83% after commencement.

CALC, a key investee company 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 the synergy of the global teams, CALC has been able to maximise the life cycle value of its fleet by increasing the number of leases, transactions and dismantled commercial aircraft annually. As of 31 December 2022, CALC had a fleet of 176 aircraft, which had increased 24 as compared to the end of 2021.

TACKLING CLIMATE CHANGE

CEL understands the importance of climate change to our business, especially the climate risks and opportunities it brings. In terms of physical risks, the most obvious risks include climate change which leading to more frequent extreme weather events. Transition risks include the pressure in policy shift in response to the rapid transitioning to a lower-carbon economy and climate mitigation.



However, by replacing outdated infrastructure and assets, the low-carbon transition may also open up new opportunities for investors, and hence, bring greater advantages to those supporting low-carbon industries. Climate risks and opportunities are inherently inseparable, so we must proactively address these risks and at the same time aim to seize them to achieve better returns and positive impacts to society.

About TCFD

With the increasing concerns of financial markets and society about climate change, we are committed to enhancing the transparency of information in relation to climate change and providing reliable and more detailed information to be disclosed to the public and stakeholders. We have referenced to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for identifying the most relevant climate risks and financial impacts of CEL and its key investee companies and formulating and implementing climate mitigation measures. Through incorporating climate risks management into our long-term investment considerations, we aim to develop resilient investment portfolios which could minimise the impacts of climate change. In 2022, the Group has signed up as a TCFD Supporter which demonstrated our commitment to further disclose climate-related information.

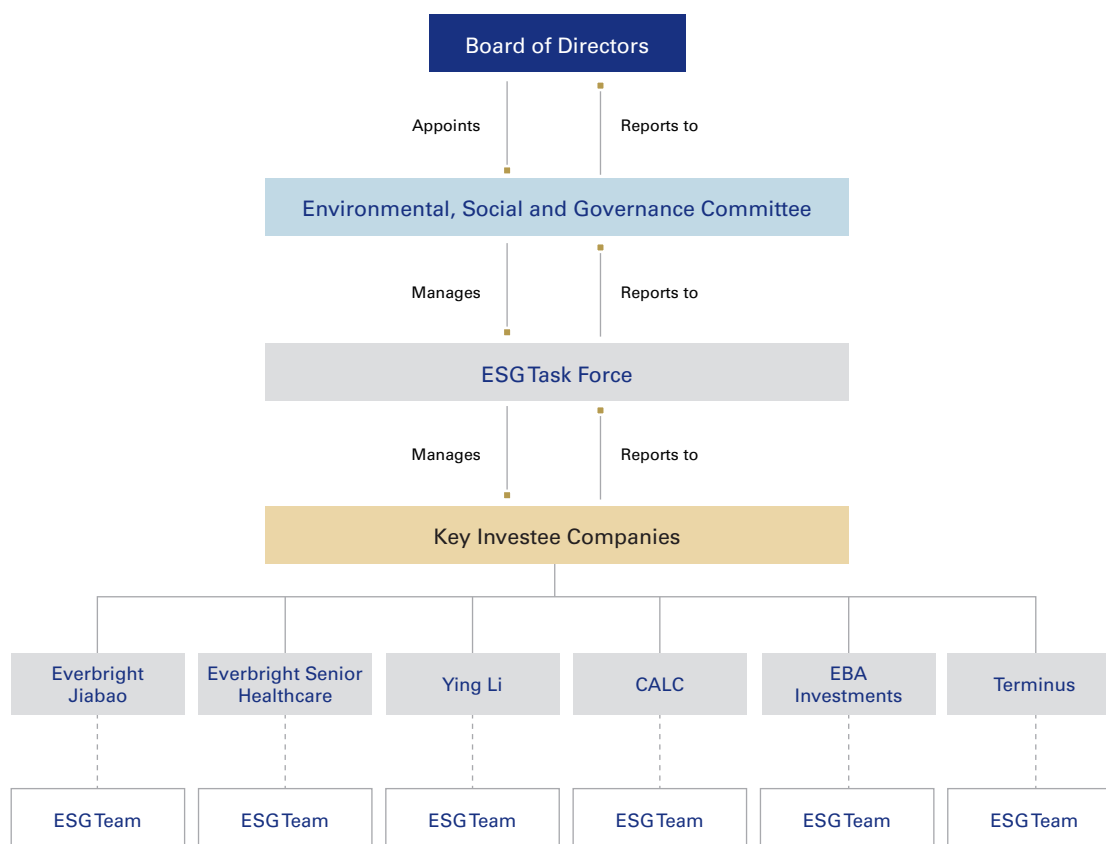
TCFD's disclosure recommendation covers four core elements, including "governance", "strategy", "risk management", and "metrics and targets". We will gradually provide information in accordance with this reporting framework for a more comprehensive information disclosure.

Governance

The Group's ESG Committee was established in 2021. With this Board Committee, sustainability considerations, climate risks and opportunities could be incorporated into business operation in a top-down approach, which allows effective supervision and management. Meanwhile, we have published *Climate Change Policy* this year for announcing the Group's commitments and actions to mitigate and manage climate risks.

The ESG teams of CEL and its key investee companies regularly reviews climate-related risks and reports the status and progress of its risk management to the management of each business unit or department. Key investee companies regularly report to the ESG Task Force of CEL on the status and progress of their climate change risk management, as well as the progress of the implementation of mitigation measures. The ESG Task Force is responsible for organising and implementing ESG-related policies and decisions, coordinating the execution in department units, leading key investee companies to incorporate climate risks into operational considerations, implementing mitigation measures where appropriate, and reporting to the ESG Committee of CEL on a regular basis. Besides, the ESG Committee is responsible for formulating and overseeing the effectiveness of implementation of ESG policies and measures, including those addressing climate change risks, and reporting progress to the Board to ensure the Group's ESG performance and effectiveness.

For more details on our Group's ESG governance structure, please refer to the paragraph under "ESG Committee" under "Corporate Governance Report" section of 2022 Annual Report and "CEL's Approach to ESG Management" in this Report.



Strategy

CEL understands the risks and opportunities that climate change brings to our business, so we are keen to identify climate-related risks to assist in the formulation of future plans. TCFD divides climate-related risks into two categories: (i) transition risks associated with a low-carbon economy and (ii) physical risks related to climate change.

In order to understand the concerns of the Group and key investee companies on climate risks, we invited external consultants to arrange workshops with stakeholders by business nature, which helped stakeholders to develop a better understanding on TCFD and contemporary climate topics. After in-depth discussions, the consultants distributed a list of climate risks to the responsible person of each company. Then, the climate risks were ranked after internal discussions according to business nature, thereby identifying the potential impacts and opportunities of the most important climate-related risks of each business unit.

Asset Management – CEL

The impacts of climate change on CEL are mainly changes in policy, regulations, markets and technology brought by low-carbon economy transition. Climate change may directly affect CEL and indirectly affect CEL due to the impacts on its investment, whilst detailed descriptions are listed in the table below. With an aim of mitigating negative impacts on CEL associated with climate change, CEL regularly reviews climate-related risks and has already implemented numerous adaptation measures. For instance, through launching its *ESG Risk Management Statement* and *Climate Change Policy*, targets with significant ESG risks will be screened out before investing, while investees will be subject to continuous post-investment monitoring and control. CEL identifies climate risk as one of the key ESG risks. The ESG Committee of CEL is responsible for supervising and leading the Company to fully implement *ESG Risk Management Statement* into the risk analysis and assessment processes for investment decision-making. The Risk Management Committee under the MDC is responsible for the formulation of Company’s ESG risk management mechanism. Meanwhile, units such as the Risk Management Department, Human Resources Department and ESG Task Force are responsible for the execution and building the capacity of ESG risk management mechanism. At the same time, our ESG risk management training programme effectively ensures that risk managers and business personnel have capability of ESG risk management.

Risk Category	Specific Description	Potential Financial and/or Operational Impact
Policy and legal	More regulations on sustainable finance are published by regulatory authorities, such as the <i>Common Assessment Framework on Green and Sustainable Banking</i> of Hong Kong Monetary Authority (HKMA).	<ul style="list-style-type: none"> Companies must comply with relevant regulations related to product disclosure and classification that affect wealth and asset management activities. Direct monitoring of CEL’s business is resulted which requires the formulation and disclosure of plans for mitigating climate- and environment-related risks to regulatory authorities.
Market	Data gaps may limit the analysis for sustainable investing.	<ul style="list-style-type: none"> Increased spending to analyse the ESG risks of investees in a more detailed manner.
Reputation	Increased concerns and requirements of investors towards the sustainability performance of the Company	<ul style="list-style-type: none"> Increased spending on the ESG management system to maintain and enhance CEL’s comprehensive ESG management standards Reduced investment in Company’s stocks or funds from investors
Technology	Technological improvement or innovation may change the competitive landscape of the industry.	<ul style="list-style-type: none"> Impacts on investees in different industries, resulting in indirect exposure to technical risks.

