


**Building resilience,
embracing a shared future**



**Environmental, Social and
Governance Report**
2022

About this report

This is CITIC Pacific Limited's (CITIC Pacific) inaugural Environmental, Social and Governance (ESG) Report and provides an overview of our commitment to corporate sustainability. It details our performance and key accomplishments as we integrate ESG performance into our business strategies and drive sustainable transformation across the organisation.

This report covers the financial year from 1 January 2022 to 31 December 2022 (reporting period).

Reporting boundaries

This report encompasses the ESG performance of CITIC Pacific's businesses including special steel manufacturing, property development and operations, power generation and the distribution of motor, consumer and healthcare products. It also encompasses the ESG performance of CITIC Pacific Mining and its Sino Iron project, which CITIC Pacific manages on behalf of its parent company. The report includes qualitative and quantitative information regarding the company's approach, progress and initiatives in managing material environmental, social and governance aspects. The data disclosed in this report does not include CITIC Pacific Mining.

Reporting framework

This report has been prepared taking into account international ESG reporting standards and objectives including GRI and the UN Sustainable Development Goals (UNSGDs). In our inaugural report, we have aimed to apply principals including stakeholder inclusiveness, sustainability context and materiality to define the report content following the principles of accuracy, balance, clarity, comparability, reliability, completeness and timeliness. In the coming years, we will strengthen our transparency and disclosure, adding further depth and detail to the report.

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Chairman's Message

Dear stakeholders,

As history unfolds, the world is changing in unprecedented ways. Modern business operations are becoming increasingly complex, often involving diverse stakeholders and spanning many jurisdictions. To thrive, companies must enhance resilience, understand their societal impact and embrace sustainable development.

At the same time, environmental stewardship has never been more vital. There is a profound recognition that we must take decisive action to reduce our carbon footprint and transition to a green and circular economy. The science is clear. We stand at a critical juncture where the choices we make today will impact the health of our planet for generations.

China has emerged as a key force driving global sustainable development with clear "dual carbon" goals and strategies. Enhancing environmental, social and governance (ESG) performance is not only a national and global imperative, but also promotes an organisation's risk resilience and drives its long-term success. Our parent company, CITIC Group, released a White Paper on carbon emissions peaking and carbon neutrality in 2022. As CITIC's largest non-financial platform, we must make significant advancements towards a green industrial ecosystem to meet the established targets and contribute toward China's climate goals.

CITIC Pacific was founded over 30 years ago to be an internationally-oriented pioneer with a mission to adopt best-in-class management and operational capabilities. Over the decades, We have shaped and refined a business philosophy to deliver "excellence" and "distinction" in everything we do. We promote integrity and responsible stewardship to safeguard our long-term sustainability and foster enterprise resilience.

This year, to offer a holistic view into our commitment to environmental stewardship and corporate responsibility, CITIC Pacific is voluntarily issuing our first ESG Report. This report, and those to follow, will serve as a means for us to communicate our sustainability performance, allowing our stakeholders including employees, customers, governments and the public to better understand our progress as we work to contribute to a healthy and resilient world.

We recognise that enhanced transparency and quality communication is key to our continued effort to build and retain the trust of our stakeholders. The sustainability reporting exercise can also serve as a useful tool to help the company unite around ESG strategies and drive progress across the organisation.

Our pioneering spirit is a tremendous asset. Our people are engaged, motivated and eager to make a difference. And our management team is ready for the challenge. As our ESG journey continues, we aim to add further depth and disclosure to this report. We want to assure our many stakeholders that CITIC Pacific is carefully considering the well-being of our planet, people, customers and communities as we chart our way forward. We are committed to progress. We must be. Future generations are counting on us.

Thank you for supporting us on our sustainability journey.



