ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company in 2017

CITIC Limited continued to fulfil its mission of providing high quality service to customers, building a platform for employees to showcase their abilities, maximising shareholder value and contributing to the country. The Company measures itself against the highest international standards of sustainable development and amplifies what sustainable development means to the Company through its environmental and social governance. In 2017, we remained committed to our employees, protection of the environment, our clients, the industry and the community.

Improving ESG Report Compiling

To meet the regulatory requirements of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for listed companies to disclose key environmental performance data in their ESG reports, in July 2017 the Executive Office of CITIC Limited organised an ESG preparation training course for more than 60 ESG staff from the Company's functional departments and subsidiaries. Those who attended the training said the course deepened their understanding of ESG reporting and that it improved their ability to prepare the Company's ESG report.

Professional Guidance

- Price Waterhouse Coopers (PWC) also provided insights on the Stock Exchange's ESG reporting requirements and helped to clarify the focus and direction of CITIC Limited's ESG report.
- Additionally, CECEP Environmental Consulting Group explained the various focuses and applicable indicators for CITIC Limited's ESG report.

Experience Exchange

- Our subsidiary companies with ESG experience and report compiling, including CITIC Bank, CITIC Heavy Industries and CITIC Pacific Special Steel, shared their insights on ESG reporting.
- Internal and external discussions were held during the training.

Work Deployment

• The Executive Office assigned responsibilities for compiling the 2017 ESG report and issued the Work Plan for the Environmental Data Statistics to specify the methods and processes to be used for calculating and reporting environmental data.



Professional consultants advise CITIC staff during the ESG Report Training Class

Growing Together with Our Employees

One of the objectives of CITIC Limited is to build a platform on which employees can showcase their talents and abilities. We not only consider what employees can do for us, but what we can do for our employees. Through a set of carefully designed initiatives, we believe we can grow with our employees.

Equality as the Foundation of Growth

Legal compliance	 Our labour contracts were established and modified in accordance with relevant laws and regulations to protect the lawful rights of our employees and to develop strong relationships with our staff. Our labour contract signing rate was 100% over the years. CITIC-Prudential adopted a new labour contract policy, under which staff initially signed a one-year fixed term labour contract without a probationary period clause and with a non-fixed term labour contract to be signed upon expiry.
Equal job opportunities	• We are committed to the provision of fair opportunities in our staff recruitment process by adhering to the principle of open recruitment based on merit, without regard to race, nationality, religion, physical disability or gender.

Staff overview

At the end of 2017, CITIC Limited employed 243,036 staff, representing an increase of 115,426 as compared with the previous year. $^{(1)}$

Percentage of workforce by gender



Percentage of workforce by educational background





Percentage of workforce by working places



Incentives To Consolidate Growth

allion Aolicy We have a remuneration system in place across all of our subsidiaries, which is guided by the remuneration policies of relevant local governments and based on business results. This market-oriented mechanism makes reference to statistical data on salaries and remuneration prepared by professional consultants with equal emphasis on market competitiveness and fairness. It also correlates salary with performance to reward top talent with competitive pay. Staff morale and cohesion is thus enhanced as will the sustainable growth of the Company.

> CITIC Engineering Design engaged consultants to help optimise the remuneration system and medium- and long-term incentive plans. CITIC Press established a base salary plan for its strategic investment and innovation business units.

Appraisal Mechanism We continued to optimise our performance appraisal and remuneration systems during the year to bring out better business performance. We also introduced a differentiated appraisal mechanism and improved our industry benchmark matching system based on our management principles for different types of companies, which are classified according to their business characteristics and development stages. This helped to create a closer link between performance appraisal results and staff remuneration/incentives, with a strong emphasis on value creation and shareholder returns for our subsidiaries, as well as for the Company's overall strategic direction.

We continued to improve the insurance, benefit schemes, working hours and annual leave provisions we offer to our staff. In accordance with local government requirements, we provided basic social insurance policies, and most of our subsidiaries have instituted corporate annuities (supplementary pension insurance) and supplementary medical insurance schemes.

For our young employees, we provided apartments and support services in Beijing and other cities, where the housing shortage is acute. CITIC Telecom International received the Good MPF Employer award by the Mandatory Provident Fund Schemes Authority and the Support for MPF Management Award in Hong Kong.

Welfare and Benefits



The exterior of CITIC Youth Apartment



Shuttle Bus for CITIC Youth Apartment residence



Gym at the CITIC Youth Apartment

Training for Future Growth

Career	• In line with our people-oriented philosophy, we arrange for staff postings and exchanges between our headquarters and subsidiaries, among subsidiaries, and between CITIC and relevant provincial and municipal governments. This has broadened the training of our staff and given them greater exposure to our diverse operations.
္လင့္ပ်ိနဲ Talent {္င်ိန် Strategy	• To implement our Talent Strategy during the 13th FYP period, we formed five talent teams, which will function as a talent pool in support of the Company's development.

Five talent teams

No.	Team	Training Objective	Training Features
1	Senior management team	To cultivate a senior management team with international vision, strategic thinking, innovative spirit and management ability.	 Promote a competitive and orderly selection process, improve the evaluation system and find innovative new ways to utilise talents. Increase the proportion of market-based recruitment and implement a comprehensive professional manager system. Provide a high-level management team with global vision and ability to make strategic breakthroughs.
2	Industry leaders' team	To develop a group of industry leaders with high theoretical ability, strong innovation, first- class professional competence and practical achievements.	 Establish a talent system and send selected staff on international academic exchanges and cooperation programmes. Launch a leadership training programme and build a leadership training base. Pay special attention to the development of leaders in strategic planning, risk assessment and capital operation while selecting and training "CITIC craftsmen".
3	Senior technical team to provide advanced skills and technology skills	To build a senior technical team for providing advanced professional and technology skills. This team should have enough members and a reasonable structure.	 Combine talent development with abilities in scientific research and key projects. Develop special channels to develop talent with key skill sets. Provide training, development and incentives for senior staff with advanced skills.
4	International team	To establish an international talent reserve system to develop a senior management team and professional technical team with broad international vision, creative thinking and expertise in overseas business management.	 Increase exchanges with senior management of companies both at home and abroad. Recruit talent through intermediaries. Build a platform for medium- and long-term training and short-term intense training for international management talent and expert employees. Clarify the correspondence between domestic and overseas posts.
5	Outstanding young officers team	To cultivate a dynamic, pioneering, versatile, innovative, well-rounded and dedicated young team who can fit in with CITIC's culture and support CITIC's sustainable growth.	 Implement a career management system for outstanding young officers and guide their growth according to ethical, knowledge, and performance standards. Attract and foster outstanding young talent from the management, technical and front-line operation team. Establish an outstanding young talent pool and organise additional study and training within the Company, at research institutes or overseas.

