

Corporate Social Responsibility Report

If a listed company has to take on more social responsibilities, it should properly balance the needs of and its relationship with four major stakeholders, namely shareholders, business partners, staff and the community.

Everbright recognises the importance of using its expertise and resources to strike a balance between driving business and being socially responsible. From the perspective of Everbright, if a listed company has to take on more social responsibilities, it should properly balance the needs of and its relationship with four major stakeholders, namely shareholders, business partners, staff and the community.

While striving for sustainable business development, the Group also takes an integrated view of the core values – **innovative, pragmatic and partnership** – behind its branding philosophy, “Making Wealth Simple”, and our corporate governance system. The continuous development of the Group’s cross-border asset management platform, which comprises venture capital funds, private equity funds, sector focus funds, mezzanine funds, bond funds and hedge funds, reflects a high level of business innovation. In fact, Everbright has the largest scale of such fund businesses of any listed company in Hong Kong. A pragmatic management approach enables the Group to maintain stable financial policies and identify new growth opportunities, even under volatile market conditions, and to retain our partnership-based corporate culture. At Everbright, the spirit of partnership, guided by the “**create value to share value**” principle, ensures team stability and long-term partnerships with investors, and yields optimised returns.

The Hong Kong Council of Social Service has presented the Group with “Caring Company” and “Caring Organisation” awards for three consecutive years in recognition of the on-going efforts and achievements of the Group and the China Everbright Charitable Foundation in the field of corporate social responsibility.



Corporate Social Responsibility Report (Continued)

Clients and Collaborating Partners

The Group's Cross-border Macro Asset Management platform connects the vibrant markets of China and Hong Kong, which both offer huge potential. We emphasise long-term partnerships that can successfully earn the confidence of our fund investors and collaborating partners.

To demonstrate our confidence in the potential of funds, Everbright invests seed capital in each one before moving on to secure external financing. We also require management teams to allocate a certain proportion of proprietary funding to venture capital in order to align the interests of fund management teams and fund investors, including those of the Group. In addition, an independent investment assessment committee (or similar organisation) ensures the sound operation of each fund. Some of the funds also invite external investors to participate in the decision-making process, which further protects external investors' interests. When the funds are investing in or exiting from specific projects, equity held by the management team is kept in line with the holdings of other investors. This encourages management teams to exercise a prudent, pragmatic approach underscored by proper risk awareness when making investment decisions.

In addition, the Group's well-established corporate governance structure and risk management system (refer to the Corporate Governance Report for details) have laid a solid foundation for achieving our service commitment of "Making Wealth Simple", while providing clients and collaborating partners with simple, professional, practical, tailor-made solutions that enable gains to be made from market growth to create wealth and value.

The Group held the first Everbright Investment Conference 2012 in Sanya, on China's Hainan Island, to strengthen communication and interaction between customers and collaborating partners of their respective funds. Over 160 institutional investors and collaborating partners from all around the world attended the conference. With the theme of "China Link: Making Wealth Simple", the conference showcased the current development status, strategies and future prospects of Everbright's asset management platform and gave guests the opportunity to exchange experiences regarding the operation of specific funds. The conference not only enhanced investors' and collaborating partners' understanding of various business developments at Everbright and the key advantages of the Group, but also explored ways different funds across different industries and categories could collaborate to fully capitalise on opportunities arising from interactions between the Group's various funds.



Shareholders and Investors

To enhance corporate transparency, the Group places significant emphasis on maintaining good communication channels with shareholders and investors. The Corporate Communications and Investor Relations Department is dedicated to ensuring constant engagement with stakeholders.

Currently, the Group participates in investor conferences organised by various financial institutions every year. In 2012, meetings were held with over 250 institutional investors and analysts through group or one-on-one meetings. Highlights of these meetings are available on the Group's website. There were also 20 analyst reports generated by nine well-known financial institutions. During the year, the Group undertook numerous reviews of our shareholding structure, by examining the shareholding, volume and changes to help implement our investor relations programme in a more targeted way. The Group also developed investor relations reports for the Board, which included external communications, investor feedback and changes in share price. Our shareholding pattern allows the Board to better understand the investment community's views and suggestions regarding Everbright's development strategies.

In addition, the Group's management interacts directly with shareholders at the annual general meeting. Press conferences and analyst meetings are held twice a year, following the announcements of the interim and annual results. Webcasts of press conferences are also available on the official website.

Employees

At Everbright our employees are our most important asset. Through a spirit of partnership, the Group aims to share the experience of corporate growth and development with staff, enhancing individual capabilities and social values in the process. Employees are encouraged to act in the interests of Everbright as a whole, helping to create economic value, enhance efficiency and share the fruits of the Group's success.



Corporate Social Responsibility Report (Continued)

Employees are provided with study allowances and training programmes are organised to boost skills and team spirit, which in turn enhance individual capabilities and social values. Adequate resources are allocated to promote staff well-being and work-life balance, often through fellowship activities for employees and their families. In 2012, the Group organised corporate overseas trips to relieve the stress of busy schedules; and “fruit sharing fun days” continued to be held every Thursday, providing free fruit for staff to enjoy while raising awareness of a healthy diet. In appreciation of the long service of employees and their valuable contribution to the Group’s development, a 15th anniversary dinner was held in 2012 to revisit milestones of the past 15 years and honour “outstanding new staff”, “outstanding staff”, “outstanding teams” as well as other employees who have been with the Group for over 10 and 15 years.



