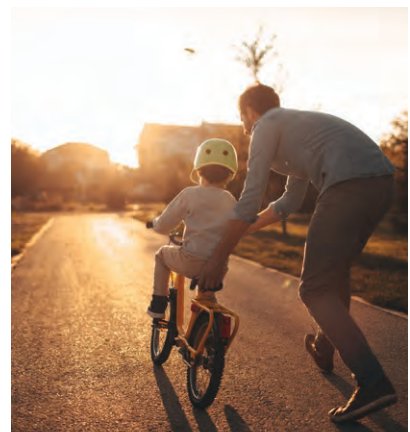


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Everbright draws on its expertise and resources to create deep, meaningful relationships and a sustainable environment in collaboration with its shareholders, business partners, employees and communities.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

About This Report

This is the second Environmental, Social and Governance (ESG) Report ("Report") of China Everbright Limited ("CEL") (stock code: 165.HK), which encompasses the environmental, social and governance performance of CEL's headquarters in Hong Kong and our regional offices in Beijing, Shanghai, Shenzhen and Qingdao in Mainland China.

This Report was prepared with reference to the "Environmental, Social and Governance Reporting Guide" under Appendix 27 to the Main Board Listing Rules of Hong Kong Stock Exchanges and Clearing Limited. This Report covers operations of our Hong Kong headquarters and regional offices in Mainland China for the period from 1 January 2017 to 31 December 2017.

This Report is available in English and Traditional Chinese. An electronic version of the Report can be accessed on our website www.everbright.com.

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

CEL's Approach to ESG Management

2017 marks the 20th anniversary of the establishment of China Everbright Limited. Based in Hong Kong and with a strong backing of Mainland China, CEL has ridden years of continued growth to become a leading cross-border investment and asset management platform among Chinese-funded companies. Despite the volatility of international and domestic financial markets in recent years, CEL has capitalized on a

solid foundation and visionary strategies to maintain stable operation and achieve strong growth in AUM, expanding its reach overseas beyond Hong Kong and the Mainland China. During this time, the Group has driven maximum benefits and built long-term relationships based on mutual trust with various stakeholders, including shareholders, investors, clients, business partners and employees.

CEL's environment, social and governance performance is outlined in the following chapters of the Report:

Our Clients and Collaborating Partners; Our Shareholders and Investors

In order to enhance communications and interactions with our fund investors and business partners, six Everbright Investment Conference were held from 2012 to 2017, attracting more than 2,300 attendees in total, including institutional investors and business partners from around the globe. A celebration cocktail commemorating CEL's 20th anniversary was held during the Everbright Investment Conference 2017, showcasing our performances in the past 20 years and the blueprint of our future development with our stakeholders.

Our Employees

Employees are CEL's most important asset. In 2017, the Group has organised 6,837 hours of training to our 320 employees, including 22 broad-based training sessions. The Group was also dedicated in providing a healthy and safe working environment and promoting work-life balance to

our employees. Our volunteering team encourages employees to get involved in volunteering services to give back to the society. In 2017, CEL volunteering team has received the 'Drive for Corporate Citizenship Volunteer Team' from the Hong Kong Productivity Council for two consecutive years.

Our Community

As a CSR-committed company, CEL is devoted in charitable services. CEL has been a strong supporter of a wide range of charitable events in Hong Kong and China, covering our four main themes namely "Bright Companion", "Vitality Everbright", "Education Support", and "Art Promotions". Our contributions include: forming a close partnership with Lifeline Express to treat cataract patients in poverty-stricken areas; title sponsoring "Orbis • Everbright Moonwalkers" to raise funds to restore eyesight to patients around the world; supported the founding of Dalton School Hong Kong, offering a world-class learning environment for students; title sponsoring "China Everbright Voice of The Stars Telling Scheme" to help cultivate a better understanding and greater awareness of Chinese history among Hong Kong's young people; jointly launching "Everbright Teachers' Heritage Discovery Tour" with education workers to provide Hong Kong teachers the opportunity to visit heritage sites and understand new development in mainland China; becoming a long term partner of Hong Kong Ballet and title sponsoring a number of classical ballet productions. Since the establishment of the China Everbright Charitable Foundation, our charitable donations have amounted to over HK\$50 million.

¹ In this report, we focus on our asset management and investment operations in Hong Kong and Mainland China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Our Environment

CEL understands the importance of sustainable development and environmental protection. We have been closely monitoring our greenhouse gases emission and waste generation. CEL is dedicated to maximizing the Group's operational efficiency while minimizing the environmental impacts created through greenhouse gas management, energy conservation, waste management and recycling, material purchase and resource utilisation. During the reporting period, our greenhouse gas emission intensity per employee reduced by 15% compared with the previous year.

In recognition of the Group and China Everbright Charitable Foundation's work, CEL has been awarded a "Caring Company" and "Caring Organisation" for 7 consecutive years. This acknowledges the Group's efforts and involvement in corporate social responsibility.



Our Clients and Collaborating Partners

CEL's Macro Asset Management platform connects the thriving Mainland China and Hong Kong markets, both possessing huge potential. In recent years, the Group has also actively sought overseas investment and cooperation opportunities. In order to strengthen confidence of fund investors and business partners, the Group employs a proven mechanism in risk management, protects mutual capital and benefits, and focuses on personnel retention. CEL seeks to establish a long term and trusting relationship with clients and partners.