- In 2017, our subsidiaries organised more than 6,000 training programmes, with over 700,000 staff participating. In particular, the Company launched the CITIC Excellence Training Project to help talents develop more versatile skills. The Company also organised large-scale training in Hong Kong for the first time and set up open classes. The Company encourages subsidiaries to share training resources and to synergise their training.
- CITIC Bank initiated an employee certification training system. China Securities organised the Special Advanced Class to Strengthen Leadership Quality for 26 business managers who had been in their jobs for an average of 10 years since their graduation in 2007 and had already moved into executive posts. CITIC Dicastal invited three groups of US Dicastal employees to take the training in China. At CITIC Heavy Industries, we developed and reviewed 5 major categories of work and 12 skills upgrading courses. CITIC Press established a training development system, consisting of promotion for specific and general abilities, new employee training, online training and external resources training. CITIC Pacific received the Manpower Developer award of the Employees Retraining Board (ERB) during the year in recognition of its efforts in staff training and personnel development.



Launch of CITIC Excellence Training Project

CITIC-CP Group- Itochu Joint Training Programme

Rewarding Our Staff

Training

Programmes

Awards and II recognitions	 In 2017, one of our overseas staff won the Chinese Government Friendship Award and three won special government allowances from the State Council. Outstanding young employees and the young officers' team also received honours from the Company. Among our subsidiaries, CITIC Telecom International was presented with the Family Friendly Employer Award by the Hong Kong Home Affairs Bureau, the Hong Kong Family Council and the Macau Foundation, respectively. Dai Xiaoyun Studio of the Lidian Energy Group was named a Jiangyin Skills Master Studio, and Yangzhou Pacific selected 10 "Pacific craftsmen" for setting an example to employees.
Publicity	 During the year, Chairman Chang Zhenming and General Manager Wang Jiong met with award-winning experts to support them and their scientific researches. We contacted media outlets such as People's Daily to publicise our human resources programmes. Some of our subsidiaries took the opportunity of International Labour Day to showcase model workers and mobilise other employees. Xinyegang Steel provided special allowances to the "Xinyegang Steel craftsmen" and "operation experts".



- To promote quality of life and improve staff morale in the workforce, the Company organises a variety of recreational, sports, social and other activities. These include football, basketball, badminton and other sports activities, as well as events for parents and their children. To help employees in need, the Company established a Mutual Help Fund with over RMB400,000 provided to subsidise the education of our employees' children. On New Year's Day and during the Chinese New Year period, our corporate headquarters donated over RMB1.3 million to help 221 employees in our 26 subsidiaries and their families.
- CITIC Securities set up a space for nursing employees, while CITIC Huyu invited psychologists to provide regular mental health counselling. The business division of CITIC Construction (Algeria) sent 11 employees to a sports meeting organised by local China-invested enterprises.





presented the 2017 Chinese Government Friendship Award to Jack Ling Chan Lung, an overseas employee from CITIC Heavy Industries

Ma Kai, Vice Premier of the State Council, The CITIC men's basketball team competed at an invitational tournament



Summer camp for employees' children at CITIC Resources' Karazhanbas oilfield



Chang Zhenmin, Chairman of CITIC Limited, met with experts who had received special government allowances from the State Council

Health and Safety

Our safety policy emphasises prevention and comprehensive management for our employees' physical and mental health. Under our safety management policy, we supervise and inspect our facilities to eliminate possible risks and dangers, and carry out extensive an staff awareness programme on safe operations.

Controlling risks from the source

We comply with all relevant laws and regulations on occupational health and safety, and continued strengthening our safety management system to ensure safe working conditions.

CITIC Limited

- In 2017, CITIC Limited organised safe production training programmes for all subsidiaries and visited the sites of major subsidiaries. We also held a Safe Production Month and distributed educational videos on safe production.
- CITIC Limited has pledged to inspect its subsidiaries engaged in resources and energy, manufacturing and engineering contracting, with targets set for safety management at all levels of the Company.

CITIC Mining International

- CITIC Mining International established a Health Safety Management System (HSMS) to help employees and contractors meet regulatory requirements. The HSMS system and related safety practices will continue to be enhanced and integrated into CITIC Mining's corporate culture.
- In 2017, CITIC Mining held an HSE Contractors Forum to promote better communication on safety and developed a Fatality Risk Management programme for maintaining zero fatalities and zero high potential incidents.

Protecting workers' health and safety

During the year, we strengthened our safety measures to greatly reduce, control or eliminate safety risks. We also distributed protective equipment and carried out regular health checks.

CITIC Heavy Industries

- CITIC Heavy Industries distributed protective devices and minimised risks leading to work-related injuries and occupational diseases. Each year, the Company conducts checks on harmful factors such as noise, manganese dust and radiation, and introduces preventive measures to guard against these risks.
- In 2017, CITIC Heavy Industries organised health checks for 1,546 employees exposed to various hazards. No serious injuries, deaths or new cases of occupational disease were reported during the year.

Sunburst Energy · Shandong New Dragon Coal Mine

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Improved accident prevention

We believe that a thorough troubleshooting system is the best way to maintain safety and prevent accidents. This involves special screenings with daily checks to identify possible risks and dangers and to resolve existing safety problems and hazards on a timely basis.