Zeng Chen
Chairman

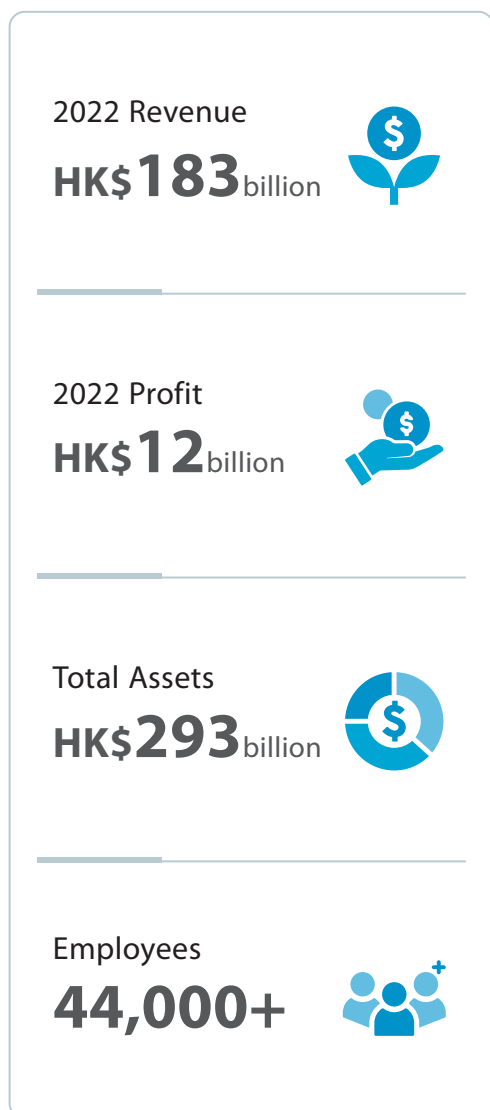


About CITIC Pacific Limited

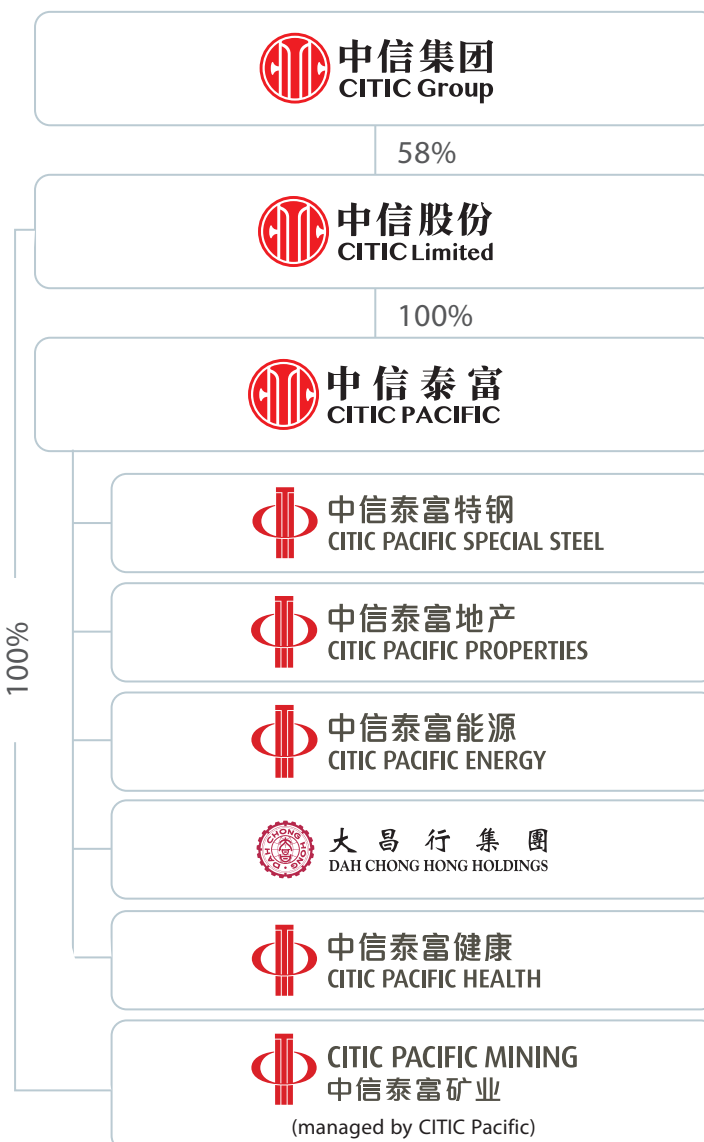
Headquartered in Hong Kong with over 30 years of history, CITIC Pacific is a diversified business platform with operations in special steel, property, energy, health, consumer products distribution and other industries. CITIC Pacific also manages CITIC Pacific Mining and its Sino Iron project on behalf of our parent company. We are a wholly owned subsidiary of CITIC Limited (267.HK), which is a Hong Kong listed company and one of the largest conglomerates in China. CITIC Limited is 58% owned by CITIC Group, a state-owned enterprise.