Before seeking external funding, the Group invests a certain amount of seed capital in each fund to demonstrate its confidence and commitment. During the capital commitment period, investment teams are required to invest a certain ratio of the Group's proprietary funding as risk capital, ensuring the same level of interest from both the fund management teams and investors. An independent investment assessment (or similar entity) is also established for each fund to maintain sound operations and protect the interests of external investors. When funds are investing in or exiting from specific project, the interest stake held by the fund management team is also in line with the holdings of other investors. This ensures that the fund management teams exercise a prudent, pragmatic approach underscored by proper risk awareness when making investment decisions.

In the last decade, the financial sector was heavily impacted by market turbulence from the global financial crisis. The collapse of large financial institutions led to a review of fundamental thinking about the equilibrium between rapid business expansion and risk control. By leveraging its sound corporate governance and risk management system (please refer to the Corporate Governance and Risk Management Reports in our 2017 Annual Report for details), the Group has managed to achieve fast yet steady growth in notably bearish



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

investment environment, while capturing opportunities by expanding its business horizons as markets recovered. In order to enhance communications and interactions with fund investors and business partners, the Group held its first Everbright Investment Conference in 2012, which received positive feedback from attendees as well as CEL's various business units. The conference has been held every year since then, which took place in Sanya, Shanghai, Xiamen, Chongqing, Qingdao, and Hong Kong respectively, has attracted more than 2,300 attendees in total including institutional investors and business partners from around the world. Attendees are updated on the latest developments in CEL's macro asset management platform, the Group's strategies and prospects, its fund operations, and its business developments and advantages. They also take advantage of the opportunity to explore synergistic collaborations across sectors and areas. Since the 2014 event CEL has also invited key journalists from Hong Kong and the Mainland, enabling the wider business and financial community to learn the latest news about the Group through leading media outlets.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

To commemorate CEL's 20th anniversary, a celebration cocktail was held during the 2017 Everbright Investment Conference to share the success of our performance in the past 20 years as well as our future development blueprint with over 500 stakeholders. Officiating guests for the event included Mr. CY LEUNG, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference; Mrs. Carrie LAM, Chief Executive of the HKSAR Government; Mr. CHEN Dong, Deputy Director of the Liaison Office of the Central People's Government in the HKSAR; Mr. HU Jianzhong, Deputy Commissioner of the Office of the Commissioner of the Ministry of Foreign Affairs of the PRC in the HKSAR; Mrs. Rita FAN, Member of the Standing Committee of the Twelfth Session of the National People's Congress; and Mr. LIU Mingkang, former chairman of the China Banking Regulatory Commission. Other guests included presidents of Chinese banks in Hong Kong, senior management of monetary authorities and other collaborating partners.



Our Shareholders and Investors

To enhance corporate transparency, the Group places significant emphasis on maintaining strong communication channels and close contact with shareholders and investors. In 2017, the Group has participated in 16 investor forums organized by CICC, CITIC, HSBC, Citibank, JP Morgan, etc. The Group has participated and organised 86 one-on-one conferences and more than 50 teleconferences to shed lights on its strategies and performance through exchange in a sustainable, genuine, accurate and complete manner with nearly 400 institutional investors and analysts from across the globe. Highlights of these conferences are available under the "Investor Relations" section of the Group's website.



As of December 2017, 14 analyst reports on the Group have been published by 6 well-known institutions, and a number of research reports have been published by other institutions. The Group also summarised shareholder reports for the Board's review on regular basis. The report, which is generated from the analysis of a series of investor relations work carried out through multiple surveys on shareholder profile throughout the year on shareholdings and patterns, included external communications, investor feedback and changes in stock price, allows the Board to better understand investors' opinions and suggestions regarding CEL's development strategies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

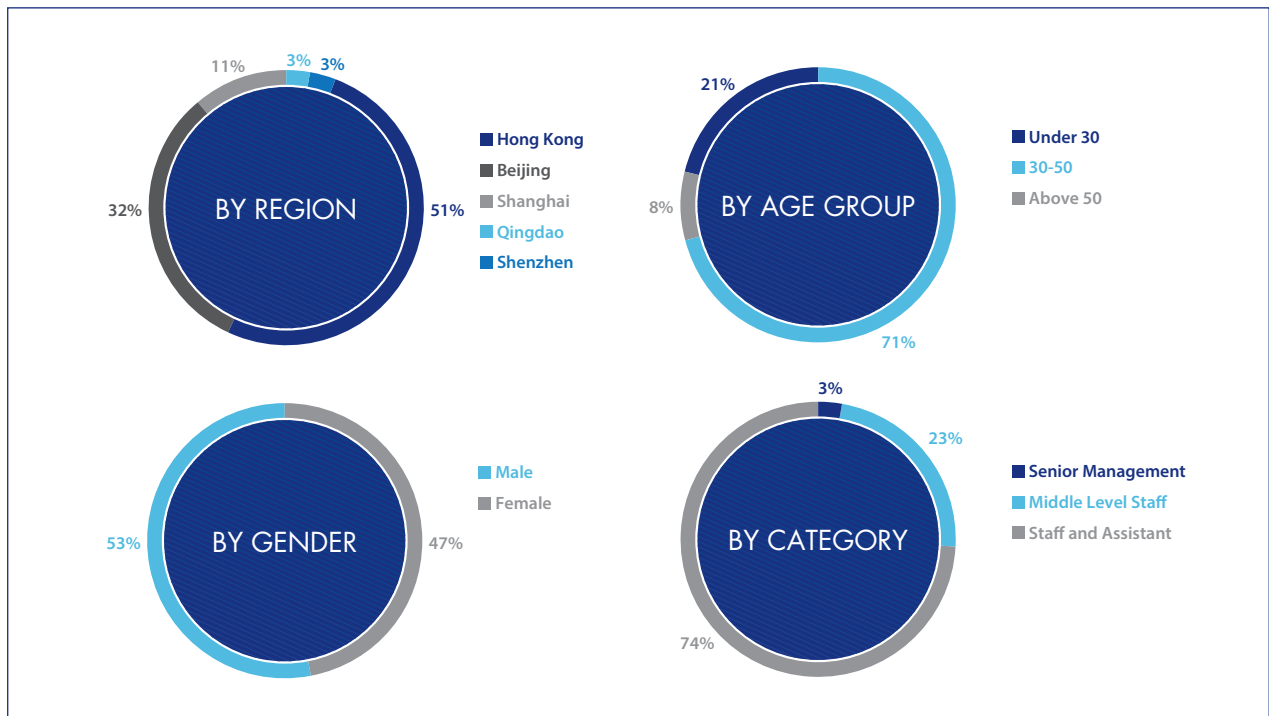
For the ease and convenience of investors and shareholders, CEL's website (www.everbright.com) underwent a face lift in 2017 with a compelling layout design and functionality to support its business growth and international branding. The website revamp reorganised the structure and design of the pages, including the removal, addition and rearrangement of contents. A mobile version of our website has also been set up for the ease and interest of mobile phone users. Our clients and investors can communicate closely and share information with our fund management teams via the login function for funds on the website. In 2015, CEL also launched its WeChat public account (WeChat ID: chinaeverbright), providing another convenient and diversified information channel for stakeholders and the public.

