

Our ESG Commitment



Environmental



Social



Governance

CITIC Capital believes that commitment to responsible investing has significant financial relevance, with benefits including access to markets, reduced staff turnover, cost efficiencies, enhanced stakeholder relations; it also leads to more sustainable markets and better outcomes for societies. Hence when we make investment decisions, we take into account their economic, environmental and social impact to the markets we operate and the stakeholders involved (i.e. investors, shareholders, employees and communities).



Investing Responsibly – Benchmark against Best Practice

CITIC Capital, on a holding company level, oversees and reviews the compliance of our different businesses on the Environment and Social aspects through its ESG Committee. The ESG Committee is headed by the COO, and comprises representatives from Private Equity and Real Estate, Legal and Compliance, Human Resources, and Corporate Relations departments.

Some of the standards we benchmark when reviewing our ESG efforts include the ESG Reporting Guide issued by the Hong Kong Stock Exchange, the Code of Responsible Investing developed by CDC, a UK-based, world's oldest Development Finance Institution wholly owned by the UK Government, the UN's Principle of Responsible Investing and GRESB (specifically for real assets).

Our commitment to ESG is demonstrated throughout our investment processes. The private equity arm for instance has been referencing to CDC's standard. We have developed an overarching ESG policy and a robust framework to identify and mitigate risks across our portfolio companies throughout the investment lifecycle. We also work closely with our portfolio companies to ensure their ESG performance are in-line with CITIC Capital ESG standards, with an aim to increase financial returns and mitigate ESG risks.

Our real estate arm has well-defined ESG assessment prior and after the investment stage. Since 2006, when we launched our first residential strategy fund with developer Vanke (or 'Vanke Fund'), we would always conduct an environmental site assessment (ESA), either by an external environmental consultant or internal review before we go into an investment. It was one of the critical investment criteria in Vanke Fund and one of the key considerations in subsequent real estate funds that any historical environmental risk of a site or property shall be managed before the investment is made.

During the post-investment stage period, all of our invested assets shall be designed and managed in compliance with the necessary environmental regulations and national standards. We are also greatly involved in various social engagements to raise awareness and improve the living quality of those in less developed areas.



Ethical Standards and Business Integrity

We are committed to maintaining the highest ethical standards in the conduct of our business. Our General Compliance, updated constantly, stipulates clearly policies that all our staff (permanent and temporary) are required to comply with. CITIC Capital places the highest importance on compliance by its staff with:

- ◆ the laws and regulations which affect the business in which they are involved; and
- ◆ best market practice at the time in relation to that business

The Compliance manual covers among other things, critical ethical standards required of a leading financial institution, including but not limited to the following aspects:

- ◆ Inducement & Gifts
- ◆ Staff Dealing Rules
- ◆ External Employment, Appointments and Outside Interest
- ◆ Whistleblowing policy
- ◆ Policy on Anti-Money Laundering and Counter-Terrorist Financing
- ◆ Prevention of Bribery

Any reported impropriety, misconducts or malpractices shall be reported to the management for investigation and disciplinary action as necessary.

Apart from that, our brand equity is also considered a key asset to our investments, it directs how our stakeholders perceive and value our brands. We have stringent brand protection policies to ensure that our brand logo, name, and communication of such are well protected by our staff, portfolio companies and any other affiliated companies.



Active Advocate on Global Issues

CITIC Capital has been a strong supporter in promoting market efficiency and vibrancy. The company's founder, Chairman and CEO Mr. Yichen Zhang is a leader in political, economic and social communities. He is a member of the Eleventh, Twelfth and Thirteenth National Committee of the Chinese People's Political Consultative Conference (CPPCC) and has been submitting proposals to improve market efficiency and transparency in different aspects on an annual basis, with engagement from staff.

He is a Senior Vice Chairman of Center for China and Globalization (CCG), a think tank dedicated to the areas of Global trade & investment, Global migration, Global governance, Global affairs, Global talent policy.

He is a member of the Board of Trustees at the Carnegie Endowment for International Peace; a member of the Foundation Board at the Young Global Leaders of the World Economic Forum; a council member of Future Forum and a member of the China Economic and Social Council (CESC). These are not-for-profit organizations strive in all their efforts to demonstrate leadership in the global public interest while upholding the highest standards of governance. Moral and intellectual integrity is at the heart of everything they do.

Apart from these organizations, Mr. Zhang also holds influential roles at various industry associations, including EMPEA, China Venture Capital and Private Equity Association (CVCA), and the PE and Buyout Funds Committee under the Asset Management Association of China (AMAC).