CITIC Heavy Industries

- In the first half of 2017, CITIC Heavy Industries organised all units to check those places with less operation, for preparation process and post-processing outside workshops, 127 were identified as potential risk sources; in the second half year, it reviewed all potential risk sources. It formulated differentiated control and management measures for type A, B and C hazardous operations to improve the differentiated control and management system of each unit.
- It also carried out special inspections on the basis of comprehensive inspection of potential dangers. As for the 482 comprehensive inspections and 3,318 special inspections, no major risks and hazards were found.

CITIC Construction

- CITIC Construction installed a Project Site Safety Monitoring System with over 40 cameras in 5 divisions and 11 project departments to give headquarters the ability to conduct real-time monitoring and maximise safety.
- The Business Division of CITIC Construction in Latin America inspected more than 300 items in 9 categories for potential safety hazards and recommended corrective measures for each.

Safety awareness training

We carry out regular, in-depth security training and emergency exercises, publish manuals and give lectures to raise safety standards among employees.

CITIC Resources, CITIC Construction

- Yuedong Oilfield of CITIC Resources organised its annual emergency practice drill at its onshore terminal processing plant during the year. The exercise included a simulated rescue, firefighting and oil spill recovery, as well as training in sewage recycling and disposal.
- The business divisions of CITIC Construction in eastern Europe and the Commonwealth of the Independent States also undertook safety education and training in 2017. Additionally, they had subcontractors and construction staff conduct daily safety inspections, weekly safety meetings and monthly work meetings to promote safety knowledge and skills.

CITIC Building

• CITIC Building set up an emergency response team, in which members participated in government fire safety training and monthly fire simulation drills. Additionally, the Company checked its safety training and emergency plan, and held a fire safety evacuation and self-rescue exercise. Other safety initiatives during the year included fire safety training, publication of a fire safety leaflet and a fire safety bulletin board posted in public areas.



Emergency drill at the central land treatment station of Yuedong Oilfield Fire safety training at CITIC Construction in the Republic of Belarus

Environmental Responsibility

For CITIC, protecting the environment is considered to be not only part of our social responsibility commitment but a critical factor in our sustainable growth. Our subsidiaries are also required to maintain green operations and offices that improve our living environment and contribute to a Beautiful China.

Environmental Performance





CITIC Press received the 2017 Beijing, Tianjin and Hebei Green Printing Excellent Press award.



Water Treatment

- Over 60 sewage treatment plants.
- Daily sewage treatment capacity of over 5.5 million tons.

Performance of CITIC Envirotech in 2017



Energy Conservation

- Savings of about 22 million m³ gas for customers.
- Savings of about 30 million kwh of power for customers.



Solid Waste Treatment

- Invested in 26 incinerator projects to convert household waste into power, 14 of which have since been put into operation.
- These projects will generate around 5.2 billion kwh annually.

Green Management

We comply with all environmental laws and regulations in the countries and regions where we operate. We have also improved our environmental management system and established a long-term mechanism for green development as a foundation for the continuous improvement of our environmental management. Projects undertaken by the Company during the year included afforestation and publicity on our environmental protection initiatives as well as other activities to encourage green practices among our employees.

CITIC Mining International: Green Programme

• CITIC Mining International continued to improve its SinoSAFE ENVIRONMENT programme during the year. Under this programme, tests and inspections were carried out on the condition of local plant life and quality of surface water and seawater in the onshore and offshore habitats surrounding its projects, with each department taking responsibility for managing its waste. In 2017, CITIC Mining International submitted more than 20 annual environmental compliance reports to the relevant Australian government regulators for the Sino Iron project. An environment regulator for the project noted, "In general, a good standard of environmental management has been maintained on site for a project of this scale and complexity."

CITIC Heavy Industries: Green Measures

- In 2017, CITIC Heavy Industries introduced its Comprehensive Conservation Plan Assessment Methods 2017, which sets out detailed assessment indicators for key energy consuming production departments. It also introduced more than 100 energy consumption quotas and new rules and regulations governing energy conservation, particularly with regard to energy waste. A total of 96 energy-saving inspections were conducted throughout the year and 100 cases of energy wastage (including release, spill, drippling and leakage) were identified with solutions for curbing the waste.
- During the year, the Company also updated and upscaled its existing energy distribution capacity utilising Internet + technologies, including an energy management system. Plans were also put in place for gas demand-side and power demand-side management platforms at the branch factory, workshop, working group and main equipment level.

CITIC Construction: Green Construction

• In 2017, CITIC Construction incorporated green construction in its new projects. In accordance with its new Project Management Handbook, all business and project departments now have green construction schemes that make use of BIM technology to minimise energy and resource consumption, and reduce the impact of construction on the environment.

Improving the Environment, Preserving the Local Ecology



CITIC Limited and its principal subsidiaries carried out 60 more times of tree planting activities during the year, with more than 3,000 employees participating.



Tree planting by staff from the head office of CITIC Limited, CITIC Trust, CITIC Metal Group and other subsidiaries



On 2017 World Environment Day, subsidiaries and the water treatment plants of CITIC Envirotech together with local environment regulators launched a series of science outreach activities targeting young people

Green Operation

At CITIC, sustainability is an important part of our entire production process and business management. In addition to supporting national policies for industrial transformation and upgrading, we have also been implementing strict pollution control measures, including discharged waste, and made our energy and water utilisation rates more efficient to achieve a low-carbon operation across the Group.

Development of green finance

Green credit

In 2017, CITIC Bank put green credit policies in place clarifying priority areas for extending green credit and the corresponding requirements. CITIC Bank also began incorporating a green appraisal system in all of its branches and implemented a green credit audit system. By the end of the year, the loan balances granted by CITIC Bank under green credit projects amounted to RMB60,358 million, up by 52.15%.