In addition, the Group's management communicates directly with shareholders at the annual general meeting. The Group also holds press conferences and analyst briefings twice a year, after its interim and annual results are published. These presentations are recorded and made available as webcasts on CEL's website for viewing at any time by the public.

Our Employees

CEL sees its employees as partners and considers them its most important asset. The Group recruits top-notch talent from the financial sector and builds its distinguished management team in accordance with the principle "Create Value to Share Value". Employees are able to share the fruits of the Group's success, creating economic value and enhancing work efficiency.

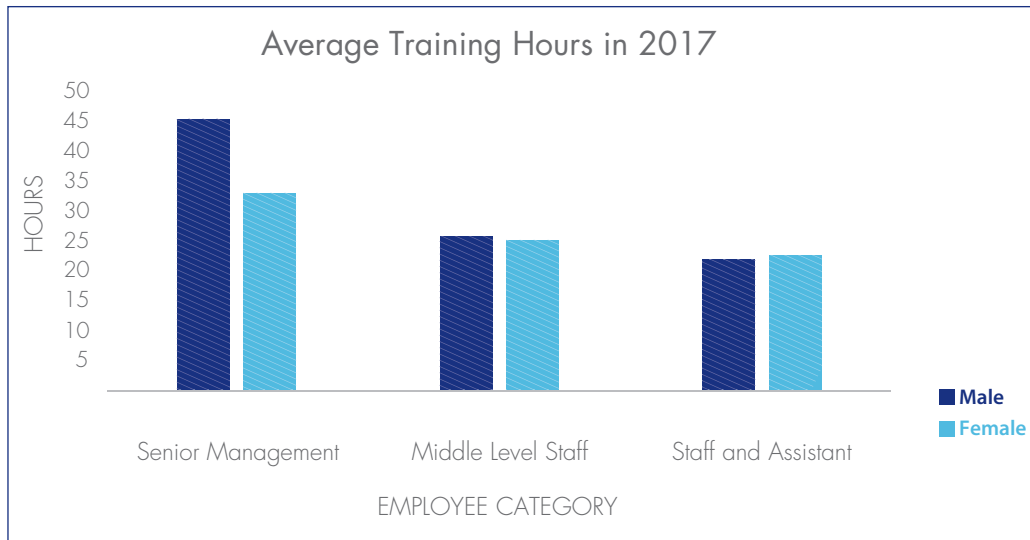
The Group is dedicated to promoting equality in the workplace and has employed staff from different age groups. As of 31 December 2017, the Group has 320 employees, 163 of which are employed in Hong Kong.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Employee Training and Development

According to the Group's "Training and Development Policy", all new joiners have an annual 30-hour training target, while existing employees' target is 20 hours. In order to further standardise employee development programmes, the Group has developed a training system, which sets an annual training target hour with respect to the years of service of employees, and taking it into consideration during appraisals. This encourages employees' involvement in both internal and external training activities, boosting their personal skill sets to align with the Group's development strategies, hence increasing the Group's competitiveness in the industry. During the reporting period, the Group has organised 6,837 hours of training to our employees, including 22 broad-based internal training sessions, covering topics such as business ethics, anti-money laundering, taxation, risks, macroeconomic trends, soft skills and others. All employees are required to participate in the training. To encourage employees' continuous learning, The Group has rolled out an online learning platform in 2017.