Everbright attaches great importance to effective interaction with employees and has established communication mechanisms to accomplish this, such as our corporate cultural publications. The Group’s bi-monthly e-publication “Huo Ban” 《伙伴》 uses the web to develop and maintain harmonious relationships among employees in mainland China and Hong Kong. “Huo Ban” has information about major events, the progress of the Group’s various businesses in terms of brand development, and highlights of employees’ lives. In addition, an annual bound volume of the preceding year’s “Huo Ban” is also published to cater to different needs and reading habits. Internally, the latest information regarding our businesses and corporate culture is communicated through “Huo Ban Express” emails, CEO letters and middle management meetings, while external communications are through write-ups and press releases distributed to institutional investors and the media.



New staff members are provided with a clear overview of the Group through regular training sessions on human resources, brand culture and risk management systems. Discussion forums allow an exchange of ideas between senior management and new staff, and enable the management to find out about the working status of employees and their views on the Group's development. These face-to-face discussions also enhance contact and interaction between senior management and employees.

In 2012, a volunteer team was established so that employees could participate and give back to society. Activities such as visits to homes for the elderly and schools for special-needs children met with eager participation and positive feedback from employees. The Group will continue to organise similar regular volunteering activities so that the Everbright volunteer team can continue to develop and serve the community.



Corporate Social Responsibility Report (Continued)



In the recent years, the Group has used various means including timely information sharing, corporate outings, staff welfare programmes and incentives to build a closer partnership with our employees. The Group's efforts have also made a meaningful contribution to our success in establishing our own fund teams and retaining and recruiting the best talent.

Community

As a listed company in Hong Kong with business concerns on both sides of the border, Everbright established the China Everbright Charitable Foundation in 2008 to promote and participate in charitable projects that benefit Hong Kong's community development as well as making donations to poverty-stricken areas on the mainland. The foundation also actively supports various sustainable community service initiatives in China and Hong Kong.





“The Everbright Project”

Building on Everbright’s business philosophy of “**Making Wealth Simple**”, the China Everbright Charitable Foundation formed a partnership with the Caritas Family Crises Support Centre in 2009 to jointly launch the Everbright Project, the first-ever community services programme in Hong Kong targeting the middle class. The project fosters the ideas of positive mentality and life planning to help middle-class individuals realise their full potential at various stages of life, and promotes a balanced, happy and healthy lifestyle through the “**Making Life Simple**” philosophy.

The Group aims to develop the Everbright Project into a sustainable social services programme. Since its launch, we have entered a dialogue with the middle class to understand their needs through research, seminars, group activities, questionnaire surveys and a counselling hotline. Constant efforts are made to improve the project’s services to better cater to the needs of people in this segment of society. Since launch, the programme has benefited nearly 36,834 individuals and currently has almost 2,083 registered members.



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Happy Family, a large-scale family umbrella-painting art jamming event at the Hong Kong Cultural Centre Piazza in Tsim Sha Tsui to promote a message of positive energy and family love in Hong Kong.

In 2011, the Everbright Project launched three service series: self-enhancement, life balance, and giving appreciation; as well as a range of corporate workshops to help companies and their employees build harmonious interpersonal relationships and achieve a good work-life balance.

In addition to their regular services, the Everbright Project is planning and running big promotional events that will expand its footprint in the community. In 2012, the project staged *Happy 1+1 – Supporting a*

“Project Companion – Professional Social Workers in Greater China Scheme”

Fully supported by the China Everbright Charitable Foundation, the Project Companion – Professional Social Workers in Greater China Scheme (Project Companion) was established in December 2012 and launched on 6 January 2013. Project Companion employs the professional skills of social workers from Hong Kong by recruiting experienced social workers and volunteer teachers to provide training for social workers on the mainland, helping them to acquire the knowledge and skills required for post-disaster counselling. The initiative is also establishing and training a team of social workers in China who will be able to provide crisis support at any time. Project Companion will operate in the provinces of Sichuan, Hubei and Heilongjiang for the next two years, during which time about 70 volunteer teachers will be recruited to train 900 social workers.





Other community projects

As well as promoting the Everbright Project and Project Companion as sustainable community service initiatives, the Group commits resources to and participates in other charitable projects for the benefit of the Hong Kong community. In 2012, the Group sponsored several events including the Caritas Charity Television Show and a charity concert—"Strings Journey with Chu Yi-Bing Cello Ensemble and Lu Siqing" by the Central Conservatory of the Music (HK) Foundation. Through the China Everbright Charitable Foundation, the Group maintains a strong partnership with Lifeline Express and jointly hosted the annual charity gala dinner in October, 2012, to raise funds to help cataract patients in poverty-stricken areas of China. The Group also made donations to poverty-alleviation events in Xinhua County in China's Hunan Province.



Contributing to socioeconomic and cultural activities

The Group is also very involved in promoting socioeconomic and cultural activities. Our senior executives hold many prestigious and influential roles in our industry, including Chairman of the Chinese Financial Association of Hong Kong, Vice Chairman and founding member of the Chinese Securities Association of Hong Kong, and standing member of the China Mergers and Acquisitions Association. During the year, the Group has also enabled a major overhaul of the China Universities Alumni Association – Financial

Association with a new name, registration process, website development, and membership restructuring; as well as sustained financial promotional activities in the region, that have greatly enhanced the Association's influence and standing in the business community. Through these activities and roles, the Group's senior management have been able to make many practical recommendations to the Hong Kong Government and relevant departments of the Central Government in relation to the internationalisation of the Renminbi and development of the Hong Kong financial market.