At CITIC Pacific, we build businesses with distinctive competitive advantages by leveraging our China heritage and global perspective. We evaluate long-term growth opportunities for synergy and development potential, guided by a strategy that is customer-centric and commercially driven. By adopting international best practices across our operations, we aim to deliver operational excellence and sustainable value for our stakeholders, including our parent company and its shareholders, employees and the communities in which we operate.

Fast facts



Structure



Note: Data above excludes CITIC Pacific Mining.

About CITIC Pacific Limited

Our businesses

CITIC Pacific Special Steel

CITIC Pacific Special Steel (000708.SZ) is a global leader in the manufacture of specialty steel with an annual production capacity of 20 million tonnes. Its customised products are sold in China and more than 60 countries worldwide, with a wide range of applications in auto components, machinery manufacturing and shipbuilding as well as in the energy, transportation and other industries. CITIC Pacific Special Steel is committed to the highest standard of quality, fostering strong R&D capabilities and building long-term partnerships.



CITIC Pacific Properties

Positioned as a developer and manager of premier properties, CITIC Pacific Properties is focused on mixed-use, commercial and residential projects with operations that extend across the commercial lifecycle to include investment, project development, marketing and property management. It currently owns and manages properties in key cities in the Yangtze River Delta, the Greater Bay Area, the Yangtze River Economic Belt and the Bohai Rim Economic Circle.

CITIC Pacific Energy

CITIC Pacific Energy invests in and manages power plants in China with a total installed capacity of 8,000MW and supporting businesses that extend across the industrial supply chain from mining and shipping to power sales and heat supply. The company also invests in green energy including photovoltaic and wind power generation.



About CITIC Pacific Limited

Our businesses



Dah Chong Hong

Dah Chong Hong (DCH) is a leading distributor of motor and consumer products headquartered in Hong Kong. With over 70 years of history, DCH distributes over 1,000 brands with operations in 13 Asian economies and over 16,000 employees. Leveraging an intimate understanding of Asian markets, consumers and supply chain dynamics, the company brings brands to market and products to shelves across a wide range of consumer industries.

CITIC Pacific Health

CITIC Pacific's health business includes medical and elderly care services, as well as healthcare distribution, product development and manufacturing. Our medical services business operates hospitals and provides integrated elderly services in Zhejiang and Jiangsu provinces, while the distribution business supplies pharmaceuticals, medical supplies and devices to healthcare providers.



CITIC Pacific Mining

(managed by CITIC Pacific)



CITIC Pacific Mining (CPM) is the developer and operator of Sino Iron, the largest magnetite iron ore mining and processing operation in Australia. Located in Western Australia's Pilbara region, Sino Iron features a six-line processing facility where magnetite ore is transformed into a high-grade concentrate, ideal for lower-emission steelmaking. Supporting infrastructure includes a state-of-the-art gas-fired power station, desalination plant and a purpose-built port export facility. The project has a 3,000-strong multicultural workforce and has been in production for more than a decade.

About CITIC Pacific Limited

Our vision, mission and values

Our value system is a product of over 30 years of development and is the foundation of our corporate culture. It guides our daily decision-making and represents who we are, how we act and what we believe in. Those who make CITIC Pacific their home are individuals willing to work hard, adapt and learn, but most importantly, those who embrace our values.



Vision

To build a diversified and sustainable business platform that delivers long term growth through operational excellence and distinctive competitive advantages



Mission

To create value for customers, employees and shareholders



Values

Integrity, Integration, Excellence, Innovation

Our philosophy

At CITIC Pacific, we have shaped and refined a business philosophy to deliver “**excellence**” and “**distinction**” in everything we do.

This approach continues to safeguard our long-term viability and foster enterprise resilience. We strive to deliver “excellence” in our products and services through effective management, advanced production processes, the use of quality materials and a high standard of design. “Distinction” refers to our commitment to craft unique, tailored and innovative solutions that meet the evolving needs of our diverse customers. We dare to be pioneers.

Supported by a forward-looking and comprehensive risk management system, these principles guide our efforts to strengthen our organisational resilience through areas such as talent management, finance, technology, digitalisation, branding and ESG.

Our Approach to ESG

As a company with diverse businesses and operations both in China and overseas, CITIC Pacific is focused on sustainability to promote responsible business growth and value creation for our stakeholders. Aligned with our corporate objectives, each of our subsidiaries is working to deliver sustainability enhancements according to the unique nature and challenges of their respective industries.