The Group also arranges exchange visits every year for employees in Hong Kong and the Mainland to enrich their experiences and exchange views. The Group has been arranging exchange tours between Hong Kong and Mainland China since 2013, allowing employees across regions to enrich their knowledge of our business operations in Mainland China and foster closer collaboration and communication between our teams. In line with its growing overseas activities, the Group has organised overseas training for outstanding employees in the past. In addition, the Group held "Investment Salon" seminars where specialists were invited to give speeches on financial investment and help colleagues better understand the scope of investment across various industries.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Our first town hall meeting for all CEL employees from different regions – Hong Kong, Beijing, Shanghai, Qingdao and Shenzhen, was held in conjunction with our 20th Anniversary and Award Presentation Gala in Hong Kong in November 2017. Awards were presented to employees who have served the company for 10, 15 and 20 years and with outstanding performance.



New hires receive a clear overview of the Group through regular training sessions on human resources, brand culture and compliance. The Group also arranges meetings to facilitate conversation between senior management and new hires, which not only enables better understanding of employees and their views, but also enhances contact and interaction. Entry-level new hires are automatically enrolled into our mentor-mentee programme, which provides support and guidance in adapting to our corporate culture and working environment.

Health and Safety

CEL employs various occupational health and safety precautions. In order to provide a healthy and safe working environment, the Group has formulated an Occupational Health and Safety Policy, and we take part in annual fire drills and regularly carry out inspections on fire service equipment and emergency exits to ensure employee' well-being in the workplace.

The Group operates in accordance with relevant regulations and the Occupational Safety and Health Ordinance in Hong Kong and Labour Law of the People's Republic of China in the Mainland, to ensure equipment and systems are properly maintained, and are used under organized, clean and safe conditions.

Communication and Connection

CEL puts considerable effort into maintaining productive information exchange and interaction with its employees via various means of communication. The Group uses an internal email system, "Partner Express", as the platform for publishing company news and real-time information. Institutional investors and media receive relevant content in the form of presentations and press releases. The "Partner", CEL's bimonthly electronic periodical, integrates key business information, branding development and snapshots of employee life together in one handy publication, which is disseminated through online media to keep colleagues in the Mainland and Hong Kong in close contact. The Group also publishes hard copies of the "Partner" by consolidating all the copies of the year into a single book, to accommodate employees' reading habits. In order to offer greater convenience to employees and improve work efficiency, CEL has developed an online collaborative Office Automation Platform with comprehensive functions and mobile apps, allowing employees to access company information and conduct administrative work from anywhere, whether they are in or out of the office.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

**Volunteering Services**

In 2012, CEL set up a volunteer team to encourage employees to contribute to society by participating in charitable initiatives. This programme also serves to further enhance camaraderie among employees. Over the past few years, CEL's volunteer team has visited nursing homes, special child-care centres, sheltered workshops. It also prepared meals for elderly with Food Angel, and joined a garden maintenance activity at a historical monument. The team also participated in the "Sowers Action Challenging – Charity Hiking" for four consecutive years. A parent-child visit to Shangdong, Heilongjiang, Guiyang, and Jilin at the eyetrain hospital by Lifeline Express were also among the many volunteering services we participated in, which are well supported by our colleagues. In 2016 and 2017, CEL's volunteer team was awarded the "Drive for Corporate Citizenship Volunteer Team" logo from Hong Kong Productivity Council for two consecutive years in 2016 and 2017.

Our management team and colleagues participated in the "Orbis • Everbright Moonwalkers" fund raising event in December 2017 and was awarded "Top Fundraising Award", "Most Participants Award" and Gold Award in "Corporate Fundraising Award". CEL regularly organises activities for our volunteering team to give back to society.

Work-Life Balance

In the past few years, the Group has built a closer partnership with employees through various initiatives, including timely information-sharing, diverse company activities, staff welfare programmes and incentives. These efforts have also resulted in meaningful contributions to the Group's business success in terms of establishing fund teams, and retaining and recruiting the best talent.

September has been the Group's "Work-Life Balance Month" since 2015. Training activities such as hiking and photography courses; cultural activities such as discounted tickets to ballet performances; recreation activities such as orienteering competitions, and sports activities such as booking of badminton courts, forming of a basketball team in industry basketball league etc., are designed to meet different interests of employees. In September 2017, the Group launched the "Walking Marathon", a steps counting competition, and invited all employees to participate to encourage work-life balance. To further promote the importance of a healthy living, CEL also hosts an annual family day, where family members of our employees are invited to our workplace.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Recognitions

For three consecutive years since 2015, the Hong Kong Productivity Council and the Promoting Happiness Index Foundation has jointly awarded a “Happy Company” label to CEL in recognition of its commitment to building a caring corporate culture and recognising employees’ quality of life. This was evidenced by the Group’s conscientious efforts to create a pleasant working environment for employees. In addition, CEL was awarded for outstanding achievement in the Employers Retraining Board Manpower Developer Award Scheme, recognising the Group’s effort in talent development, and was also named as Family-Friendly Employers by the Home Affairs Bureau and the Family Council, praising the company’s effort in promoting core-values relating to work-life balance, allowing employees a healthy compromise between work and family.



Our Community

As a company committed to corporate social responsibility, CEL is a strong supporter of disaster and poverty relief. The Group also contributes long-term support to many social service projects, most of which are unique, sustainable in nature, and benefit those who are often overlooked in society and given limited resources and support.