Control of credit risks in certain sectors and industries

For sectors and industries characterised by high pollution, high energy consumption and excess capacity, CITIC Bank adopted a management system and measures that rank customers by category. Companies with technical advantages, high efficiency, and good market prospects will continue to receive support, while others will have their loans gradually reduced and recovered. In cases where loans cannot be exited from in a short time period but otherwise have a good credit standing, these will eventually be dropped when it is appropriate for the Bank to do so. By the end of the year, loan balances of CITIC Bank customers in sectors and industries with high pollution, high energy consumption and excess capacity increased by 4.49% to RMB45,710 million, with their proportion to total corporate loans decreasing by 0.05 percentage points compared with that of the previous year.

Promotion of E-banking transactions

Banking by Internet and through mobile channels achieved rapid growth in 2017. By the end of the year, the Bank's total number of personal mobile banking customers reached 27,326,300, up by 39.53%, while the number of personal mobile banking transactions reached RMB4,232,368 million, up by 55.52%. The personal online banking business grew steadily, with existing subscribers reaching 27,509,500, up by 19.18%. The transaction substitution rate of e-banking transactions reached 98.96%, up by 1.13%.

Green trust

In cooperation with local governments, CITIC Trust continued to support environmental projects related to power generation through household waste incineration, wetland development and integrated water environment treatment in Liupanshui City, Guizhou Province, Weifang City, Shandong Province and Huzhou City, Zhejiang Province. CITIC Trust also cooperated with the People's Government of Rugao City, Jiangsu Province to establish a RMB3 billion trust project, the CITIC Minhui 52 Trust Fund Scheme for the Development of Energy Saving and New Energy Automobile Industry, to support green car manufacturing.

Reduction of emissions

During the year, we gave top priority to reducing emissions, including waste gas, waste water and solid waste, through technology in line with the principles of "clean development, clean production and clean operation".

Control of gas pollutants

	Initiatives	Achievements
CITIC Resources	The Yuedong Oilfield adopted a variety of initiatives in its oil production, gathering and transportation, including substituting heating systems and replacing crude oil with natural gas, which saved energy and reduced emissions.	Annual fuel oil consumption recorded a reduction of 1,035 tons, including reductions of oxynitride and sulphur dioxide emissions along with other pollutants.
Resources	With the assistance of a third-party laboratory, the Seram Oilfield monitored the local environment and regularly submitted reports to the government.	All local environmental protection laws and regulations in respect of water and air pollution control, hazardous waste management and discharge control of oil- contaminated water were fully observed.
	Xingcheng Special Steel invested RMB273 million to enclose its main stock yard and blending yard.	Approximately 2,000 tons of annual dust emissions were cut, significantly improving the environment.
CITIC Pacific Special Steel	XinYegang Steel continued to control dust on work sites, and upgraded a number of facilities to comply with regulations. These included the 520m3 blast furnaces, the No. 16 wind- proofing and dust suppression walls in the dockyard.	All of the projects undertaken during the year brought the Company's facilities into compliance with national standards.
-	Qingdao Special Steel invested RMB45.51 million to enclose the A and B strip zone of the stockyard and invested RMB33.87 million in the #2 dust proof renovation project for the ground receiving coal bunker.	
Sunburst Energy	As of January 2017, Lidian Energy Group had completed the transformation of all 8 units to achieve ultra-low emissions of air pollutants, and completed the wide load denitrification transformation of #6 and #8 units, #3 unit denitrification system optimizing and other technological transformation projects.	During the year, all environmental protection equipment was in good working condition, with flue gas desulphurisation efficiency reaching 98.79%. The operation rate of desulphurisation facilities reached 100%, and the operation rate of de-dusting facilities reached 100%. Emission indexes for air pollutants were better than expected at the beginning of the year.





Seram Oilfield under CITIC Resources conducting an environmental Roofing project of raw material ground by Qingdao Special Steel of CITIC Pacific Special Steel

Sewage and waste disposal

	Initiatives	Achievements
CITIC Metal Group	Jinzhou Titanium carried out a research project on laundry wastewater post-treatment and desalination, in order to recover water through membrane technology.	The project that will come out of the research is scheduled to launch at the beginning of 2018, and is expected to achieve a recovery rate of fresh water of up to 80%.
	A project was launched to transform the sewage treatment station in the industrial park; distillation and dehydration equipment was added to treat the sewage.	The hazardous waste treatment fee was reduced by 60%, and sewage treatment capacity was doubled.
CITIC Dicastal	A project was launched to transform the sewage treatment plants in the industrial park to recycle reclaimed water. The A/O biochemical treatment method and membrane bio-reactor (MBR) treatment technology were used to turn sanitary wastewater into reclaimed water for reuse.	800 tons of reclaimed water was recycled for greening and environmental maintenance, thereby reducing fresh water use.
CITIC Pacific Special Steel	XinYegang has 22 water recycling systems covering all production processes. These systems allow for the reutilisation of processed water. Large-scale circulating water treatment stations are equipped with a sludge-water separation system; it recycles, separates and purifies the sludge-water for reuse. All treated wastewater was piped through 12 distributed pumping stations to sewage plants for centralised disposal or use as supplementary water.	The recycling rate of processed water reached 96.5%, a percentage that continues to rise year-by-year.



Saving resources and energy

Companies in the resources and energy and manufacturing sectors today are continuously improving the efficiency of their resources utilisation, reducing waste and saving energy by upgrading production equipment, eliminating obsolete production capacity and developing innovative production technology.

	Initiatives	Achievements
CITIC Resources	Karazhanbas Oilfield regularly conducts dedusting and desalting for electrical devices to ensure their safe operation; it is also making use of electricity-saving devices such as 6kV capacity battery cells and TMG-12 electricity- saving transformers to reduce energy consumption.	Actual annual electricity consumption decreased by 2.5 million kwh in the year as compared with expected consumption.
	To avoid spillage, Yuedong oilfield implemented a dynamic water adjustment plan in which Platform A adjusts freshwater supply based on the actual water usage of gas injection boilers on Platform B.	About 1,825m ³ can be saved per year through dynamic adjustment.