In accordance with overarching objectives set at the CITIC Pacific headquarters level, our businesses adopt tailored measures suited to their industries and individual sustainability challenges. Collectively, these measures not only ensure our continued regulatory compliance, but generate efficiencies, stimulate product innovation, defend market share, foster goodwill and help us contribute to greener communities. Equipping our workforce with the necessary skills and knowledge, we strive to reinforce our resilience and future-proof our business.

Sustainability across the organisation

CITIC Pacific Special Steel

Qian Gang, Chairman

As an industry leader, we are committed to product innovation, quality and process efficiency. We are proud of our advanced R&D capabilities as we work to produce the next generation of special steel products for industries around the world. We aim to reduce our carbon footprint through process and technology enhancements, while ensuring a safe and efficient work environment.

CITIC Pacific Properties

Fei Yiping, Vice Chairman and President

At CITIC Pacific Properties, we recognise that the projects we manage and the spaces we develop affect the lifestyles of the people in the communities we serve. Leveraging decades of expertise and innovative design, we take into account local culture and aspirations in every project, building with “excellence” and “distinction”. Green building materials and energy saving design, as well as safety and lasting quality feature prominently in our ESG efforts.

Our Approach to ESG

CITIC Pacific Energy

Li Yajun, President

With power generation facilities and new developments in clean and renewable energy, CITIC Pacific Energy powers local economies. We are working continuously to enhance energy efficiency and reduce our impact on the environment to contribute towards a green and circular economy. Above all, we aim to help our communities transition towards cleaner and more sustainable power sources.

Dah Chong Hong

Frank Lai, CEO

As a motor and consumer products distributor, Dah Chong Hong is committed to product safety and ensuring the integrity of our supply chains. Across our diverse businesses, we are moving towards enhancing the purchasing journey with digital upgrades while offering the world's finest products to consumers across Asia. We understand the needs of our local communities and partner with world-leading brands to ensure the finest products are available at great prices and impeccable quality.

CITIC Pacific Mining

Zeng Chen, Chairman

At our Sino Iron project, we mine and transform low-grade iron ore into high-grade concentrate feedstock to deliver up to 10% lower carbon emissions across the steel supply chain. Our investments in technology, innovation and people are supporting a new downstream mineral processing industry and ongoing economic opportunities for the local community. During the life of the project, it is estimated that more than AUD50 billion will be spent on local goods and services while our operations, infrastructure and specialised processing facilities provide career opportunities for more than 3,000 direct employees and contractors.

Our Approach to ESG



ESG management

CITIC Pacific reviews ESG opportunities and risks in alignment with our operational and development objectives, taking into account the interests of our stakeholders as well as government targets and the ESG goals of our parent company. To support the integration of ESG into our strategy, a taskforce has been established to develop and implement sustainability practices and monitor performance. Collaborating with both internal and external stakeholders, the taskforce is responsible for adopting a structured approach to our sustainability agenda, supporting the organisation in its effort to make continual progress on ESG objectives and drive long-term value for our stakeholders.

On an annual basis, we conduct an analysis

of ESG initiatives, assess progress towards our objectives and identify enhancement opportunities. To better understand and address the needs of relevant parties, we regularly communicate with our stakeholders through transparent disclosures, internal training and stakeholder dialogues and questionnaires.



Stakeholder engagement

CITIC Pacific recognises the vital role of stakeholder communication and engages stakeholders through diverse channels to understand their concerns and expectations. The perspectives of both internal and external stakeholders are factored into the development of our ESG strategy, policies, practices and goal setting. This enables us to effectively enhance our long-term strategies and ESG performance.