In 2008, CEL has established the China Everbright Charitable Foundation (CECF), a charitable organisation recognised by the Hong Kong Government. Since its establishment, CEL has been a strong supporter of a wide range of charitable events since the establishment of the foundation, covering our four main themes namely “Bright Companion”, “Vitality Everbright”, “Education Support”, and “Art Promotions”. Our contributions include: forming a close partnership with Lifeline Express to treat cataract patients in poverty-stricken areas; title sponsoring “Orbis • Everbright Moonwalkers” to raise funds to restore eyesight to patients around the world; supported the founding of Dalton School Hong Kong, offering a world-class learning environment for students; title sponsoring “China Everbright Voice of The Stars Story-Telling Scheme” to help cultivate a better understanding and greater awareness of Chinese history among Hong Kong’s young people; forming partnership with Caritas Family Crises Support Centre to launch the Everbright Project serving the middle class; supported Social Workers Across Borders to launch the “Project Companion • Professional Social Workers Greater China Scheme” to train up social workers in China; jointly launching “Everbright Teachers’ Heritage Discovery Tour” with education workers since 2013 to provide Hong Kong teachers the opportunity to visit heritage sites and understand new development in mainland China, where teachers are then required to prepare a lesson plan to share their experiences with their students so as to nurture Hong Kong students’ sense of belonging to our motherland; also becoming a long term partner of various art organisations in Hong Kong, including Hong Kong Ballet, Opera Hong Kong, Hong Kong Arts Festival, and Hong Kong Repertory Theatre to promote the development of arts in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Bright Companion

CEL's Chinese and English name of "Everbright" denotes the company's vividness and optimism, in line with our aim to create a bright future and support to the needy through our actions. In recent years, CEL has supported sight-saving campaigns of "Lifeline Express" and "Orbis", hoping to restore eyesight to the visually impaired around the world.

"Lifeline Express": A mobile eye-train hospital providing free surgical operations for cataract patients in remote, poverty-stricken areas in the Mainland

Over the past couple of years, CEL has formed a close partnership with Lifeline Express, becoming one of the largest funding sources helping the charity treat cataract patients in poverty-stricken areas in the Mainland. CEL has served as the sponsor of Lifeline Express' annual fundraising dinner for six consecutive years. It has made substantial donations in support of the Lifeline Express Charity Golf Day fund raising events. From 2014 to 2017, the Group arranged a parent-child group to visit the eyetrain hospital and cataract patients in Shandong, Heilongjian, Guizhou and Jilin, providing help for paramedics and bringing love to patients. In 2016, with the support from CEL, Lifeline Express has, for the first time, travelled outside of China to Sri Lanka, providing treatments to the blind.



"Orbis • Everbright Moonwalkers": Supporting international sight-saving campaign by the Orbis

CEL has partnered with Orbis, the world's largest sight-saving organisation across the globe, for the first time in 2017 as the title sponsor of their annual flagship fund-raising event "Moonwalkers". This event gives the participants the chance to experience the joy of restored vision by experiencing the loss of eyesight through a walk from dark to light, symbolizing the blind being able to walk out of darkness. Over 120 staff and other families have participated; money raised for this event will be used for supporting the global sight-saving program of Orbis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Vitality Everbright

CEL has an energetic a corporate image thanks to our staff and managements' enthusiasm for sports. Through participating in various running/walkathon events, CEL has made substantial donations to a number of charitable organisations.

Oxfam Trailwalker

For the second consecutive year, the Group's CEO, Mr. Chen Shuang, led two teams during the 2017 Oxfam Trailwalker, Hong Kong's largest fund-raising hiking activity, in which the Group managed to raise HK\$100,000 in 2017. The fastest team managed to complete a 100 km hiking trail in 28 hours and 44 minutes.

**UNICEF Charity Run**

Our CEO, Mr. Chen Shuang, also participated in "UNICEF Charity Run – Leadership Challenge Run" on behalf of CECF for the second year. CECF made a donation to the UNICEF in support of their work to prevent the transmission of HIV in developing countries.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Education Support

Since the establishment of CECF, the Group has supported various community projects relating to education, care for children and young people, as well as the environment, by way of giving back to people across the society.

Dalton School Hong Kong — A top-notch teaching team, boasting a world-class learning environment for children

After years of preparation and support from CECF, Dalton School Hong Kong (DSHK) was officially opened in mid-August 2017. DSHK is a new non-profit, bilingual primary school teaching in both Mandarin and English. What sets DSHK apart from other schools is its unique child-centred program based on the world-renowned Dalton plan, along with its partnership with the esteemed Tsinghua University Primary School to provide a strong emphasis of Chinese language, culture and values. Establishing an international school not only meets its extraordinary demand, but also elevates the potential and knowledge of students in Hong Kong on the eastern and western culture by integrating their respective education disciplines, creating a competitive edge for the next generation.

**“China Everbright Voice of the Stars Story-Telling Scheme”: A project to promote understanding and greater awareness of Chinese History among young generation in Hong Kong**

To help cultivate a better understanding and greater awareness of Chinese history among the younger generation in Hong Kong, CEL launched the “China Everbright Voice of The Stars Story-Telling Scheme” in 2016. Title-sponsored by CEL, the project is run by Endeavour Education Centre Limited with a mission to provide opportunities for local youths to learn more about China’s history and culture, and acquire a more solid understanding of the country’s development. Through different avenues and platforms, and by organising a diverse range of activities, the project aims to help the younger generation develop a historical perspective and sense of belonging to China, as well as cultivate a positive attitude towards learning so that youths will contribute to the future development of Hong Kong and China. The project reprinted Illustrated Chinese History for Children, a set of 14 books published in Taiwan, for distribution as gifts to over 900 primary and secondary schools in Hong Kong. The books are intended to engage students with interesting stories and cultural anecdotes from China’s past. In addition, celebrities were invited to make audio recordings of excerpts from the books for broadcasting on Endeavour Education Centre’s website in a story-telling format. An online quiz is also set up, with prizes create interests among students and their parents in reading these books together – an activity that will promote closer family ties.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

“Everbright Teachers’ Heritage Discovery Tour”: A programme for Hong Kong teachers to visit the Mainland

In late 2012, CEL collaborated with the Hong Kong Federation of Education Workers to jointly launch the “Everbright Teachers’ Heritage Discovery Tour”, a national education programme providing Hong Kong teachers with a chance to visit heritage sites and understand new development in China. Focusing on a different cultural topic every year, the programme brings 40 to 50 Hong Kong teachers to the Mainland to exchange ideas with local educators and visit ancient historic sites, which helps enhance the teachers’ knowledge of Chinese history in culture.