Real Estate Asset Management – Everbright Jiabo, EBA Investments and Ying Li

The business of Everbright Jiabao, EBA Investments and Ying Li include the development, management and investment of real estates. According to the TCFD recommendations, real estate businesses are more vulnerable to financial risks due to high greenhouse gas emissions and energy consumption, as well as short- or long-term physical risks due to extreme weather events. After detailed internal discussions, we have identified various climate-related risks to the real estate sector and summarised them in the following list. These identified risks will be incorporated into our planning to build the resilience of our business to respond to future challenges. CEL will supervise the orderly implementation of its measures to address climate risks through its control and influence over the investees. Countermeasures include the adoption of environmentally friendly and low-carbon technologies, building materials, and building design on a larger scale to improve building energy efficiency and building resilience, so as to prepare for potential transition and physical risks.

Risk Category	Specific Description	Potential Financial and/or Operational Impact
<p>Policy and legal</p>	<p>Increased emphasis from the society on environmental certification and green building ratings (such a China's Assessment Standard for Green Building, U.S. Leadership in Energy and Environmental Design (LEED) certification), leading to more rigorous review and evaluation processes.</p> <p>Tightening of building energy codes and guidelines.</p> <p>Introduction of carbon pricing in the markets.</p> <p>More stringent requirements for information disclosure, including climate-related information.</p>	<ul style="list-style-type: none"> ■ Increase spending to comply with stricter requirements and maintain competitiveness in the industry. ■ Increase costs to improve environmental performance and select advanced certifications. ■ Increased capital investment and expenditures for compliance. ■ Increased operational costs, including building materials, fuel, energy and waste treatment. ■ Increased expenditures to comply with new regulations and strengthen data management.
<p>Market</p>	<p>Wide adoption of environmentally friendly and low-carbon technologies, such as Modular Integrated Construction (MiC).</p> <p>Investors' behaviour changes to weed out companies that fail to implement effective measures to manage climate risks.</p>	<ul style="list-style-type: none"> ■ Increased capital investment in technology. ■ Improved energy efficiency reduces operating costs. ■ Increased expenditures to comply with more stringent reporting obligations, such as TCFD disclosures. ■ Increased expenditures for implementing effective measures to manage climate risks to meet investor expectations.
<p>Reputation</p>	<p>Increased requirements for supply chain management and monitoring.</p>	<ul style="list-style-type: none"> ■ Environmental accidents by suppliers might seriously affect company's reputation. ■ Increased expenditures are needed to optimise the supplier management system to screen and select suppliers of high quality in ESG performance.
<p>Technology</p>	<p>Renewable energy is widely adopted in the industry.</p>	<ul style="list-style-type: none"> ■ Increased capital investment in renewable energy systems, increasing business operating costs. ■ Reduced expenditures in energy bills.
<p>Physical (short-term)</p>	<p>Increased severity and frequency of extreme weather events, such as typhoon and flooding.</p> <p>More prolonged heat and drought.</p>	<ul style="list-style-type: none"> ■ Project delays and additional working hours or expenses due to increased number of downtime day. ■ Supply chains are affected. ■ May pose the crisis of power shortages in response to the implementation of power curtailment measures by the government in area such as malls and office buildings, which will affect daily operations.

Senior Healthcare Industry – Everbright Senior Healthcare

Due to the nature of our business, climate change has not brought a lot of regulatory or market changes to the senior healthcare industry. Nonetheless, we understand that elderly is more vulnerable to extreme weather events, in terms of both physical and mental health. As a senior healthcare organisation, Everbright Senior Healthcare needs to identify risks as early as possible and formulate contingency plans to ensure the health of the elderly while maintaining daily services in emergency situations. In view of the following identified physical risks, Everbright Senior Healthcare assessed the adaptability and resilience of its senior healthcare service centre to climate change, and planned for the implementation of corresponding measures according to different operating regions and risks. For example, backup power generators are installed in high-risk areas to ensure that the healthcare facilities of the senior healthcare centres could remain their normal operation in the event of power shortage.

Risk Category	Specific Description	Potential Financial and/or Operational Impact
Physical (short-term)	<p>Increased severity and frequency of extreme weather events, such as typhoon and flooding.</p> <p>More prolonged heat and drought.</p>	<ul style="list-style-type: none"> ■ Affecting the accessibility for staff to work, leading to manpower shortage. ■ Supply chains were affected, including medical equipment and food supplies. ■ The elderly are more vulnerable to extreme weather events and need more care, resulting in increased demands on manpower; and any human error or negligence in service may lead to potential claims. ■ The number of hospital admissions for the elderly may increase, which increased the demand for manpower. ■ Damage of building leads to higher maintenance costs. ■ Increased expenditures to enhance the resilience of healthcare facilities. ■ May pose the crisis of power shortages in response to the implementation of power rationing measures by the government in area such as malls and office buildings, which will affect daily operations. ■ Increased expenditures on additional backup power generators and air-conditioning equipment. ■ Resulted in more heat-related diseases that lead to increased number of hospital admissions.

Aircraft Leasing – CALC

CALC is China’s first aircraft operating lessor, using “sustainable development of green aviation” as the theme to provide a full value chain aircraft solution. The major impacts of climate change to CALC’s business are policy and market changes, as well as the physical impacts brought by extreme weather events on aircraft recycling facilities. In order to maintain CALC’s leading position amid transitioning to low-carbon economy, CALC is committed to upgrading its fleet to include more energy-efficient and low-emission aircraft. Meanwhile, CALC continues to optimise its technology for recycling old-aged aircraft to gain greater advantages in the transition to a low-carbon economy.

Risk Category	Specific Description	Potential Financial and/or Operational Impact
Policy and legal	<p>More stringent emissions standards for the aviation industry.</p> <p>More stringent requirements on information disclosure, including climate-related information.</p>	<ul style="list-style-type: none"> Increased expenditures on energy-efficient and low-emission aircraft to meet the needs of the aviation industry. Increased expenditures to comply with new regulations and strengthen data management.
Market	<p>Airlines prefer more efficient aircraft.</p> <p>Increased price of raw materials.</p>	<ul style="list-style-type: none"> Increased expenditures for procuring energy-efficient and low-emission aircraft to meet the needs of the aviation industry. Increased expenditures.
Reputation	<p>Increased interest from investors and customers on climate change, including its impacts on companies’ business and existing mitigation measures.</p>	<ul style="list-style-type: none"> More frequent stakeholder communication is required to better understand their views. Increased expenditures to manage and respond to the impacts of climate change.
Technology	<p>Low-carbon technological enhancement under the development trend of green airlines.</p>	<ul style="list-style-type: none"> Increased expenditures on procurement of energy-efficient aircraft and fleet renewal.
Physical (short-term)	<p>Increased severity and frequency of extreme weather events, such as typhoon and flooding.</p>	<ul style="list-style-type: none"> Project delays and additional working hours or expenses may be resulted due to an increased number of downtime days. Affecting supply chain.

Artificial Intelligence and the Internet of Things – Terminus

The market positioning of Terminus is a new technology artificial intelligence Internet of Things platform, applying AIoT (artificial intelligence + Internet of Things) technology to provide intelligent technology services for all parties. One of the main missions of Terminus is to align with national carbon reduction targets to provide solutions that drive sustainable development. As a result, climate change brings more opportunities to Terminus, while the negative impact is not significant. In order to seize the opportunity of low-carbon economic transformation, Terminus is striving to further develop the AIoT technology, providing services related to energy management and analysis for enterprises and the society. Hence, Terminus helps to promote the development of smart cities with carbon neutrality goal as the driving force.

Risk Category	Specific Description	Potential Financial and/or Operational Impact
Policy and legal	More country's policies in relation to energy and dual carbon strategy.	<ul style="list-style-type: none"> ▪ Significantly increased demand for Terminus's businesses in smart cities, smart energy management, AIoT smart energy and low-carbon/zero-carbon products and solutions, resulting in revenue growth.
Market	Increased demand for services relating to energy conservation and emissions reduction due to increasing social concerns on climate issues, customers' preference towards green products and increased energy costs.	<ul style="list-style-type: none"> ▪ Increased demand on Terminus's business in smart cities, smart energy management, and low-carbon/zero-carbon products and solutions, leading to revenue growth.
Technology	The market prefers low-carbon and environmentally friendly products.	<ul style="list-style-type: none"> ▪ Taking carbon neutrality as the centre of product development and business direction, Terminus has accumulated a large number of technical patents, established a joint laboratory, and led the establishment of the Green Intelligent New Economy Industry Alliance (GINEA).
Reputation	Increased market attention to carbon emissions and sustainable development.	<ul style="list-style-type: none"> ▪ Promoted Terminus's competitive advantage in the new technology market which helped Terminus to gain higher recognition from the industry.