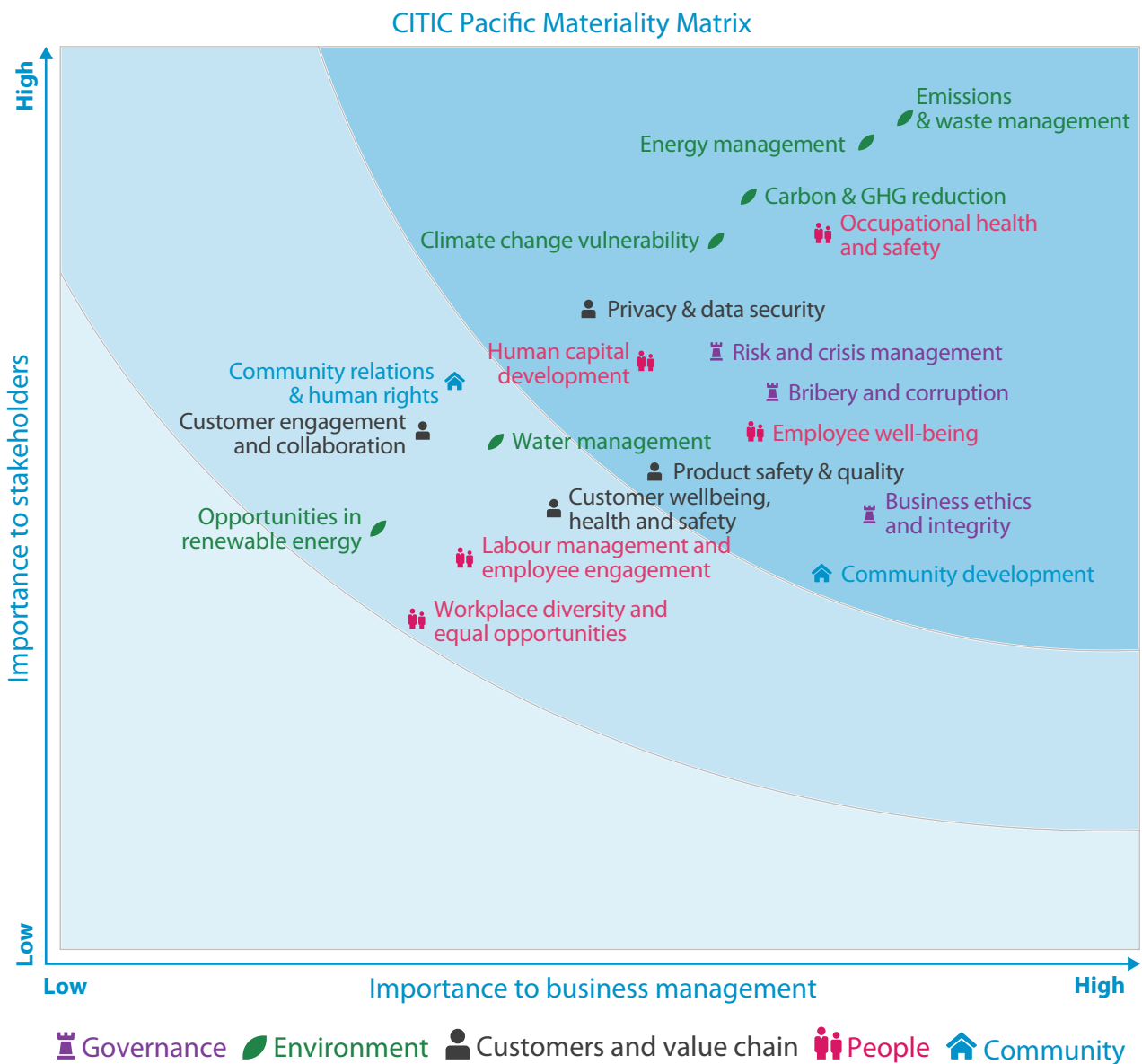
Our Approach to ESG



Materiality assessment

Aside from day-to-day interactions with key stakeholders, we have also invited our employees, key customers and business partners from across the company to participate in a materiality assessment survey. The survey was designed to collect information and perspectives on sustainability issues material to our organisation. With responses from over 700 participants, the views of our stakeholders have been instrumental in identifying the issues that are important to both our businesses and communities.

In accordance with our approach to long-term development and shared value, the results of the materiality assessment indicate general alignment between our internal and external stakeholders. These results are summarised in the chart below and reflected in both our strategic priorities and the relevant sections of this report. These priorities have been benchmarked and developed in consideration of international frameworks such as the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals (SDG).



Corporate Governance



Associated UNSDG:



CITIC Pacific is committed to ensuring the highest standard of corporate governance. The board of directors (the board) upholds robust corporate governance practices that protect the interests of our stakeholders, promote enterprise value and sustain long-term development. We attach great importance to our management practices, Code of Conduct, corporate policies and standards, which together form the basis of our approach to sound governance.

Our corporate governance practices are reviewed from time to time to ensure they meet stakeholders' expectations, comply with legal and professional standards and reflect the latest local and international developments. We respect and are committed to comply with the laws, rules and regulations of each country and region in which we operate.