The Group has sponsored the tour for five consecutive years, a 5-day Everbright Teachers’ Heritage Discovery Tour 2017 was organised in late July, with the theme of “Cultural Tour in the South of the River”. Teachers from Hong Kong experienced the Chinese culture and history in their visits to historical heritages such as Hanshan Temple, Plum Garden, and former residence of Dr Sun Yat-sun etc. From 2013 to 2017, participating teachers visited Nanjing, Jiangyin, Taicang, Wuxi, Suzhou, Zhangjiagang, Shanghai and other cities to develop a better understanding of local culture. After these visits, participating teachers are required to prepare a lesson plan to share their experiences with their students as an inspiration, so as to nurture the sense of belonging of Hong Kong students to our motherland.

**Art Promotions**

Throughout the years, CEL has promoted local art development by supporting various local art organisations in Hong Kong, promoting widespread interest among the general public for the refinement and elegance of arts.

Hong Kong Ballet

Since 2015, CEL has been title sponsoring the classical productions of Hong Kong Ballet including “Nutcracker”, “Swan Lake” and “Don Quixote”. In 2017, to celebrate the 20th anniversary of the establishment of HKSAR and CEL, CEL was invited by Hong Kong Ballet to be the official tour sponsor for its mainland tour – “Mixed Bill” programs and became a long term partner of Hong Kong Ballet. Through donations to Hong Kong Ballet’s “Accessibility Fund”, the Group offered free tickets to families in the New Territories to enjoy ballet performance for the second year running.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

**Opera Hong Kong**

In 2017, to celebrate the 20th anniversary of the establishment of the HKSAR, CEL sponsored the grand scale opera – “Aida” and was the Sole Sponsor of the performance on 13 October. “Aida” was a co-production between Opera Hong Kong and the Shanghai Opera House with famous tenor Warren Mok, as the Producer.

Other Community Projects and Donations

Over the past few years, CEL has supported disaster relief efforts following the Sichuan and Qinghai earthquakes, Victims of the typhoons in Taiwan, and people living in impoverished areas in the Mainland. The Group has also helped the Central Conservatory of Hong Kong Foundation and the Jackie Chan Charitable



Foundation organize fundraising events. In 2017, the Group has supported numerous community projects relating to childcare and teenagers, including the sponsoring “Yo Dancical” party by Youth Outreach, an organization that is committed in turning at-risk teenagers into positive teenagers; funding the “Daddy Daughter Ball” hosted by The Child Development Centre to help children with special educational needs in Hong Kong; sponsoring Musicus Society Fundraising Gala Dinner to promote music and arts among artists around the world; sponsoring Wu Zhi Qiao 10th Anniversary Dinner to raise funds to enhance students’ understanding of Mainland China, and foster their development in integrity and commitment to society and life. Since its establishment, CECF’s donations to all these charitable activities have exceeded HK\$50 million.

Contributing to Socioeconomic and Cultural Activities

CEL is involved in promoting socioeconomic and cultural activities through its knowledge and influence of the financial sector. The Group’s management holds a number of honourable positions in the financial industry, including Honorary Chairman of the Chinese Financial Association of Hong Kong; Vice Chairman of the Chinese Securities Association of Hong Kong; the ninth Rotating Chairman of China Mergers and Acquisitions Association, the Standing Committee Member of the Center for China and Globalization and the visiting professor of East China University of Political Science and Law. Since 2013, Mr. Chen Shuang, CEO of the Group, has served as a non-official member of the Financial Services Development Council of Hong Kong (FSDC), which has made many practical recommendations to the Hong Kong Government in relation to the internationalization of the renminbi and development of the Hong Kong financial market. Together with other members of the FSDC’s Mainland Opportunities Committee, they released a report entitled “Chinese Enterprises “Going Global”: Opportunities and Hong Kong’s Policy Responses”. This report analysed the business opportunities for Hong Kong resulting from growing trends of Chinese enterprises going global and put forward 16 suggestions for policy reform to the HKSAR government. Mr. Chen Shuang, was also appointed as a non-official JP by the HKSAR Government for his contributions in the finance industry and the society.