	Initiatives	Achievements
CITIC Heavy Industries	During the production process, CITIC Heavy Industries balanced peak-hour and off-hour consumption; it also introduced Management Rules on the Orderly Electricity Consumption and Response to Demand of CITIC Heavy Industries to improve power management and optimise electricity usage.	Savings of RMB15,644,000 in in basic electricity costs were achieved during the year.
	CITIC Heavy Industries conducts weekly statistical analyses of steam data to control the valve opening of each unit on the basis of temperature changes so it can adjust regional heating and reduce steam consumption.	Without affecting the amount of heat generated, total steam consumption from January to March decreased by 5.69% as compared with the last corresponding period.
CITIC	Proceeding with the residual heat recycle and utilisation project for the production technology of Line 6, CITIC Dicastal generated 3,312kw of residual heat, which can be recycled and used for the heating of industrial parks and plants.	Savings in natural gas consumption amounted to about 1,304,599m ³ per year.
Dicastal	With the completion of the residual heat recycle and utilisation project for flue gas from the smelting furnace on Line 2, we generated residual heat at the aluminium-ingot smelting furnace on Line 2 that can be recycled and used for the reheating of back water disposed of before coating and installation.	Decreasing the energy and fuel consumption of gas-fired boilers saved about 182,507m ³ of natural gas per year.



The four energy-saving boilers at Karazhanbas Oilfield



Residual heat recycle and utilization project at CITIC Dicastal

Promoting green development

We align our environmental protection efforts with the goal of "Building a Beautiful China" and work together with our member companies to offer comprehensive service solutions, including consulting and advice, design management, joint investment and project contracting. We also participate in the construction and operation of social projects and services related to environmental protection, such as sewage disposal, garbage power generation and energy-saving conversion.



Enhancing Green Awareness in Offices

In our offices, we have reduced energy wastage and pollutant emissions through measures such as upgrading electrically-powered equipment and optimising the use of official vehicles. In addition, some of our companies support a number of environmental NGOs, such as CITIC Telecom which has been a corporate member of WWF-Hong Kong for two consecutive years.

Reducing Printing Consumables at CITIC Limited

• In 2017, the headquarters building of CITIC Limited outsourced its printing requirements, including printing, copying and scanning, which has reduced time, labour and material costs. It is estimated that the Company will save 15-20% of its annual printing expenses and reduce emissions from toner particles and ozone generated during the printing process, thus improving the office environment for employees.

Green Transportation at CITIC Securities

• CITIC Securities established new rules governing the management and use of company vehicles. Statistics on monthly oil consumption by vehicles have been compiled and quarterly reports analysing oil consumption trends prepared.

Building Confidence in Our Brand

The business of CITIC Limited covers a wide range of industry sectors, including financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure. In recent years, we have also acquired new businesses such as McDonald's and Baixin Bank. With all of these businesses, we are committed to providing a high standard of service and safe, high quality products. We also attach great importance to the customer experience and use their feedback to constantly improve our customer management system in order to enhance customer satisfaction and confidence in our brands.

Performance



Quality Products and Services

In accordance with our customer-centric philosophy, we are committed to providing the highest levels of quality control to ensure the safety and reliability of our products. We are also committed to developing innovative service models and constantly improving our service to customers.

Quality control

In our production processes and operations, we comply with national laws and regulations and industry quality standards so that we can continuously improve our corporate quality management system and strengthen process controls. This enables us to minimise quality risks and deliver high-quality products to customers.

Quality Management at CITIC Heavy Industries

• In 2017, CITIC Heavy Industries established an efficient IT-based information and quality management platform. This platform provides information in response to online queries and for OA reviews, deviation reports and online management. An interconnectivity campaign led by the quality assurance department is also conducted on a quarterly basis, using big data for preparing non-conformance reports (NCR), screening quality problems at each production unit, and identifying problem points, all of which have been effective tools for improving the Company's quality management.

Quality Improvement at CITIC Dicastal

- Should a product quality complaint be received from a customer, the Company will convene a meeting promptly to discover the cause of the problem and combine 8D, 5P, 5W2H and other customer analysis methods to provide a timely resolution.
- Additionally, CITIC Dicastal has assembled a quality control (QC) team and QC group to solve technical difficulties and improve product quality.



In recent years, CITIC Construction has successfully delivered a number of signature projects in the respective countries where the Company operates, which have helped to elevate the CITIC brand and attract more customers. CITIC Construction has also won praise from the public and local governments, and has received awards for its engineering quality.

Geely Automobile Project, Belarus

• The Geely Automobile project succeeded in obtaining a project performance appraisal acceptance certificate issued by the Belarus Ministry of Construction as well as a 2016 certificate for the design and construction of industrial projects in the country.



Belarusian President Alexander Lukashenko attended the ceremony of the new production line at the Geely Automobile Production Line Project and witnessed the first car rolling off the production line

Soda and Potassium Fertiliser Processing Plant Projects, Uzbekistan

• On the 25th anniversary of the establishment of diplomatic relations between China and Uzbekistan, CITIC Construction won the Outstanding Contribution Award of China-Uzbekistan Friendship for successfully completing the Kungrad soda plant and Dehkanabad potassium fertiliser processing plant. These projects are important additions to the country's chemical industry and are creating economic and social benefits.



The housing handover ceremony for the D Zone of Tiuna Social Housing Project, Venezuela

Tiuna Social Housing Project, Venezuela

• President Nicolás Maduro of Venezuela attended the housing handover ceremony for the D Zone of the Tiuna Social Housing project held on 28 July 2017. During the ceremony, he expressed his appreciation of CITIC Construction for its contributions to the country's GMVV (Gran Misión Vivienda Venezuela) housing programme and other livelihood projects.

Our customer philosophy

We regard the needs and satisfaction of customers as our first priority. This belief motivates us to improve the level of service we offer and provide customers with comprehensive, high value-added services.

Standardising Service at CITIC Securities

• In 2017, CITIC Securities established standardised systems, procedures and specifications for all of its businesses, including customer service, network management and appraisals.