Board of directors

The board determines the overall strategy of CITIC Pacific, providing direction and approvals in relation to matters concerning the company's activities, policies and plans. It plays a leading role in defining the purpose and values of the company, cultivating a forward looking, performance-driven and innovative culture. It is also responsible for ensuring effective risk management and internal control systems are in place.

Our board members hail from diverse and international backgrounds with deep expertise

appropriate to the requirements of CITIC Pacific's businesses, which enrich leadership perspectives and enhance decision-making.

Matters specifically reserved for the board include the review of business plans and monitoring of business performance, key projects and developments, the approval of financial statements, appointments of directors and senior management, terms of reference of management committees and the development of various corporate policies.

Corporate Governance

The board meets regularly to discuss CITIC Pacific's strategic development, taking into account evolving internal and external environments to ensure that the company's purpose and strategy are aligned. Day-to-day business operations and certain functions are delegated to the executive committee and other committees which report to the board.



Management committees

The board has established committees to discharge its functions and provided sufficient resources to enable the committees to undertake their specific responsibilities. The board sets clear terms of references for board committees to oversee the implementation of various corporate policies that promote sustainability and responsible governance.

Executive committee

The executive committee comprises the chairman, chief financial officer and senior management of all business units and corporate departments including business development, financial control, treasury, internal audit, company secretariat and legal, corporate communications and human resources. Meeting regularly, the executive committee serves as a forum for senior leadership to discuss and communicate business strategies and objectives and make timely decisions on relevant matters. It reviews operational performance and provides advice to the board on strategic decisions including resource allocation, financing and business opportunities.

Investment committee

The investment committee oversees capital allocations, evaluates investment proposals, feasibility, risks and opportunities of each investment both at the CITIC Pacific and subsidiary levels. It ensures investments are aligned with the company's strategic direction

and sustainability objectives by considering factors such as strategic value, environmental impact, social responsibility and governance practices. The committee oversees and approves annual operational and capital budgets, as well as the full lifecycle of investments.

Asset and liability management committee

The asset and liability management committee is responsible for monitoring and controlling the financial position and risks of CITIC Pacific in aggregate and at the subsidiary level, according to relevant treasury and financial risk management policies. It reviews the company's financing plans and financial instruments, oversees fund management, cash flow positions and hedging policy. It also manages financial risks and sets limits on exposure in relation to counterparties, interest rates, credit, liquidity, currencies, commodities, commitments and contingent liabilities.

Remuneration committee

The remuneration committee is responsible for the oversight of remuneration for CITIC Pacific and its subsidiaries, including salary, benefits, bonuses and other incentives. Remuneration packages are decided with reference to corporate objectives, company performance and in consideration of local market practices and regulatory requirements.

Risk management committee

The risk management committee is dedicated to identifying, measuring, monitoring and developing mitigation strategies for business risks. The committee reports and provides recommendations to the board and executive committee on risk exposure, progress and actions taken. It also advises on future risks and management strategies to ensure that we maintain a robust and effective risk management framework.