Our Environment

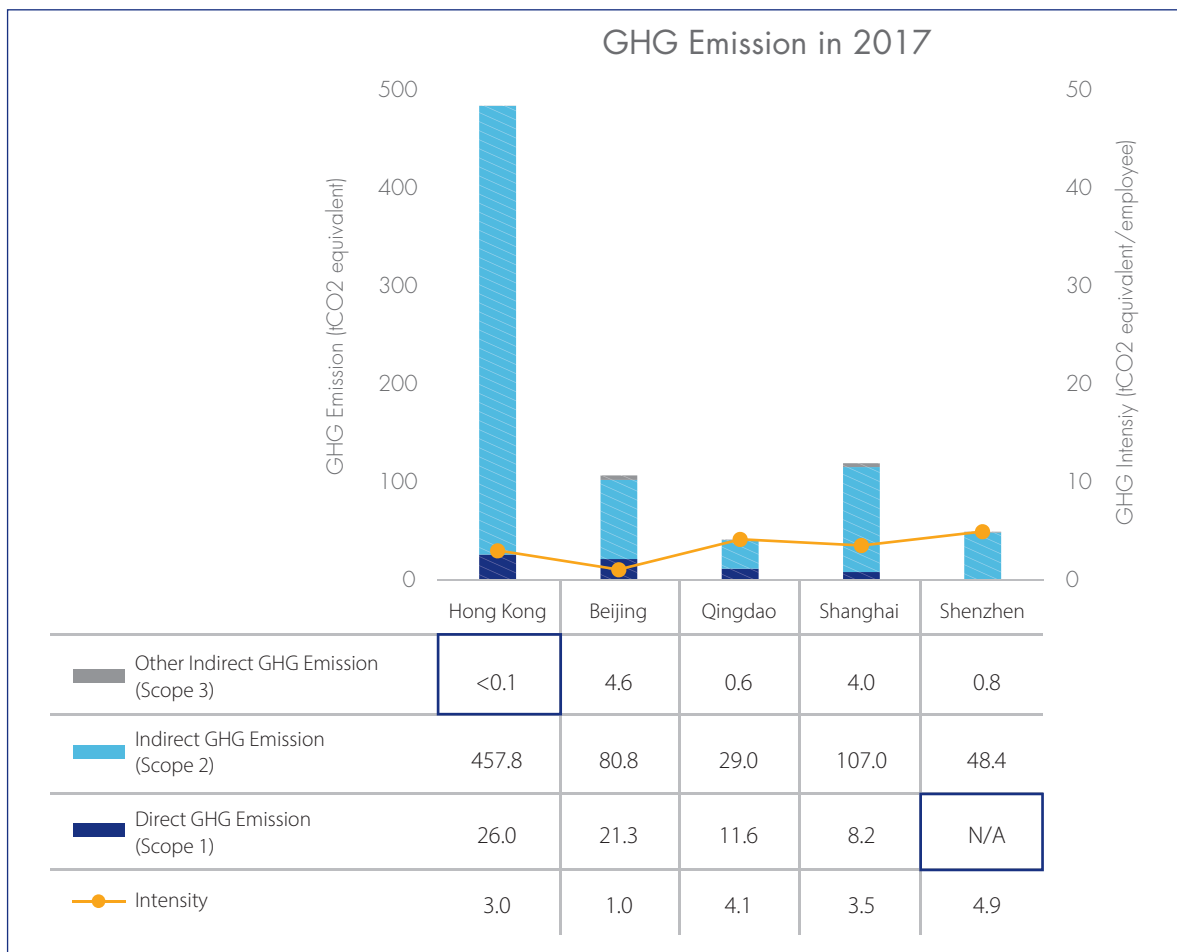
CEL understands the importance of sustainable development and environmental protection, and has been investing in environmental protection and renewable energy enterprises since 2006, including Goldwind Science and Technology Co., Ltd, CECEP Wind Power Corporation Co., Limited, Beijing Jingneng Clean Energy Co., Limited, Chongqing Taike Environmental Protection Technology Co., Guodian Northeast China Environmental Protection Industry Group Co.,Ltd., Zhenjian Prosperous Environmental Protection Co., Ltd, Beijing JeeGreen Technology Co., Ltd, Anhui Yuanchen Environmental Protection Polytron Technologies Inc., Shenyang Shengyuan Water Affairs Co., Ltd, Dalian Wastewater Treatment Project, etc. The group also supports the overall development of the environmental protection sector.

In our offices, CEL has identified energy and paper usage, and waste generations as its key environmental impact. Therefore, the Group has instituted various environmental protection policies, aiming to minimize its environment impact while sustaining its operational efficiency at the same time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Greenhouse Gases Emission and Management

Effective management of greenhouse gases (GHG) emission is one of the pressing topics in environmental protection. Our GHG emissions are calculated according to "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong"¹. The emission intensity will be used as a reference for the Group in monitoring GHG emission performance in the future. Our overall GHG emission intensity in 2017 has been reduced by 15% compared to previous year, at 2.5 tCO₂ equivalent/employee.



¹ The calculation is referenced to the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition)". Emissions factors for electricity purchased is referenced to the information released by HEC in 2016 and "Regional Baseline Grid Emission Factor in China 2015". Direct GHG emissions (scope 1) include fuel consumption; indirect GHG emissions (scope 2) include electricity consumption; other indirect GHG emissions (scope 3) include paper waste disposal and water consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Energy Conservation

Energy consumption is the major cause of environmental distress. CEL has initiated different measures to reduce energy usage. In order to cultivate awareness in environmental protection among employees, the Group has a strict requirement on employees' conduct, so as to reduce energy use in day-to-day operations. Employees are encouraged to conserve energy by turning off their computers and monitors after working hours through the Group's office policy. Our printers are switched into energy-saving mode automatically when not in use to reduce energy usage. Notices on turning off computers and monitors before leaving the office are sent out to all employees before long holidays.