Risk Management

With regard to the identified climate risks and their financial impacts on the Group, the Group refers to the *ESG Risk Management Statement* which covered the incorporation of ESG risks, including climate risks, into the due diligence and pre- and post-investment processes. This process will greatly enhance our resilience against climate risks and help mitigating the impacts of climate change on the Group's business.

Metrics and Targets

As a professional cross-border investment institution, the Group firmly believes that 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.

We will continue to identify the impacts of climate change, and gradually integrate the analysis and assessment of climate risks into our investment decision-making processes and current risk analysis methods through implementation of the *Climate Change Policy*, *ESG Risk Management Statement* and *Responsible Investment Guidelines*. We will actively investigate and explore various approaches to achieve the "Dual Carbon" goal.

OUR EMPLOYEES

We believe that employees are our most valuable assets and the cornerstones of our success. We strive to uphold people-oriented and human-centric principles, creating a diverse, inclusive, healthy and comfortable working environment. As such, we continuously allocate resources on the human resources management to nurture our employees.

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 that could make our business more competitive, 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. In order to ensure that the compensation system of our employees is fair and competitive, we would reward employees with discretionary bonuses based on their performance.



Standard benefits provided for our full-time employees are summarised in the table below:

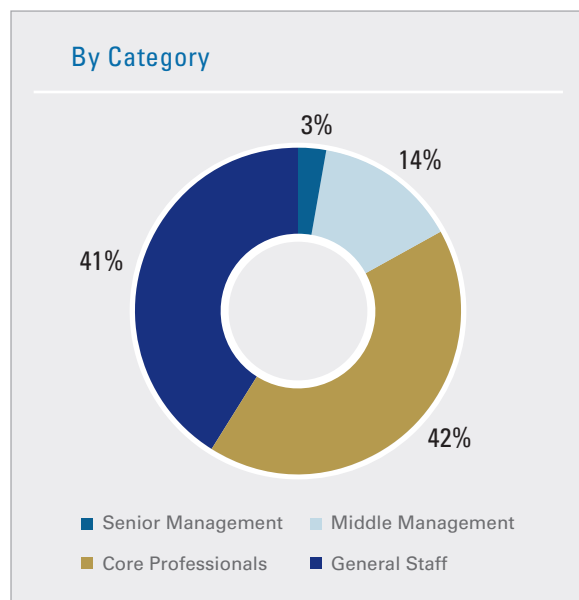
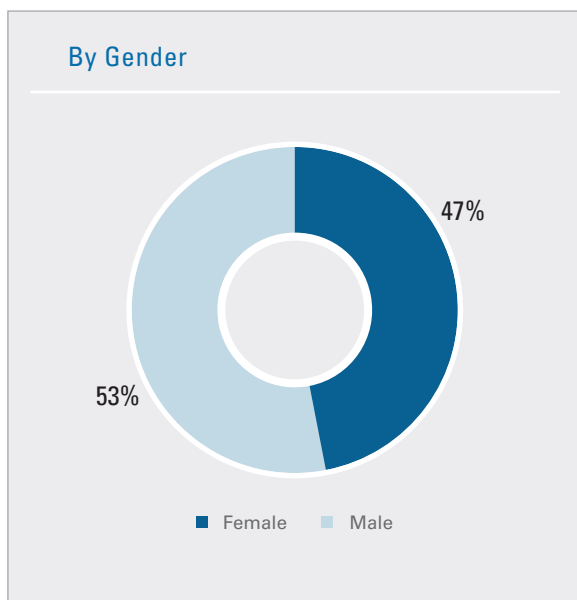
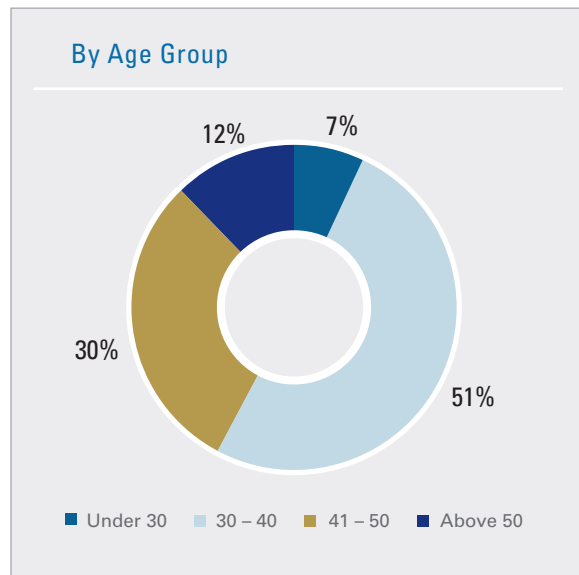
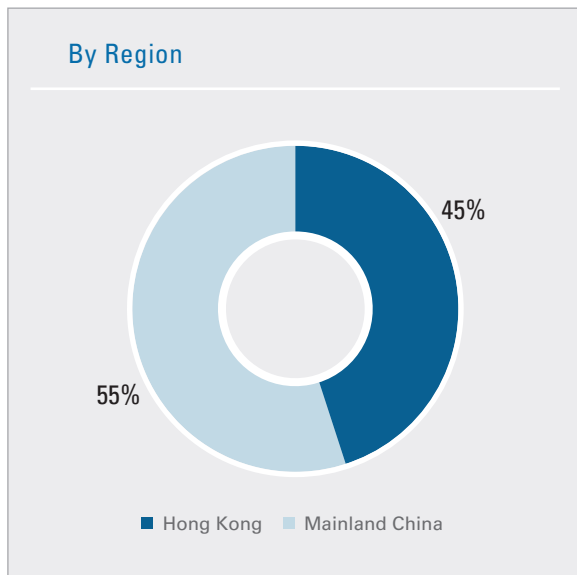
Benefits	Hong Kong Office	Mainland China Offices
Life insurance	✓	✓
Healthcare insurance	✓	✓
Disability and invalidity coverage	✓	✓
Parental leave	✓	✓
Retirement provision		✓
Stock ownership		
Mandatory provident fund/provident fund	✓	✓
Unemployment insurance		✓
Endowment insurance		✓
Work-related injury insurance	✓	✓

During the Reporting Period, the Group has achieved a wide range of awards from various organisations, which demonstrated the recognition of our efforts to the aspect of staff caring and development. We have been awarded the "Sport-Friendly Action" logo of recognition by the Chinese YMCA of Hong Kong for 3 consecutive years. Additionally, we have been presented a Merit Award in the category of "Joyful@Healthy Workplace Best Practices Award (Corporate/Organisation)" that are jointly organised by the Occupational Safety and Health Council, Labour Department, Department of Health, Pneumoconiosis Compensation Fund Board and Occupational Deafness Compensation Board.

Employee Diversity and Equal Opportunity

The Group is committed to promoting a diverse and inclusive team and adheres to fair and impartial human resources management practices in areas such as recruitment, promotion and dismissal, training and assessment. We strictly observe and execute 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 and harmonious 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.

As of 31 December 2022, the headquarters and wholly-owned subsidiaries of CEL had 274 employees in total, all of which were employed on a full-time basis. The ratio of male to female staff was 1.1:1.



Employee Training and Development

To better promote employee training, the Group has formulated the *Employee Training and Development Policy* and *Employee Development and Training Statement*, and is committed to constantly allocate resources to promote the long-term professional and personal development of our employees. We provide a series of internal and external trainings, 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 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 topics and the business landscape.

During the Reporting Period, we continued to improve our employee training system, setting an annual training hour target of 30 hours and 20 hours for all new recruits and non-new recruits respectively, and incorporated the completion of the target into the evaluation system so as to encourage employees to actively participate in work-related internal and external training activities. It aims to continuously improve their personal professional skills, and ultimately enhance the Company's core competitiveness as a whole. In 2022, 37 internal training courses were organised, covering political literacy, integrity culture, professional ethics, laws and regulations, finance and taxation, carbon neutrality and ESG, soft skills and other fields. Each department could also formulate training directions and themes according to team development goals, and organise respective internal trainings. During the Reporting Period, all employees completed a total of 11,097.2 hours of training, while the training rate of employees was 100%.

CEL strives to retain and nurture talents through the *Employee Promotion Policy* that provides a career ladder for employees who are aiming high with a clear and stable career development structure. The policy also encourages employees to make a greater contribution to the Company, facilitating business development of the Group.

Moreover, CEL regularly evaluates and reviews the performance and career development of all employees to effectively enhance employee's working ability and their individual development. At the same time, it helps our strategic human resource management through identifying outstanding talents.