As a leader of the company and his pivotal public roles, Mr. Zhang builds a strong awareness of social issues within the group, and cultivates staff to be responsible global citizens.



Contribution to Communities

We care about the communities in which we operate. The company founded the CITIC Capital Charitable Foundation in 2011 and since then has been supporting organizations in promoting education for youths, and social welfare works and activities for the relief of poverty and natural calamities. In the last two years (till end-May 2019), CITIC Capital has been actively participating in a number of community projects that promotes education, arts & culture, supports running for a good cause, offers help for hospitalized children and their families on the holding and business levels, as well as joint forces with our portfolio companies. Apart from that, our Real Estate arm has been specifically dedicated their community services to care for the left-behind children in China. Some of the organizations that we have been supporting included (in alphabetical order):

- ◆ Asia Society
- ◆ Dalton Foundation
- ◆ Fu Hong Society
- ◆ Hong Kong Arts Festival
- ◆ Hong Kong Network for the Promotion of Inclusive Society
- ◆ Mother's Choice
- ◆ Oxfam Trailwalker (the company was the second Top Fundraiser in 2019)
- ◆ Produce Green Foundation
- ◆ Ronald McDonald House Charities Hong Kong
- ◆ Teach for China
- ◆ UNICEF

CITIC Capital has been named a caring company since 2010. Launched by The Hong Kong Council of Social Service (HKCSS) in 2002, the Caring Company Scheme aims to foster strategic partnerships between the business and social services sectors to promote good corporate citizenship and create a more inclusive society.

Some of the senior members of the company are dedicated runners, they have successfully nurtured a running culture within the company across different offices and departments. The company rendered full support of this culture by providing donation and volunteers.

Besides community services and support, our Real Estate arm in particular also helps to promote resilience in local communities. Our assets have set up on-site mini fire station and fire brigade to put out fire in the neighborhood. Emergency drills and trainings are also organized to enhance staff's capacity and responsiveness in case of hazards, such as floods.



Staff's Well-being, Development and Training

We care about our people and we believe every co-worker is worthy of our regard and admiration for the good qualities and capabilities that they bring to our workplace.

We provide equal opportunity in employment for all qualified persons and regardless of their race, color, religion, gender or age. When recruiting talents, we strictly abide by the local labor standards to support human rights. In addition to checking candidates' identity document and relevant certifications, we also verify their age and working permits to ensure there is no child, forced or compulsory labor.

Each year we provide internship opportunities to young talents to train them on skills, knowledge and relationships that will prepare them to be future leaders. Our professional will also offer guidance and mentorship through informal training.

We engage staff and respect their views and offer channels such as offsite meetings, to facilitate communication among co-workers and with senior management. We have regular internal newsletter to update all staff of the company's major activities. In-house parties and workshops are often held to engage staff to enjoy and share their experience. Staff meet at annual or festive dinners to promote team work and celebrate success.

The company provides professional, well-being and sustainability-related training and support to staff, by external and internal resources. It has been a long-time practice that the company offers full or partial subsidies to staff who want to further their education and enhance their professional expertise.

The Hong Kong, Beijing and Shanghai offices have been newly renovated lately and have considered different aspects to improve staff well-being. The new offices allow more natural day-light and plants, spacious common areas for staff to get together over lunches and coffee breaks, nursing room for breast-feeding female colleagues etc. Eco-friendly furniture were introduced to bring in a fresher, greener and healthier working environment.



Resources Management and Environmental Protection

The company has been facilitating more efficient use of resources, including the use of electronic applications and filing to reduce paper wastage and improve efficiency. Printers are set to print on both sides to save papers, recycling bins are available in common areas to help staff take environmental responsibility seriously. We recycle all the wastes as much as possible. Trash are collected under different categories to make reuse and recycle of waste easier.

Office lighting, air conditioners, computers, printers, and other electric appliances are switched off when they are not in use or automatically controlled with timers after office hours. We purchase electric appliances that are energy efficient as practically possible.

In our Hong Kong office, we fill the space with plants, which we believe can improve the air quality. Staff can also bring in their own plants. We have a semi-open plan office where staff can now see beyond their own desks.

Our Real Estate arm also supports resource efficiency and environmental protection through adopting green building designs and taking sustainability-related criteria into consideration. As one of our assets has obtained the China Green Building 2 Stars Rating, its building design and operational practices have become the standards for other assets to follow.

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