Improved Customer Service Through IT at CITIC Heavy Industries

• CITIC Heavy Industries introduced a new three-part customer service system to provide customers with in-depth service and technology-related solutions. In 2016, the Company completed the construction of the Panorama Platform for its customer service system and in the following year further expanded the scope and depth of its IT system. It also developed an intelligent service platform with customer experience, the supply stock exploration and intelligent service, achieved the all-dimensional interaction between the company and customers. In addition, CITIC Heavy Industries explored spare parts, business opportunities in service industry in depth and built itself as a comprehensive service provider.





Improving Customer Relationships

In addition to providing safe, stable and reliable products and services, we are also committed to protecting the rights of consumers. With the aim of protecting their right to know, we are continuously improving our customer management systems through surveys and the feedback we receive.

Protecting Customers' Rights and Interests

- CITIC Bank improved its information technology with the launch of its Emergency Plan for Information Technology Outsourcing Management plan, which provides detailed specifications on handling emergencies, including outsourcing, risk identification and risk response, and emergency drills. The new plan ensures that clients' capital is secure by minimising information technology risk.
- CITIC Securities Information Technology Center implemented a more rigidly defined information security policy during the year, the Information System Security Management Methods. This policy covers the management of physical security, internet security, host/terminal security, application security and data security, as well as the protection of customer information.

Responding to Customers

- CITIC Heavy Industries conducted regular investigations, performed statistical analyses of product quality, and distributed a customer questionnaire with telephone follow-up and user visits. The appropriate responses were made based on the comments and suggestions of customers. With constant improvements in product quality and the expansion of its after-sales service, CITIC Heavy Industries raised customer satisfaction levels during the year, with no consumer complaints recorded.
- CITIC Dicastal closely monitored its customer systems to ensure first-time access to external information. This enabled it to respond quickly to customer complaints, with a preliminary reply within 24-hours. In internal analysis meetings, staff proposed improvement measures and followed up.

Financial Education for Customers

- CITIC Bank launched three major public financial education programmes under three key themes during the year. These programmes were arranged by the Bank's head office, organised at the branch network level, and implemented by each banking office. Staff members were selected to publicise the programmes in schools, communities and in commercial areas. They helped to convey basic financial knowledge that is necessary in consumers' daily lives and the skills needed to prevent financial risks.
- In response to the Protecting Investors Understanding Regulations and Clarifying Risks campaign organised by the China Securities Regulatory Commission, CITIC Securities focused on insider trading, market manipulation and illegal information disclosure and irregular operations. It also implemented online and offline communication channels to publicise cases and other financial education topics.

Partners in Industry

CITIC Limited helps to promote related industries by cooperating with its counterparts in government and the private sector. Its goals are to support fair competition, while contributing to the development of technology and a high quality supply chain. It is also committed to fight against corruption and encourage a transparent, healthy and competitive industrial environment.

Working with Our Partners

We work with our partners in industry and government for our mutual benefit. We are also mindful of our responsibilities to develop the local economy and communities in which we operate. In addition, we have established a platform for fully integrating both internal and external systems, as well as our upstream and downstream resources to give our partners more development opportunities.

Cooperation with government and other companies

In 2017, the senior management of CITIC Limited continued to work closely with its corporate and government partners:

Meet with leaders from government and business partners for 140 times Attend business forums and investment summits home and abroad for 20 times

Developing local economies

We have aligned our business with China's national strategies, including The Belt and Road, Made in China 2025, and the Coordinated Development of the Beijing-Tianjin-Hebei Region and Yangtze River Economic Zone. We have also established a series of cooperation platforms to support the development of regional economies and industry through the integration of internal and external resources.

Seminars on The Belt and Road and Go Global

• During the year, we organised seminars on the Belt and Road and Go Global strategies and established close relationships with domestic and overseas government authorities, large corporate groups, bilateral and multilateral financial institutions, international organisations and relevant domestic financial institutions to promote the implementation of key projects.

Made in China 2025 initiative

• We worked with the Ministry of Industry and Information Technology to explore new development models, such as supporting the Made in China 2025 initiative.

Support for regional economic development

- After entering into strategic cooperation development agreements with Beijing and Hebei province, we continued to promote the establishment of a senior level strategic cooperation platform with Tianjin for cooperation in fields such as traffic systems integration, environmental protection and industrial transfer;
- Focusing on municipal groups in the Yangtze River Economic Zone, we cooperated with Jinshan District in Shanghai, Wuhan Changjiang New Town and Jiangsu Nantong Economic Development Zone to help integrate local development projects.

Developing a Healthy Supply Chain

We continued to work with our supply chain to establish a shared value system. In the industry organisations we have joined, we share our management methods and techniques while promoting the development of the industry. We also contribute to the fight against piracy and infringement of intellectual property rights and encourage innovation.

Working with our supply chain

CITIC Securities

- With a strong commitment to green procurement, CITIC Securities requires its suppliers and contractors at the tender stage to provide certification documents in respect of ISO9000, ISO14000 and other quality certifications. By assessing and verifying suppliers and contractors, CITIC Securities has reduced potential environmental and social management risks.
- The Company has also developed supplier management requirements for its Information Technology Center, outlining procedures for supplier management, contract management, as well as daily and annual appraisals.

CITIC Construction

• For managing its supply chain, CITIC Construction has in place requirements for supplier assessments, in-factory supervision, quality checks, environmental protection and ethical practices.

Support for industry development

CITIC Trust

- CITIC Trust launched its Trust Culture in China campaign and Trust Impetus in Beautiful China campaign, led trust theoretical research, promote the implementation of laws and regulations on charitable trust and completed the relevant theories.
- In addition, CITIC Trust participated in research studies organised by the China Banking Regulatory Commission and the China Trustee Association, including those related to amendments of trust law and the trust registration system.

CITIC Resources

• At the Yuedong oilfield, where pumping units had to be frequently disassembled due to the narrow working space, a new type of workover rig with self-balanced derrick was developed to improve workover efficiency, reduce operation risk and meet crude oil production targets. This invention obtained a national patent and was awarded the Science and Technology Advancement Award of Liaohe Oilfield (Grade I).