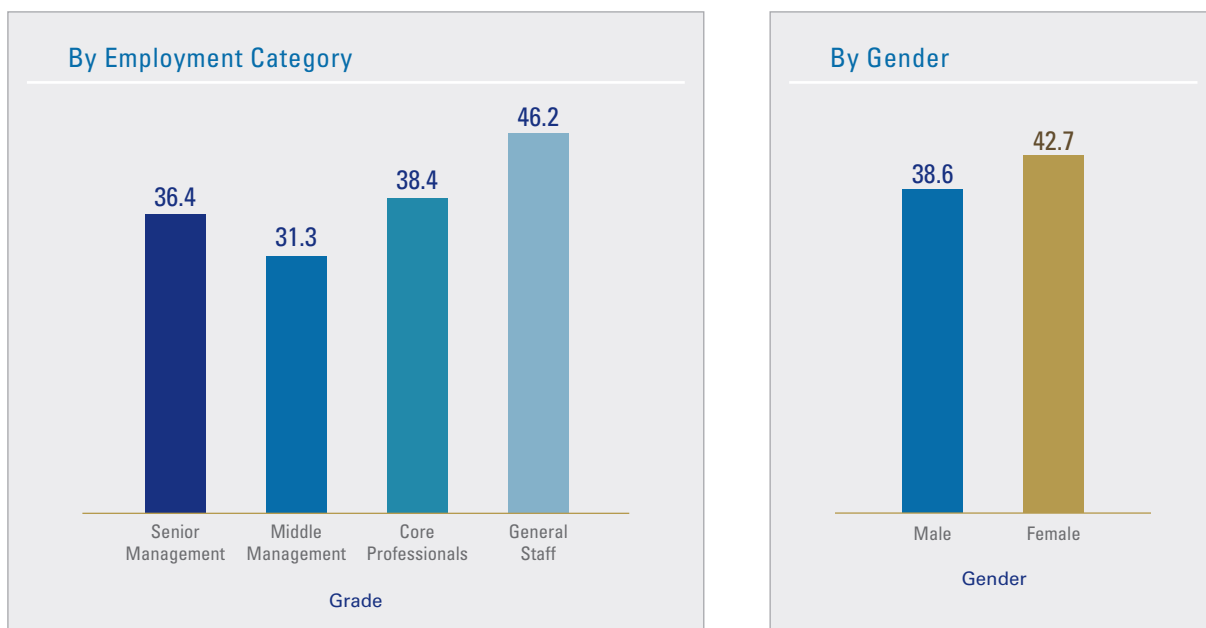
Special Training Series for ESG

During the Reporting Period, CEL's ESG Task Force and Human Resources Department invited professional institutions and top experts in the industry to carry out 4 sessions 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. Topics of the ESG training covered include carbon neutrality in operation and TCFD training. A total of 264 employees from 5 office locations, together with CEL's MDC participated in the training via on-site and online modes.

In order to strengthen employee's training regarding carbon peaking, carbon neutrality and ESG, the Group has purchased training courses from external organisations. Topics included in the training courses cover carbon neutrality, ESG basics and ESG systems. Employees could attend training and learning through the E-Learning system of the Group at all times.

Furthermore, we have attended an ESG seminar which is shared by the expert from HKEX to enhance our understanding of future trends and recommendations in the scope of ESG information disclosures.

Average Training Hours in 2022



Average Health and Safety Training Hours in 2022

	By Employment Category				By Gender	
	Senior Management	Middle Management	Core Professionals	General staff	Male	Female
Average training hours	0.4	0.4	0.7	1.7	0.6	0.5

Average ESG Training Hours in 2022

	By Employment Category				By Gender	
	Senior Management	Middle Management	Core Professionals	General staff	Male	Female
Average training hours	2.4	1.9	1.9	2.5	2.1	2.2

Average Data Security Training Hours in 2022

	By Employment Category				By Gender	
	Senior Management	Middle Management	Core Professionals	General staff	Male	Female
Average training hours	1.2	1.3	1.3	1.8	1.5	1.6

The Group provides online orientation training to let newly recruited employees more familiar with the Group's overall operations. The training covers the Company's business overview, brand concept, rules and regulations, codes of conduct and other aspects. New hires are also arranged to participate in a mentorship programme, through which senior staff will provide them with timely guidance and encouraging support to help them smoothly adapt to and integrate into our corporate culture and working environment.

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

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 Proposal* and *CEL Young Talents Development Scheme* 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. To facilitate the professional development of the workforce, the Group has also developed talent pools dedicated to scientific and technological innovation, risk and legal, and financial management. The Group will gradually furnish the relevant management measures. In 2022, we kicked off the training programme for young talents. External consultants introduced work behaviour assessment to our young talents, which is the first chapter of the training programme. Through conducting scientific assessment, it allows young talents to understand their own behavioural characteristics in multiple dimensions, and hence, helping them to formulate their most suitable personal development plan.

Occupational Health and Safety

The physical and mental health of our employees are of utmost 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 are aware of the occupational health related to the office environment. Hence, through incorporating various considerations in the design of office lighting fixtures, ventilation and workstations, we endeavour to ensure the healthiness of our working environment.

In addition to enhancing our employees' safety awareness through participating in annual fire drills, 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 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.

At the same time, the Group advocates work-life balance and regularly organises various recreational activities for employees, such as artistic creation, stretching activities and health 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. “Charging stations” were set up at 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.

During the Reporting Period, we did not receive any cases concerning work-related injury or ill health of both of our employees and workers.

Communication and Connection

The Group values close interactions with employees. We listen to employees’ concerns through conducting active and open dialogues via various means of communication. Internally, our *Partner Express* emails timely 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.

We have also 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 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.

OUR VALUE CHAIN

Under the complex and everchanging global economy and international environment, the Group is committed to grasping opportunities in both new domestic and international landscapes, by actively promoting and developing high-quality transformation. CEL maintains a close relationship with the six major partners, aiming to better utilise our own expertise and resources to demonstrate our growing ambitions in responsible investment and 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 Mainland and Hong Kong markets that with immense potentials. In recent years, in order to expand the coverage of different industries in our investment portfolio and to explore new opportunities, we have been actively looking for overseas investment and cooperation plans. The Group has also established an effective risk management mechanism to safeguard the capital and interests of both parties, as well as the confidence of our investors.

When the private equity 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.

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 2022, 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) 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.

Supply Chain Management

In May 2022, CEL re-examined and released its *CEL Procurement Management Measure (First Edition)*, establishing a management mechanism for the whitelist of suppliers. The supplier whitelist is composed of the industry-leading suppliers and companies with previous cooperation that have good performance. Suppliers would be added to the supplier whitelist after the approval of the supplier management team. A set of considerations will be taken into account for the approval of the supplier whitelist, including the number and qualifications of professionals, service content, service quality, service arrangement, quotation information and financial status. In terms of the execution, suppliers on the supplier whitelist will be prioritised. For selecting suppliers outside the supplier whitelist, approval from the procurement management team that is authorised by the management team would be required.

During the Reporting Period, 38 suppliers were added to the CEL supplier whitelist after completing appropriate procedures and approvals.

OUR COMMUNITY

Over the years, CEL has done its best to participate in community activities and actively fulfill its corporate social responsibilities (“CSR”). We work closely with stakeholders from all walks of life to promote community sustainability in different forms and work together to help those in need. Through the Department of Culture and Social Responsibility, we actively promote the construction of the Company’s corporate culture while better fulfilling public welfare and social responsibilities. We strive to promote social harmony and long-term development of both Hong Kong and the country.

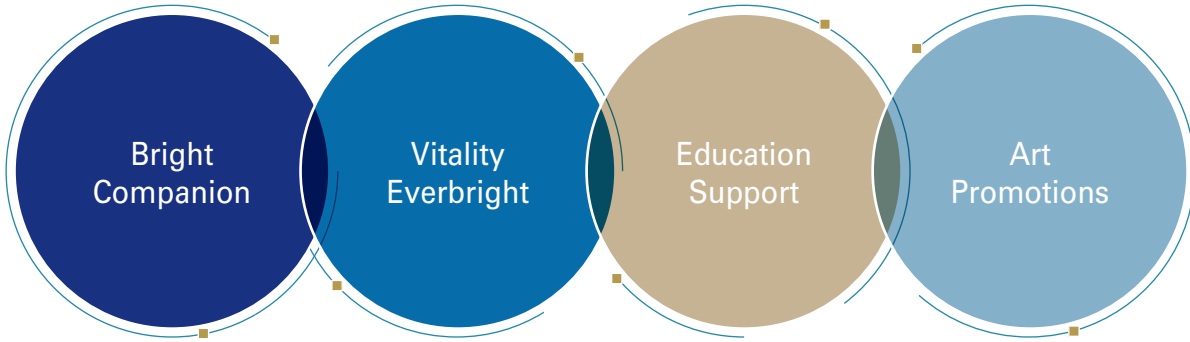


This year marks the 15th anniversary of the establishment of CEL’s volunteer team where we contribute to the development of a sustainable community through diverse volunteering activities. CEL’s volunteer team has been organising various volunteering activities every year, allowing our employees to participate in social welfare services that could facilitate our society’s sustainable development. The team has visited nursing homes, special child-care centres and schools, sheltered workshops, prepared meals for the elderly with Food Angel, joined garden maintenance activity at a historical monument, hosted mural painting in school, organised parent-child visits, voluntary tree planting, and various fundraising and material distribution activities.