Energy Consumption in 2017

	Consumption	Energy Consumption Intensity
Electricity	952,914 (kWh)	2,978 (kWh/employee)
Fuel	24,784 (L)	77(L/employee)

Waste Management and Recycling

Waste is generated mainly from office operations. Cultivating a habit of recycling among employees is key in our environmental protection initiative. A paper recycling box is placed next to every printers to make paper cycling easier for all employees. Employees are also encouraged to recycle toner cartridges. The waste collection service is provided by the building's management and disposed by designated waste collectors.

During the reporting period, we have recycled 4,610 kg of paper and 80 cartridges².



² Includes Hong Kong and Qingdao offices.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Material Use

In order to lessen the burden on our environment, CEL pays special attention when sourcing materials. As printing paper ranks the top out in our material consumption, the Group has a strict requirement in choosing printing paper. Both Hong Kong and the Mainland offices use FSC-certified paper from responsible forest resources which dissuades deforestation. Paper publications such as CEL's annual report and our business cards and envelopes are also printed on FSC-certified paper. When purchasing office equipment, the Group would opt for printers with energy conservation functions and energy-saving lightings such as LED lights.

To reduce our impact on the environment in our supply chain, the Group chooses environmentally responsible suppliers. We select suppliers that are environmentally- or green- certified for our renovation works. Our printing paper suppliers are ISO 14001 certified, proven to possess an effective environmental management system.

Resource Utilisation

Reducing wastage is one of the Group's operational principles. Efforts have been made in different aspects to conserve resources and reduce waste generation. The Group's online collaborative Office Automation Platform and Mobile app now cover various procedures for daily administration, management and approval, which has enabled the paperless office concept. Last year, the Board of Directors and Board of committees have implemented "paperless meetings" to support environmental protection. In addition, the default printing modes for new hires are set to black-and-white and employees are also encouraged to make photocopies with recycled paper.

Green Activities

Besides implementing environmental friendly measures in the office, the Group has also incorporated environmental protection elements in employees' daily activities and in turn hoping to disseminate the message in their social services group.

Historical Monument Garden Maintenance at Island House Conservation Studies Centre

CEL jointly organised a volunteer programme with World Wide Fund (WWF) Hong Kong for a historical monument maintenance activity. Under the guidance of WWF's staff, our volunteers helped to maintain the garden inside the Island House Conservation Studies Centre as they mowed the garden and planted new plants. Our volunteers gained a deeper understanding of environmental conservation and how to live a more sustainable life.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Environmental, Social and Governance Content Index

China Everbright Limited's 2017 Environmental, Social and Governance Report is prepared with reference to the "Environmental, Social and Governance Reporting Guide" under Appendix 27 to the Main Board Listing Rules of Hong Kong Stock Exchanges and Clearing Limited. The following table provides an overview on the Subject Areas, Aspects and their General Disclosures, as well as the Key Performance Indicators (KPI), which are either referred to the relevant chapters of the Report or supplemented with additional information.

KPIs	Description	Cross-reference/Remarks
Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws or regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our Environment (Page 54)
KPI A1.1	The types of emissions and respective emissions data.	We do not generate significant emissions in our office operations.
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Environment (Page 54)
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	We do not generate any hazardous waste in our operations.
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 (Page 54)
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Our Environment (Page 54)
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Our Environment (Page 54)
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw material.	Our Environment (Page 54)
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 (Page 54)
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Not applicable Our water supply is provided by the building's management. We have included bottled water consumption (13,000 L) in our GHG emission calculation.
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Our Environment (Page 54)
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Not applicable
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

KPIs	Description	Cross-reference/Remarks
Environmental (continued)		
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environment (Page 54)
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environment (Page 54)
Social		
Employment and Labour Practice		
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 Employee (Page 45)
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Our Employee (Page 45)
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	By gender: Male: 17.4% Female: 9.4% By age group: Under 30: 23.6% Between 30 and 50: 9.8 % Above 50: 27.9% By location: Hong Kong: 11.0% Mainland China: 16.6%
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 Employee (Page 45)
KPI B2.1	Number and rate of work-related fatalities.	There are no cases of work-related fatalities during the reporting period.
KPI B2.2	Lost days due to work injury.	The total number of lost days due to work-related injury is 1 day during the reporting period.
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Our Employee (Page 45)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

KPIs	Description	Cross-reference/Remarks
Employment and Labour Practice (continued)		
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our Employee (Page 45)
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Our Employee (Page 45)
KPI B3.2	The average training hours completed per employee by gender and employee category.	Our Employee (Page 45)
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.	Our operations do not involve any child or forced labour. We strictly follows the "Recruitment Policy" in recruiting employees to prevent child and forced labour.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Please refer to General Disclosure.
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Please refer to General Disclosure.
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our Environment (Page 54)
KPI B5.1	Number of suppliers by geographical region.	Not applicable
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Not applicable

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

KPIs	Description	Cross-reference/Remarks
Operating Practices (continued)		
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.	We strive to safeguard client assets, protect the interests of all stakeholders and at the same time meet our statutory responsibilities as a Hong Kong listed company and parent of a number of regulated entities. Please refer to the Risk Management section in our 2017 Annual Report for more information.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Not applicable
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Please refer to General Disclosure.
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.	All employees are required to strictly follow the "Anti-Money Laundering Policy". We have also formulated a "Whistleblowing Policy" to facilitate an effective internal monitoring system.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	There are no legal cases regarding corrupt practices during the reporting period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Please refer to the Corporate Governance section of our 2017 Annual Report.
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 (Page 49)
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community (Page 49)
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Community (Page 49)