CITIC Engineering Design

• During the year, CITIC Engineering Design issued its *Design Guidelines for Urban Integrated Utility Tunnels, the Design Guidelines for Sponge City Construction and the Design Guidelines for Soil Remediation.* These guidelines cover integrated utility tunnels, sponge city construction, soil remediation and industrialised construction, thereby contributing to the transformation, upgrade and development of the survey and design industry.

Intellectual property protection

Protecting Rights and Interests

- CITIC Securities has relevant management measures and clearly specified rights and responsibilities for its trademark rights and copyrights. To date, CITIC Securities has obtained 21 computer software copyright registration certificates for its automated trading platform, market risk computing system, big data bond system, and cloud service, among others.
- Protection of intellectual property is an important basis and key part of the Company's technological advancement and innovative development. CITIC Heavy Industries has established an intellectual property system, technical standards and quality management. As of the end of 2017, it had 541 valid patents, of which 191 are patents protecting its own inventions.

Copyright Protection

- For both its domestic and overseas publications, CITIC Press maintains copyrights in compliance with the Copyright Law and the relevant national provisions for the publishing industry. It also draws up book publishing contracts with each copyright owner or copyright agent on equal terms.
- In 2017, CITIC Press joined the Anti-piracy Alliance of Beijing 15 Publishing House and cooperated with law-enforcement agencies to identify pirated books. It also obtained a computer software copyright registration certificate for the CITIC Academy App and maintained existing entitlement documents.

Anti-Corruption

As anti-corruption is a top priority in our internal risk control, we require that employees maintain good faith and honesty in their work. We constantly enhance our internal staff supervision system and protect the Company's image of integrity. According to the requirements of the Hong Kong Listing Rules, we review the implementation of the Code of Conduct of Employees at CITIC Limited and its subsidiaries on a semi-annual basis.

Building an Early Warning System

- CITIC Limited deals with complaints in strict accordance with the Reporting and Handling Regulations and will investigate any breaches in keeping with its approach to accountability.
- To safeguard the legitimate rights and interests of employees, the Company follows the principles of justness, openness and fairness.

Monitoring Subsidiaries and Overseas Operations

- CITIC Limited monitors the performance and behaviour of its subsidiaries' management personnel and works with staff through debriefings, seminars and individual interviews.
- It also closely monitors overseas projects to protect and secure the Company's assets.

Training in Anti-Corruption

- CITIC Limited trains its employees in the relevant laws and regulations on anti-corruption.
- The first training session in anti-corruption was held for functional departments and supervisors in Hong Kong, covering the local business environment and regulatory policies. In addition, the Company reached staff through on-site teaching sessions and internal communication.

Support for Local Communities

CITIC Limited believes that contributing to the prosperity of the communities in which it operates will also benefit its businesses. Consequently, we focus on national policies and social issues, work with the community, and develop assistance programmes in response to local needs. Employees are also encouraged to volunteer their time and services.

Performance



Donations to local communities (million)



Focus on National Policies and People's Livelihood

During the year, we continued to promote mutual exchanges between Hong Kong and Mainland China. We also carried out public welfare campaigns in Hong Kong and Macau and invested in local education, culture, sports and community infrastructure, and helped the underprivileged through our volunteer services.

Integration of Mainland China and Hong Kong

The year of 2017 marked the 20th anniversary of the return of Hong Kong to China. During the review period, CITIC Limited organised seven-week summer internships in Mainland China for 34 students from the University of Hong Kong, Chinese University of Hong Kong and Hong Kong University of Science and Technology with financial companies such as CITIC Bank and CITIC Securities. We also arranged exchanges between students from Hong Kong and students from universities in Mainland China, such as Tsinghua University and Peking University.

In 2017, we also organised a visit for interns to the Most Beautiful Moments in Eyes of CITIC People photo exhibition and home game with the Beijing Zhonghe Guoan football team. The Hong Kong students said that the internships in Mainland China broadened their perspectives, deepened their understanding of CITIC culture, and left an unforgettable impression on them.



The Guoan Sinobo football team at a home game

An exchange with Mainland university students

Public welfare programmes in Hong Kong and Macau

CITIC Pacific has supported charity activities held by public welfare organisations such as Oxfam Hong Kong and the Community Chest for several consecutive years. In 2017, CITIC Pacific donated HK\$50,000 to Oxfam for sponsoring the Oxfam Rice Sales Campaign, and organised volunteers to set up charity sales stalls, in order to support the Small Farmer Development Fund established by Oxfam Hong Kong. CITIC Pacific also contributed HK\$460,000 to the Education University of Hong Kong in support of its I Believe programme, and the Walk with Parents – evidence-based Integrated Education Programme of the Integrated Growth Development Center project, which provides aid for the treatment of children with developmental disabilities and special learning needs. At the Awards Presentation Ceremony of Lingnan University in 2017, scholarships for the CITIC Pacific Business School were presented to four outstanding students.

Our employees of Companhia de Telecomunicações de Macau, S.A.R.L. ("CTM"), the subsidiary of CITIC Telecom International, did their utmost to ensure the normal operation of the Macau network communication services when the typhoon Hato hit Macau in 2017. As professional employees of the telecoms industry with sense of commitment, all employees worked tirelessly to maintain the uninterrupted communication service under the condition that a wide range of power supply and water supply disruptions occurred in various districts resulted from the typhoon. CTM launched the "Emergency Telecommunications Equipment Assistance Scheme". In the meantime, other colleagues in the subsidiary provided cleaning of the hostel for the elderly after the typhoon. All of these helped restoring the economy of the Macau community and rebuilding the homes of the residents. On the other hand, CTM organised over 400 participants including management team members, employees and their dependents for the large-scale charitable activity, "Walk for A Million" in Macau. In nurturing the development of youngsters, CTM held "Youth Development programmes 2017". Through a series of multiscale activities, the program encouraged young people to make good use of their summer holidays to enhance team spirit, leadership competencies, social skills and spirit of community care. It has aimed at cultivating allrounded talents for the sustainable development of Macau.