CEL Corporate Social Responsibility Policy clearly shows our commitment to being socially responsible. We provide supports and targeted resources allocation in diverse fields, including social needs, funding assistances to the disadvantaged and disaster relief.

Furthermore, in 2008, CEL established the China Everbright Charitable Foundation (“CECF”), a charitable organisation recognised by the Hong Kong government. Over the past couple of years, CEL has been focusing on our four main themes “Bright Companion”, “Vitality Everbright”, “Education Support”, and “Art Promotions”, supporting various public welfare projects that bring benefits to both the community of Hong Kong and the development of China. Among them, we have been taking part in “Lifeline Express” for many years to provide treatment to impoverished patients with cataract issues. We also title sponsored “Everbright Moonwalkers” and have become Orbis’s “Hong Kong Corporate Partner” to support its sight-saving campaigns across the globe. Furthermore, we title sponsored “Spartan Race Hong Kong” which promotes a healthy lifestyle and the concept of self-challenge, facilitating both physical and mental health. Dalton School Hong Kong has officially opened in 2017 after years of preparation and support by CEL, with an aim of establishing a world-class level of learning environment to the new generation. Title sponsored by CEL, the “China Everbright Voice of the Stars Story-Telling Scheme” intends to cultivate a better understanding and greater awareness of Chinese history among Hong Kong’s youngsters. “Big Little Thing”, held under Business for Social Good of the Our Hong Kong Foundation and title sponsored by CEL, aim at discovering social issues in the community, understanding the difficulties faced by the grass-roots families and encouraging the enterprises to resolve the issues with creative inspiration. Jointly launched “The Everbright Project” with Caritas Family Crisis Support Centre to provide community services targeting Hong Kong’s sandwich class. Additionally, we have supported the “Project Companion – Professional Social Workers in Greater China Scheme”, which was jointly established with Social Workers Across Borders, aiming to train professional social workers in Mainland China. Sponsoring the “Everbright Teachers Heritage Discovery Tour” which is organised by Hong Kong Federation of Education Workers, we hope to provide Hong Kong teachers with travelling opportunities to cities in Mainland China for experiencing and learning Chinese culture and history. As a long-term partner of Hong Kong Ballet, we title-sponsored various classical ballet performances, including the Hong Kong Ballet, Opera Hong Kong, the Hong Kong Arts Festival and Hong Kong Repertory Theatre to promote the development of arts in Hong Kong.

Our continuous efforts and dedications in promoting corporate social responsibility have widely received recognition from the society. We have awarded “Caring Company” and “Caring Organisation” for 12 consecutive years, “Sport-Friendly Action” logo presented by Chinese YMCA of Hong Kong for 3 consecutive years. We had attained “The Asset Corporate Awards – Gold Award in Governance, Social Responsibility and Investor Relations” and the “Hong Kong Outstanding Corporate Citizenship Award – Volunteer Team” presented by Hong Kong Productivity Council before, which fully affirmed the Company’s excellent performance in embracing corporate social responsibility and maintaining good communication and relationship with various stakeholders.



On the basis of our continuous support for various themed activities on education, sports and arts, CEL has planned and organised a series of activities for the celebration of the 25th anniversary of the Hong Kong's return to its motherland in 2022.

Co-organiser of the Victoria Harbour Pop-up and Symphony Concert

To celebrate the 25th anniversary of Hong Kong's return to its motherland, CEL successfully co-organised the "Victoria Harbour Pop-up and Symphony Concert", which is an officially recognised celebration event, it attracted over 1,000 Hong Kong residents to join. Executive Director and President Zhang Mingao, Vice President Wong Tung Hung, and Vice President So Hiu Pang led more than 20 young colleagues in Hong Kong to participate in the event, expressing CEL's good wishes for their love for the motherland and Hong Kong, while wishing the motherland prosperity and Hong Kong a new chapter.



Introduced themed tram for the celebration of the 25th anniversary of Hong Kong's return to China

We have successfully launched an event with a theme of “CEL getting together with Hong Kong for 25 years” which introduced trams with themes of “celebrating Hong Kong's return to its motherland” and “celebrating national day”. Themed trams travelling along the streets of Hong Kong represents our best wishes to Hong Kong and marks our determination in serving Hong Kong with people from all walks of life for building a better future.



Donation of tickets to the inspirational movie “Sunshine of My Life” to grassroot families

Everbright Limited donated tickets to Hong Kong grassroots families to watch the inspirational film “Sunshine of My Life”, which is produced by the Film Development Fund (funded by the Hong Kong government) and CreateHK (one of the main departments of the Hong Kong Commerce and Economic Development Bureau). The film tells the inspirational story of self-improvement of young people from grassroots families, and we hope to encourage young people in Hong Kong to positively overcome obstacles that they might encounter in life.



Organiser of celebration activities for the 25th anniversary of the establishment of the HKSAR

We have organised various visits for our Hong Kong colleagues to join, including the “Clansmen Culture Exhibition” that themed “Connecting Ancestors; Seeking Origins”, Hong Kong Palace Museum, and “InnoTech Expo 2022”. It allows our employees in Hong Kong to experience the customs and cultural heritage of different provinces and cities in the mainland China, as well as to experience the beauty of traditional Chinese culture and the achievements of China’s development. It facilitated cultural integration between Hong Kong and mainland China through strengthening the understanding of the nation.

Rural Revitalisation

During the Reporting Period, 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.

Industry Revitalisation	Finance Revitalisation	Consumption Revitalisation
<p>The Shanghai Mackindi project invested by the Group’s Consumer Fund Department is mainly engaged in exporting catering safety operation services, and the project company takes solving the safe dining needs of primary and secondary school students in related counties/cities as the entry point, and further builds large-scale clean vegetable and semi-finished product processing centres and warehouse-type cold chain distribution centres that meets local operation standards, and upgrades the local agricultural wholesale market.</p> <p>Through the development of investment projects, we will continue to help the local government in consolidating the achievements of poverty alleviation and help relocated individuals. By the end of 2022, 16 projects including Pyeongchang, Yuexi, Chuzhou, Binhua and Tengzhou had been provided for the three-industry integration project mainly in the student meal business, with a cumulative total of 5.42 million meals.</p>	<p>The Company’s Strategic New Industry Fund Department takes the establishment of emerging industry fund as the starting point and continues to promote cooperation with Jiangsu Kun Mountain. The establishment and operation of the Kunshan Fund is an important measure to implement the national rural revitalisation strategy, and through investment and support for related projects, it will better promote the improvement of Kunshan agricultural industry and rural science and technology.</p>	<p>In 2022, CEL made every effort to alleviate poverty, purchasing featured agricultural products from key counties of the state four times, with a total purchase amount of approximately RMB 426,800. At the same time, we actively promoted the characteristic agricultural products of the designated three counties to the Company’s relevant customers, and plan to open a special area at shopping malls and supermarkets directly managed by the affiliated company. In addition, in line with the work plan of Everbright Group to carry out designated assistance, CEL donated RMB 1 million to the Group’s designated assistance accounts during the Reporting Period to help consolidate the achievements of poverty alleviation and continue to promote rural revitalisation.</p>

In addition, as the pandemic continues, CEL and CALC jointly formed the “CEL-CALC Joint Volunteer Team” to donate more than 100 boxes of pandemic prevention packs to the grassroots and elderly care institutions, so as to unite with all sectors of the community during difficult times. In addition, on Youth Day 2022, the Youth Federation of CEL made donations to two nursing homes in Hong Kong, including air disinfection machines, oximeters, rapid test kits, proprietary Chinese medicines and other pandemic prevention materials. We carry forward the spirit of the May Fourth Movement with actual actions, fulfilling the mission of CEL youth in the new era.





KEY INVESTEE COMPANIES

Real Estate Asset Management

Everbright Jiabao, an associate of the Group, with core businesses centred around asset management, investment and development of real estate, 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 15 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

Adhering to a people-oriented concept, Everbright Jiabao believes that human resources are the company's most important assets. We are committed to creating a diversified and friendly working environment for employees, focusing on cultivating a professional working team to increase the company's competitiveness. Our *Staff 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 continued 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 consolidate an extensive line of control and defence, safeguarding our employees' safety and health.

Our Value Chain

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

We use channels such as online interaction platforms and receptions for investors 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.