Corporate Governance

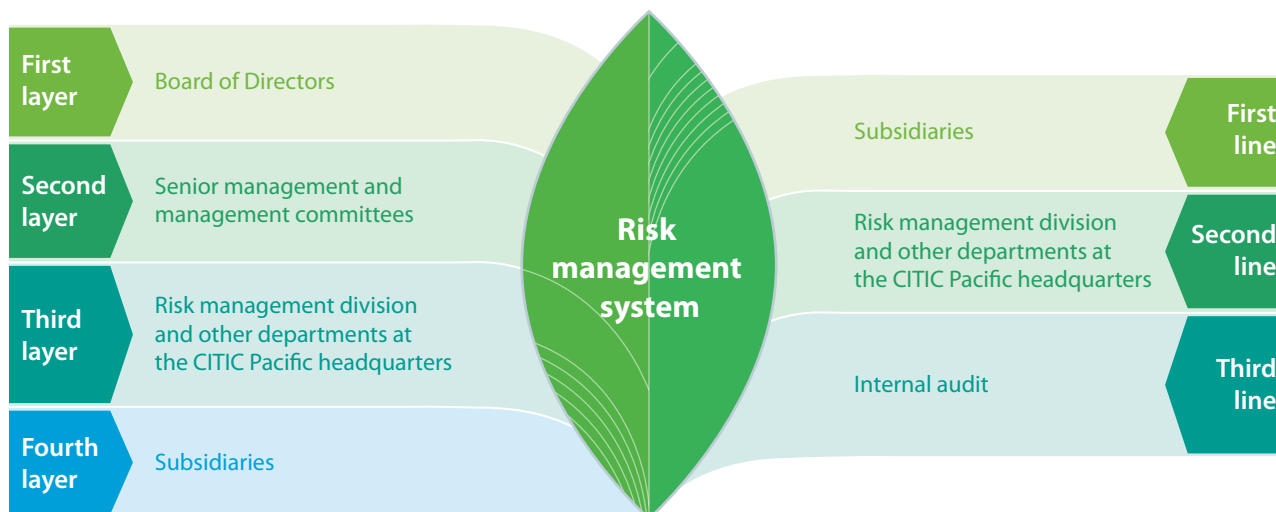
Risk management

CITIC Pacific has established a comprehensive risk management and internal control system designed to reduce business risks to an acceptable level through defined mechanisms and processes that identify, assess, monitor and mitigate risks in our business activities.

Risk management system

CITIC Pacific's risk management and internal control system comprises "Four Levels" and "Three Lines" based on the corporate governance structure. The "Four Levels" are the board of directors, senior management and

management committees, the risk management division and other departments at the CITIC Pacific headquarters and subsidiaries. The "Three Lines" are the subsidiaries, bearing the first responsibility for risk disposal and resolution arising from their operational and management activities, the risk management division and other departments at the CITIC Pacific headquarters, responsible for the central management of different types of risks and finally, internal audit, which monitors and evaluates risk management activities.



Risk assessment, monitoring and mitigation

By integrating risk management into our governance and decision-making processes, we have adopted a holistic approach to attain our objectives and navigate operational and environmental uncertainties. Our risk management approach captures relevant internal and external information to identify, measure, monitor, mitigate and report different types of enterprise risks against a clearly defined risk appetite.

In a rapidly evolving and dynamic business environment, our businesses are exposed to a wide range of risks, including strategic, financial (credit, interest rate, foreign currency and market price risks), operational,

legal and compliance, reputational and technological risks. Risks are identified by conducting regular assessments, engaging with stakeholders and benchmarking industry best practices. Quantitative and qualitative assessment methods are used to measure risks, considering the likelihood of occurrence and the potential impact on our strategy, operations, financial positions and reputation. Monitoring mechanisms and risk mitigation strategies are then implemented to reduce the likelihood and impact of identified risks. We have escalation protocols in place to facilitate swift and informed decision making, as well as transparency with relevant governance bodies and stakeholders.

Corporate Governance

With an increasing focus on ESG and continually evolving regulatory requirements regarding issues such as carbon emissions, biodiversity, supply chain transparency and community engagement, integrating ESG considerations into our business and operational risk management is essential. Failure to do so may lead to potential loss of consumer trust, disruption to operations, financial losses, reputational harm and regulatory non-compliance. We are keenly aware of these risks and have systematically incorporated ESG considerations into our risk management system to promote resilience.

We are committed to continually improving our risk management and internal controls, strengthening the assessment and monitoring of key projects and businesses, and staying fully informed of operational and financial conditions. We encourage the timely reporting of any potential risks and have implemented effective control measures across the organisation.



Business ethics and compliance

At CITIC Pacific, we consider integrity and an ethical corporate culture essential to our long-term success. We foster a culture of ethical conduct by adopting a multifaceted approach that encompasses comprehensive training, transparent communication and a strong emphasis on our corporate values.

Code of Conduct

To uphold a high standard of integrity in all aspects of our daily business activities, the company has adopted a Code of Conduct which provides employees with a set of defined ethical standards and requires employees to strictly obey all relevant laws, regulations and disciplines in the execution of their operational activities. The Code of Conduct covers issues such as the prevention of bribery,

fraud, money laundering, conflict of interest, unfair competition and intellectual property management. Our Code of Conduct serves as a vital resource for all staff members, articulating CITIC Pacific's dedication to upholding ethical practices and providing clear guidance on managing various situations that may emerge during daily operations.

Our commitment to ethical behavior is demonstrated through regular communications with, and the provision of extensive training programs for, directors, senior leadership teams and staff members. This enables employees to develop a deep understanding of ethical principles and their practical application in the workplace. Our Code of Conduct and its policies are regularly reviewed and updated to ensure they remain relevant and effective amidst evolving industry standards and emerging sustainability issues.