CTM held "Youth Development Programmes 2017"



Representative from CITIC Pacific attended awards presentation ceremony of Lingnan University in 2017

CITIC Limited Wastepaper Project

For three consecutive years since 2015, CITIC Limited has organised the Offering Charitable Aid with a Piece of Paper activity, which helps children from poor minority families in Xinjiang suffering from congenital heart disease and echinococcosis. In 2017, we established 10 collection centres at our headquarters and subsidiaries to collect discarded magazines and paper. Approximately RMB39,000 in on-site donations, remittances and sales proceeds were collected during the year, bringing total donations up to approximately RMB100,000 since the launch of the project and winning the praise of the China Charity Federation.



CITIC Prudential Care Foundation

CITIC Prudential Life Insurance supports the development of education, health and environmental protection in China through the CITIC Prudential Care Foundation. In 2017, CITIC Prudential Life Insurance donated RMB10,000,000 to the China Children and Teenagers Foundation in support of the Escort Plan. Another programme, the Convoy Plan, will be launched by the China Children and Teenagers Foundation together with government departments and agencies to provide services and Chinese cultural education for young children studying abroad. The aim of this programme is to assist students before travelling overseas and help them disseminate Chinese culture.

Overseas Public Welfare Projects

CITIC Construction opened the BN Vocational School in Angola to provide vocational training for local youth and promote the development of local culture. On 9 May 2017, CITIC BN Vocational School held its 2017 School Opening and Graduation Ceremony, during which 49 new students were enrolled and 273 students graduated. The mayor of Kilamaba, Joaquim Israel, expressed his appreciation to CITIC Construction for its sponsorship of the vocational school and its mission of providing free education for impoverished youth in Angola and developing technical talent for the country.

In August 2017, CITIC Construction donated funds to the Ice Hockey Association of the Republic of Belarus in support of ice hockey for the country's youth. Through this donation, CITIC Construction became the first Chinese partner of the Ice Hockey Association of the Republic of Belarus.



CITIC BN Vocational School held its 2017 School Opening and Graduation Ceremony

CITIC Construction donated funds to the Zce Hockey Association of the Republic of Belarus

Public Welfare Activities

In addition to supporting general welfare activities, CITIC Limited also provides its technical expertise for public projects.

CITIC Trust Charitable Trust

In 2016, CITIC Trust's charitable trust fund gained legal status in accordance with the standards of the Ministry of Civil Affairs, China Banking Regulatory Commission and Beijing Municipal Civil Affairs Bureau. At the beginning of 2017, CITIC Trust set up the first charitable trust with two trustees in Beijing – the 2016 CITIC Ala Shan SEE (Society of Entrepreneurs & Ecology) Environmental Charitable Trust, with CITIC and the Beijing Entrepreneurs Environmental Protection Fund acting as trustees and China Soft Capital acting as trustor.

On 25 July, as entrusted by He Xiangjian Charity Foundation, CITIC Trust formally established the CITIC He Xiangjian Charity Foundation 2017 Shunde Community Charitable Trust, with a total amount of RMB500 million, the largest charitable trust in China's Trust industry to date. On 17 August, CITIC Shanghai Charity Foundation Lantian Zhiai No. 2 Huifu Charitable Trust was successfully registered in Shanghai, the first with a double trusteeship structure in that city. In addition, CITIC Trust continued the CITIC Spaceflight Charitable Trust in support of the development of aerospace science and technology in China.

Support for reading by CITIC Press

On 7 June, opening ceremonies were held for the Reading Books in Zuojiazhuang and CITIC Press book donation campaigns at the Zuojiazhuang Cultural Service Center. Through these campaigns, CITIC Press will donate 2,000 books it has published to the Cultural Service Center and community reading rooms on Zuojiazhuang Street.





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Volunteer Services

In 2017, the Volunteers' Association of CITIC, comprising 30 teams of volunteers, participated in more than 60 volunteer activities. They provided care for migrant workers' children and aid for the disabled and educational donations in more than 20 cities and regions, including Beijing, Shanghai, Chongqing and Luoyang. Approximately 10,000 volunteers took part in these activities.



Chacha Theater at Beijing Guangai School, an event organised by CITIC



Caring for Autistic Children volunteer service in Shanghai



Blood donation at Luoyang, organised by CITIC Heavy Industries



CITIC Engineering Design volunteers at Taohua Village, Chongyang County, Xianning



The Roundabout voluntary donation event, held by CITIC Investment Holdings



Disaster relief after Typhoon Hato, with volunteers from CITIC Urban Development Zhuhai Branch

Giving Children Confidence in the Future

Love, Trust, Be Together is a community welfare programme launched by CITIC Limited. In this programme, participants are given the option to redeem their credit card points for charity programmes such as the Dreams Come True, Volunteer Teachers Trips and Summer Camps projects, in which funds or redeemed items are donated to schools for migrant children and schools in impoverished mountainous areas. In the latest version of the programme, participants could make donations on their mobile phones.

In 2017, the Love, Trust, Be Together contributed to the following activities:





A total of 150,000 cardholders donated 1 billion bonus points, which were converted into donations worth RMB1million. These funds were then used to construct multi-media classrooms (Dream Centers) and provide 30 courses. From 2009 to 2017, 72 Dream Centers were installed with the donations.

Volunteer Teachers Trips programme

• The eighth Volunteer Teachers Trip was organised, with an accumulated 360 service hours contributed by 50 volunteer teachers

Summer Camps

The eighth themed camp was organised, with 30 teachers and students from donee schools participating.

Sunshine Volunteer Trips

More than 100 young volunteers from CITIC participated in the Sunshine Volunteer Trips programme, during which volunteers listened to the stories of Teacher Li Siyuan, famous for teaching students as a volunteer for five years in a school for migrant workers' children at Guiyang- Jiancai Primary School. Volunteers also made propylene artworks and played games with primary school students. Stationery and school items such as schoolbags were donated along with aid money of RMB33,000 to the children of impoverished migrant workers.