Our Environment

In the processes of project development and operations, we have always adhered to the philosophy of green development committed to adopting green construction standards. In addition, in order to minimise our environmental impacts induced during business operations, we ensure the incorporation of sustainable development factors such as energy consumption, air quality, water resources and material usage in project development and operations.

We strive to work with our suppliers to implement the concept of sustainability throughout. We strive to find and select companies with a strong sense of social responsibility in business operations and focus on using novel products that are more environmentally friendly, low-carbon and recyclable.

Our Community

Aiming to undertake social responsibilities, create shareholder value, and attain employee aspiration is Everbright Jiabao's mission, and we fulfil our social responsibility by utilising our in-house platforms and resource superiority. Apart from actively participating in the construction of commercial housing for high quality housing relocation, 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.

Artificial Intelligence Internet of Things

Terminus, an AIoT (Artificial Intelligence Internet of Things) platform company which CEL has been cultivating and developing since 2015, has become of the most competitive companies in the novel technologies sector under the "Three-universal and One-innovative" strategic layout of the Everbright Group. Terminus took the lead in applying the AIoT 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

The people-oriented concept is one of Terminus' core values and we continuously refine our human resources management policies, fuelling the growth of the employees. We are keen on organising different sport clubs and teambuilding activities based on our employees' interests to help them realise work-life balance and creating good working atmosphere. Our *Staff Handbook* lays our 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 enjoy equal treatment and demonstrating the value of diversity at all levels. 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 employees and cultivate a base for mature technology, products, marketing and management talents.

Our Value Chain

Terminus is committed to becoming the world's leading and comprehensive 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

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

Terminus' business has expanded from empowering a door to constructing a city within six years, 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 practically supporting the realisation of the dual carbon targets through actions.

Terminus's AICITY pilot station "AI PARK" is an ecological park that utilises AIoT technology to monitor carbon emissions throughout its lifecycle. Through our automatic self-evolved OTA (Over-the-Air) technology and the intelligent multi-scenario services provided by Terminus' Titan robots, a "green intelligent building of life" with temperature, perception and thinking capabilities, setting an industry benchmark for low-carbon green cities has been created.

Our Community

"Operation Huolei", launched by Terminus, is a continuous charitable event for 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 cities such as Wuhan, Beijing and Chongqing, as well as 2 countries in the United Arab Emirates (UAE) and Qatar. As a new generation of 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 enabled smart education through novel technology. 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 practical actions.

Full Value-Chain Aircraft Service

CALC, a key investee company of CEL, is the first operational aircraft lessor in China and a world leading aviation finance corporation. CALC's business scope includes providing 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. CALC's footprint relies on the rich experience and global financing capabilities of its international team, and has now spread to 17 countries and regions in 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

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

Our comprehensive *Training and Development Policy* outlines the training categories and provides relevant training application and reimbursement procedures as well as the framework for training assessment. Department supervisors and our management team will evaluate the competence and performance of employees within the assessment period. To support our business needs, the results of the assessment will be used for sharpening the necessary skills, and acquiring knowledge and experience. Moreover, we regularly organise various outdoor activities and charitable events for employees to enjoy life apart from work. We also offer travel reimbursement every year for eligible employees. All employees are insured against any industrial accident arising out of and in the course of their employment and employees on business trips are also covered by travel insurance.

Our Value Chain

Stakeholder engagement is integral to CALC's sustainability strategy. Through interacting and communicating closely with our stakeholders in various communication channels, we are able to gain insights of how our business affects different stakeholders. Building trusted relationships with our stakeholders help us to define and adjust our current and future sustainability strategies.

As a responsible company, CALC is committed not only to comply with all the laws and regulations related to our business, but also to build a better and greener future with our suppliers. We have established a fair and transparent *Suppliers Selection and Management Procedure* for the selection and management of all suppliers to minimise risks related to sustainable development in the supply chain. We will also regularly evaluate the performance of our suppliers and contractors to ensure compliance and continuous improvements.

Our Environment

To promote the efficient use of resources and raise the environmental awareness of our employees, we have implemented the *Green Office Programme* since 2018. Our *Green Office Guide* is supported by our management and provides practical tips on the principles of saving energy, water, and office materials to encourage green operation and promote eco-friendly living among employees.

We regularly monitor and review our GHG emissions to ensure that our impact on climate change is well understood and managed. We are phasing out older aircraft models, improving fuel efficiency and reducing carbon emissions, thereby implementing a purchasing strategy for energy-efficient aircraft. We also conduct climate risk assessment studies to identify the major risks posed by climate change to our business operations. We map climate risks and identify the physical and transition risks and opportunities of climate change to help ourselves grow our business sustainably.

While improving and upgrading our aircraft, fuel efficiency and relevant external prices are also one of our major considerations. New Engine Options (NEOs) will reduce a considerable amount of fuel consumption, carbon emissions and operating costs. Since we delivered our first A321neo aircraft in 2018, the group has continued its strategy of energy-efficient aircraft and phasing out aged aircraft.

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 2022, CALC, as an enterprise of Everbright Group in Hong Kong, continued to support Hong Kong's pandemic prevention work under the leadership of CEL. During the worst time of the pandemic, CALC and CEL responded to the missions of the HKSAR Government and jointly formed the "CEL-CALC Joint Volunteer Team", which organised volunteers to participate in several elderly home visits and anti-pandemic material donation with a total worth of HK\$2.2 million. The resources donated include 200 air sterilisers, more than 20,000 N95 masks, 15,000 sets of virus rapid test kits, 500 disinfectants, 600 boxes of proprietary Chinese medicines, 10 boxes of personal protective clothing, etc. Focusing on and serving vulnerable groups such as the elderly, the scope of donations has covered more than 100 residential care homes for the elderly in Hong Kong. Eventually, good social benefits have been achieved.

At the same time, Poon Ho Man, CEO of CALC, also participated in its anti-epidemic work as the Executive Vice-president of the Hong Kong Heilongjiang Economic Cooperation Promotion Association. The group donated a total of 530,000 masks, 7,700 boxes of new coronavirus rapid test kits, 22,000 disinfectants, 1,000 boxes of proprietary Chinese medicines, 50,000 pairs of medical gloves, 3,000 pieces of protective clothing and other materials. At last, the Hong Kong SAR presented a certificate of appreciation for the donations. With the swift action and active participation of volunteers of China Everbright and CALC, we successfully raised a large amount of supplies in a short period of time and distributed them in an orderly manner to support frontline anti-pandemic personnel in need in a timely manner.

CALC continued to work with Orbis, the World Green Organisation and WWF Hong Kong in 2022 and raised over HK\$165 thousand through its Corporate Responsibility Programme activities.

Senior Healthcare

Everbright Senior Healthcare is an associate of the Group and also an enterprise under Everbright Group that focuses on universal healthcare development. Since its establishment, Everbright Senior Healthcare has developed rapidly and accurately leveraged market opportunities. It has now become a renowned senior healthcare group and has realised its layout in over 50 key core cities in China and the Greater Bay Area.

Everbright Senior Healthcare has built a three-level elderly service model that relies on 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 creating a smart elderly care platform, it follows the principle of light-asset and high-quality development.

Everbright Senior Healthcare continues to promote 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. At the same time, we actively leverage our business advantage, integrating our business characteristics, to comprehensively cover all types of healthcare needs of 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, we build our talent pool surrounding three specific talent streams based on our strategy and business: 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 organisation. In 2022, Everbright Senior Healthcare has successfully attained ISO 45001 Occupational Health and Safety Management System certification, which provides more secure protection of our staff’s physical and mental health.

Our Value Chain

Everbright Senior Healthcare cooperates with multiple parties to deploy a universal healthcare industrial chain and launches various kinds of medical and senior healthcare products by leveraging Everbright Group’s universal healthcare collaborative platform. 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 ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 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.

We incorporate green building elements and implement various environmental initiatives in our projects to reduce our carbon footprint. 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.

We put up energy-saving and water-saving tips around the nursing homes and conduct regular advocacy activities to raise the awareness of environmental protection of the elderly, their family members and our employees. 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

Everbright Senior Healthcare's corporate mission is "demonstrate the responsibility of a state-owned enterprise through social responsibility". With the needs of the elderly as our top priority, we pledge 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.

MAJOR RECOGNITIONS, AWARDS AND MEMBERSHIPS

The Group received various awards over the past year in recognition of our contribution and commitment to society and the environment. 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 twelve consecutive years since 2011. We are also committed in creating a pleasant working environment and promoting positive attitudes towards life for our employees, and as such, CEL has been awarded the “Happy Company 5 years+” label for eight consecutive years jointly by the Hong Kong Productivity Council and the Promoting Happiness Index Foundation. We have also been awarded the “Sport-Friendly Action” Decal by the Chinese YMCA of Hong Kong for three consecutive years, commending our efforts in caring for the physical and mental health of our employees and promoting life-work balance.

The awards and recognitions received by the Group in 2022 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
“Joyful@Healthy Workplace Best Practices Award - Merit Award”	Occupational Safety & Health Council
2022 Top 50 State-owned Investment Institutions 2022 Top 30 Institutional Limited Partners in China’s Equity Investment Market 2022 Top 30 State-owned Equity Institutional Limited Partners in China Equity Investment Market	Zero2IPO Research Centre
2022 Top 20 State-owned Direct Investment Institutions with the Best Returns (9th place) 2022 Top 20 State-owned Assets Market-oriented Fund of Funds Best Returns (4th place)	Global FOF Association
2022 Top 10 Private Equity Investment Institutions Received Most Attention from LP in China 2022 Top 30 Best Private Equity Investment Institutions in Guangdong–Hong Kong–Macao Greater Bay Area Top 30 Best Foreign Private Equity Investment Institutions in China Top 30 Best Limited Partners in China	ChinaVenture Info
Best Asian Hedge Fund (3 years) Best Asian Hedge Fund (5 years)	Insights & Mandates
Top 20 Social Responsibility and Carbon Neutral Investment Institutions	FOFWEEKLY
2022 China Bridge’s Best State-owned Investment Institution in China 2022 China’s Bridge’s Best Secondary Fund Investment Institution	China Bridge Capital Market
Top 30 Most Admired Private Equity Investors in China in 2022	CYZONE

The Group continues to participate in professional and trade organisations to keep abreast of the main topics, 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
Chinese Financial Association of Hong Kong	Vice Chairman
Hong Kong Chinese Listed Companies Association	Corporate Member
Insurance Asset Management Association of China (IAMAC)	Special Cooperation Organisation

PERFORMANCE DATA

Economic Performance	2022 Amount (HK\$'000)
Direct Economic Value Generated	
Income from contracts with customers	843,075
Income from investments	(5,885,695)
Income from other sources	(75,407)
Share of profits less losses of associates	616,886
Share of profits less losses of joint ventures	17,123
Economic Value Distributed	
Finance cost	1,109,315
Other costs ⁴	1,832,124
Dividends	505,576
Taxes ⁵	98,371
Loss attributable to non-controlling interests	(346,300)
Charitable donations	3,187
Economic Value Retained	
Retained for CEL's sustainable operation and development	(7,686,291)
Environmental Performance	2022
Greenhouse (GHG) Emissions	
Scope 1 (tonnes CO ₂ equivalent)	7.9
Scope 2 (tonnes CO ₂ equivalent)	581.2
Scope 3 (tonnes CO ₂ equivalent)	109.1
GHG emissions intensity (tonnes CO ₂ equivalent/employee)	2.5
Fuel and Water Consumption	
Electricity consumption (kWh)	884,824.0
Electricity consumption intensity (kWh/employee)	3,229.3
Water consumption ⁶ (m ³)	50.6
Water consumption intensity (m ³ /employee)	0.185
Fuel consumption – Petrol (L)	2,934.4
Fuel consumption intensity (L/employee)	10.7
Materials Consumption and Recycling	
Paper consumption (kg)	8,896.2
Paper recycled (kg)	1,599.0
Cartridges consumption (pcs)	110
Cartridges recycled (pcs)	60

Notes:

⁴ Represents other costs but excludes depreciation and amortisation for the year.

⁵ Represents current income tax but excludes deferred tax for the year.

⁶ Since tap water in the office is supplied by the building and there is no independent water meter, the water consumption only includes the consumption of bottled and barrelled drinking water (except Shenzhen office).

Environmental Performance	2022
Waste Disposal	
Non-hazardous waste (kg)	24,230
Non-hazardous waste intensity (kg/employee)	88.4
Hazardous waste ⁷ (pcs)	315
Hazardous waste intensity (pcs/employee)	1.15
Social Performance	2022
Employees (by Employment Type)	
Full-time	274
Part-time	0
Employees (by Gender)	
Male	145
Female	129
Employees (by Age Group)	
Under 30	20
30-40	140
41-50	82
Above 50	32
Employees (by Employment Category)	
Senior Management	8
Middle Management	40
Core Professionals	114
General Staff	122
Employees (by Geographical Region)	
Hong Kong	122
Mainland China	152

Note:

⁷ Including waste fluorescent lamps containing mercury.

Social Performance		2022
Employees (by Contract Type)		
Permanent employee	Male	144
	Female	129
	Hong Kong	121
	Mainland China	152
Temporary/contract employee	Male	1
	Female	0
	Hong Kong	1
	Mainland China	0
Non-guaranteed hours employee	Male	0
	Female	0
	Hong Kong	0
	Mainland China	0
Full-time	Male	145
	Female	129
	Hong Kong	122
	Mainland China	152
Part-time	Male	0
	Female	0
	Hong Kong	0
	Mainland China	0
Turnover Rate		
Overall turnover rate		19.7%
Turnover Rate (by Gender)		
Male		24.1%
Female		14.7%
Turnover Rate (by Age Group)		
Under 30		20.0%
30–40		20.7%
41–50		20.7%
Above 50		12.5%
Turnover Rate (by Geographical Region)		
Hong Kong		28.7%
Mainland China		12.5%
Workers Who are Not Employees (by Category)		
Secondment worker		43
Contract worker		3

Social Performance	2022
Percentage of Employees Trained (by Gender)	
Male	100%
Female	100%
Percentage of Employees Trained (by Employment Category)	
Senior management	100%
Middle management	100%
Core professionals	100%
General Staff	100%
Average Training Hours (by Gender)	
Male	38.6
Female	42.7
Average Training Hours (by Employment Category)	
Senior management	36.4
Middle management	31.3
Core professionals	38.4
General Staff	46.2
Percentage of Employees Receiving Regular Performance and Career Development Reviews (by Gender)	
Male	100%
Female	100%
Percentage of Employees Receiving Regular Performance and Career Development Reviews (by Employment Category)	
Senior management	100%
Middle management	100%
Core professionals	100%
General Staff	100%

Social Performance	2022	
Parental Leave (by Gender)		
Total number of employees that were entitled to parental leave	Male	145
	Female	129
Total number of employees that took parental leave	Male	10
	Female	8
Total number of employees that returned to work in the Reporting Period after parental leave ended	Male	10
	Female	8
Total number of employees that returned to work after parental leave ended that were still retained 12 months after their return to work	Male	4
	Female	5
Return to work rate	Male	100%
	Female	100%
Retention rate	Male	40%
	Female	100%
Occupational Health and Safety (Employee)		
Work-related fatalities		0
Fatality rate		0
Work-related injuries		0
Injury rate ⁸		0
Lost days due to work injury		0
High-consequence work-related injuries ⁹		0
High-consequence work-related injuries rate ⁸		0
Occupational Health and Safety Data (Third-party Secondment Workers and Contract Workers)		
Work-related fatalities		0
Fatality rate		0
Work-related injuries		0
Injury rate ⁸		0
Lost days due to work-related injury		0
High-consequence work-related injuries ⁹		0
High-consequence work-related injury rate ⁸		0
Suppliers (by Geographical Region)		
Hong Kong		224
Mainland China		200
Other Asian regions		6
Regions outside Asia		5

Notes:

⁸ Injury rate and high-consequence work-related injury rate referred to the calculation methods suggested in GRI403-9 (Injury rate = (Total work-related injuries/Total working hours) x 200,000)

⁹ 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

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Global Reporting Initiative (“GRI”) Standards. 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 the Group’s operations do not cause significant impact on the air, greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-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 due to fuel consumption by the Group’s vehicles ¹⁰ : SO _x : 0.0431 kg NO _x : 0.997 kg PM: 0.0734 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
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Our Environment

Note:

¹⁰ Estimated by referencing the *Report Guidance on Environmental KPIs* published by the Stock Exchange and the *Energy Utilisation – Transport Sector* published by the Hong Kong Electrical and Mechanical Services Department.

General Disclosures and KPIs	Description	Cross-References/Remarks
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 CEL's 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
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 supplied 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.	We do not hold any relevant policy as our routine 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 routine office operations will not cause any significant impact on the environment and natural resources.

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, Tackling Climate Change The Group has formulated the <i>Responsible Investment Guidelines</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, Tackling Climate Change
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 relevant laws and 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 were 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. Middle Management, Core Professionals).	Our Employees; Performance Data
KPI B3.2	The average training hours completed per employee by gender and employee category.	Our Employees; Performance Data
Aspect B4: Labour Standards		
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 preventing child and forced labour.	<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 relevant laws and 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.

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; Our Value Chain
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; Our Value Chain
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; Our Value Chain
Aspect B6: Product Responsibility		
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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	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 Guidelines and Confidentiality 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. 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.
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 consumer data and privacy secure; it also details related implementation and monitoring methods (such as the procedures and regulations for signing confidentiality agreements).
Aspect B7: Anti-corruption		
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 bribery, extortion, fraud and money laundering.	CEL's Approach to ESG Management
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" of the Annual Report 2022 of the Company.
KPI B7.3	Description of anti-corruption training provided to directors and staff.	CEL's Approach to ESG Management; Our Employees

General Disclosures and KPIs	Description	Cross-References/Remarks
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

Statement of use	China Everbright Limited has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard	Disclosure	Location and/or Remarks	Omission (if any)		
			Requirement(s) Omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	About This Report For details of ownership, please refer to "Notes to the Financial Statements" in the Annual Report 2022 of the Company.	A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization's sustainability reporting	Please refer to "Notes to the Financial Statements" in the Annual Report 2022 of the Company.			
	2-3 Reporting period, frequency and contact point	About This Report			
	2-4 Restatements of information	No restatement was made on the content of last year's report.			
	2-5 External assurance	No external assurance was arranged. We will consider external assurance in the future.			
	2-6 Activities, value chain and other business relationships	About This Report; Our Sustainable Business; CEL's Approach to ESG Management For details of scale of the organisation, please refer to the Annual Report 2022 of the Company.			
	2-7 Employees	Our Employees; Performance Data The data is based on the headcount at the end of the Reporting Period. There were no significant fluctuations in the number of employees throughout the Reporting Period and compared with the previous reporting period.			

GRI Standard	Disclosure	Location and/or Remarks	Omission (if any)		
			Requirement(s) Omitted	Reason	Explanation
	2-8 Workers who are not employees	<p>Our Employees; Performance Data</p> <p>The most common type of worker is secondment worker, which was hired through a third-party. There were no significant fluctuations in the number of workers throughout the Reporting Period and compared with the previous reporting period.</p>			
	2-9 Governance structure and composition	Refer to the chapter "Corporate Governance Report" and "Directors' Report" of the Annual Report 2022 of the Company.			
	2-10 Nomination and selection of the highest governance body	Refer to the chapter "Corporate Governance Report" and "Directors' Report" of the Annual Report 2022 of the Company.			
	2-11 Chair of the highest governance body	Refer to the chapter "Corporate Governance Report" of the Annual Report 2022 of the Company.			
	2-12 Role of the highest governance body in overseeing the management of impacts	Refer to the chapter "Corporate Governance Report" of the Annual Report 2022 of the Company.			
	2-13 Delegation of responsibility for managing impacts	Refer to the chapter "Corporate Governance Report" of the Annual Report 2022 of the Company.			
	2-14 Role of the highest governance body in sustainability reporting	About This Report			
	2-15 Conflicts of interest	Refer to the chapter "Directors' Report" of the Annual Report 2022 of the Company.			
	2-16 Communication of critical concerns	Refer to the chapter "Corporate Governance Report" of the Annual Report 2022 of the Company.			
	2-17 Collective knowledge of the highest governance body	Refer to the chapter "Corporate Governance Report" of the Annual Report 2022 of the Company.			

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GRI Standard	Disclosure	Location and/or Remarks	Omission (if any)		
			Requirement(s) Omitted	Reason	Explanation
	2-18 Evaluation of the performance of the highest governance body	Refer to the chapter "Corporate Governance Report" of the Annual Report 2022 of the Company.			
	2-19 Remuneration policies	Refer to the chapter "Corporate Governance Report" of the Annual Report 2022 of the Company.			
	2-20 Process to determine remuneration	Refer to the chapter "Corporate Governance Report" of the Annual Report 2022 of the Company.			
	2-21 Annual total compensation ratio		2-21a 2-21-b 2-21-c	Confidentiality constraints	Due to confidentiality, the Company only discloses salary-related information according to Listing Rules of the Stock Exchange and Ministry of Finance's requirements.
	2-22 Statement on sustainable development strategy	Refer to the chapter "Chairman's Statement" of the Annual Report 2022 of the Company.			
	2-23 Policy commitments	CEL's Approach to ESG Management			
	2-24 Embedding policy commitments	CEL's Approach to ESG Management Our Employee			
	2-25 Processes to remediate negative impacts	CEL's Approach to ESG Management			
	2-26 Mechanisms for seeking advice and raising concerns	CEL's Approach to ESG Management			
	2-27 Compliance with laws and regulations	During the Reporting Period, the Group did not find any violation of regulations.			
	2-28 Membership associations	Major Recognitions, Awards and Memberships			
	2-29 Approach to stakeholder engagement	Materiality and Stakeholder Engagement			
	2-30 Collective bargaining agreements	None of the employees of the Group are covered by collective bargaining agreements.			

GRI Standard	Disclosure	Location and/or Remarks	Omission (if any)		
			Requirement(s) Omitted	Reason	Explanation
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality and Stakeholder Engagement	A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	Materiality and Stakeholder Engagement			
Significant Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality and Stakeholder Engagement			
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			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality and Stakeholder Engagement			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	CEL's Approach to ESG Management			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality and Stakeholder Engagement			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	<p>Refer to the Annual Report 2022 of the Company.</p> <p>CEL's Approach to ESG Management</p> <p>CEL has assessed for risks related to corruption in all operational locations and implemented the <i>Anti-money Laundering and Counter-terrorism Financing Policy</i> as well as the <i>Prevention of Bribery and Corruption Policy</i>. No significant risks related to corruption has been identified through the risk assessment.</p>			

GRI Standard	Disclosure	Location and/or Remarks	Omission (if any)		
			Requirement(s) Omitted	Reason	Explanation
	205-2 Communication and training about anti-corruption policies and procedures	Annual Report 2022 CEL's Approach to ESG Management Performance Data Number of employees participated in anti-corruption training: In 2022, all employees and members of the Board of the Company received trainings in anticorruption, as well as anti-corruption policies and procedures.			
	205-3 Confirmed incidents of corruption and actions taken	In 2022, there were no confirmed incidents of corruption.			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment and Stakeholder Engagement; Our Environment; Tackling Climate Change			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Our Environment; Performance Data			
	302-2 Energy consumption outside of the organization	Our Environment; Performance Data			
	302-3 Energy intensity	Our Environment; Performance Data			
	302-4 Reduction of energy consumption	Our Environment			
	302-5 Reductions in energy requirements of products and services	Our Environment			

GRI Standard	Disclosure	Location and/or Remarks	Omission (if any)		
			Requirement(s) Omitted	Reason	Explanation
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment and Stakeholder Engagement; Our Environment; Tackling Climate Change			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Our Environment; Performance Data			
	305-2 Energy indirect (Scope 2) GHG emissions	Our Environment; Performance Data			
	305-3 Other indirect (Scope 3) GHG emissions	Our Environment; Performance Data			
	305-4 GHG emissions intensity	Our Environment; Performance Data			
	305-5 Reduction of GHG emissions	Our Environment			
	305-6 Emissions of ozone-depleting substances (ODS)	No relevant emissions.			
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	ESG Reporting Guide Content Index			

GRI Standard	Disclosure	Location and/or Remarks	Omission (if any)		
			Requirement(s) Omitted	Reason	Explanation
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment and Stakeholder Engagement; Our Employees			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Our Employees; Performance Data			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our Employees			
	401-3 Parental leave	Performance Data			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment and Stakeholder Engagement; Our Employees			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Our Employees			
	403-2 Hazard identification, risk assessment, and incident investigation	Our Employees			
	403-3 Occupational health services	Our Employees			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Our Employees			
	403-5 Worker training on occupational health and safety	Our Employees			
	403-6 Promotion of worker health	Our Employees			

GRI Standard	Disclosure	Location and/or Remarks	Omission (if any)		
			Requirement(s) Omitted	Reason	Explanation
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our Employees			
	403-8 Workers covered by an occupational health and safety management system	Our Employees			
	403-9 Work-related injuries	Our Employees; Performance Data			
	403-10 Work-related ill health	Our Employees; Performance Data			

Training and education

GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment and Stakeholder Engagement; Our Employees			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Our Employees; Performance Data			
	404-2 Programs for upgrading employee skills and transition assistance programs	Our Employees			
	404-3 Percentage of employees receiving regular performance and career development reviews	Our Employees; Performance Data			

GRI Standard	Disclosure	Location and/or Remarks	Omission (if any)		
			Requirement(s) Omitted	Reason	Explanation
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment and Stakeholder Engagement; Our Employees			
GRI 405: Diversity and Equal Opportunity 2016	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 – 44.4% Over 50 years old – 55.6%			
	405-2 Ratio of basic salary and remuneration of women to men		405-2	Confidentiality constraints	Due to confidentiality, the Company only discloses salary-related information according to Listing Rules of the Stock Exchange and Ministry of Finance's requirements.
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment and Stakeholder Engagement			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	CEL's Approach to ESG Management			

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