Anti-corruption policy

We respect and adhere to the laws of the countries and regions in which we operate and aim to ensure that the company's reputation is protected from dishonesty, lack of integrity and corruption. CITIC Pacific's Code of Conduct stipulates zero tolerance for corruption or fraudulent practices and applies to the professional and personal conduct of all employees.

Whistle-blowing policy

To safeguard the interests of our company, CITIC Pacific recognises the importance of whistle blowing as an integral part of our internal control and risk management system. Our Code of Conduct sets out procedures to guide our directors and employees in handling suspected cases of misconduct or violations occurring within the company or involving the company or its employees in a fair and proper manner. It also discourages malicious allegations in bad faith and protects whistle blowers from retaliation.

Environment



Associated UNSDGs:



As the world continues along its path of development, environmental stewardship has become increasingly essential to protect our global future and counter the growing risks of climate change, loss of biodiversity and resource depletion. At CITIC Pacific, we recognise the impact our operations have on the natural environment, particularly as a company with businesses in the industrial sector. In addition to environmental implications, carbon and air emissions, energy, water and natural resource consumption, as well as the production of waste materials, have increasing financial, regulatory and reputational implications, which may in turn impact our long-term sustainability.

Accordingly, we understand that addressing the environmental impacts of our operations is a fundamental duty and critical to our developmental strategy. Balancing green development with business growth objectives, we consistently incorporate environmental concerns into our strategic planning. Investing in innovative technologies to reduce waste and emissions, embracing renewable energy and adopting effective waste and water management systems and are important elements of our approach to ESG.

Environment

Climate resilience and adaptation

Climate change is one of the most significant challenges facing the world today. Global warming is shifting weather patterns, threatening our water and food supply and affecting human health. It is everyone's duty, in both the public and private sector, to take urgent action to move towards a zero net carbon economy and limit the global temperature rise.

A critical aspect of our ESG strategy involves managing both physical and transition risks while capitalising on new opportunities. As our business landscape shifts, we are building climate resilience into our overall strategy to protect our business and long-term viability.

As part of our risk assessment process, we have identified a number of climate-related risks and have implemented appropriate mitigation measures.

Risk types	Potential impacts	Our response
 <p>Physical risks</p> <p>Financial impact or business disruption due to acute or chronic physical effects from climate change. This includes direct damage from extreme weather events such as typhoon and rainfall flooding as well as longer-term shifts in climate patterns like sustained extreme heat.</p>	<ul style="list-style-type: none"> ● Supply chain or operational disruptions ● Damage to assets and property ● Reduced productivity ● Weather-related health and safety hazards ● Increased operational costs 	<ul style="list-style-type: none"> ● Develop crisis management plans including business continuity and operating protocols for extreme weather events ● Set up emergency response teams ● Assess the climate preparedness of critical vendors and suppliers ● Retrofit/incorporate climate-resilient design and safeguards in new and existing projects and facilities
 <p>Transition risks</p> <p>Financial and business impacts related to the process of adjusting towards a lower-carbon economy. This includes policy changes, shifting market supply and demand, and technological development and deployment.</p>	<ul style="list-style-type: none"> ● Increased operating expenditure due to policy changes ● Increased capital expenditure from adopting new technologies to displace old and inefficient systems ● Loss of market share to sustainable and climate-resilient products and competitors 	<ul style="list-style-type: none"> ● Develop low-carbon products and processes ● Increase investment in renewable energy sources and energy efficiency enhancements ● Formulate carbon inventory ● Launch green campaigns and training sessions to raise environmental awareness among employees

Environment



Our response to climate change

Decarbonising our operations is at the heart of our environmental strategy. As a member of the CITIC Group of companies, we are fully committed to supporting China's target of achieving carbon neutrality by 2060.

In 2022, our parent company, CITIC issued a "White Paper on Carbon Emissions Peaking and Carbon Neutrality". The paper outlined a robust carbon asset management system and set a "dual-carbon" target, aiming to reduce carbon emissions per unit of output by 18% from 2020 to 2025. It also articulated the objective to fully integrate into a green, low-carbon and circular development industrial system as well as a clean, safe and efficient energy system by 2060.

As the capital investment platform and the largest non-financial subsidiary of CITIC Group, CITIC Pacific has adopted this "dual carbon" roadmap and implemented carbon management strategies across our business segments. Each of our businesses is working towards sustainability targets in accordance with the company's objectives and their operational nature. Achieving our goals will not be easy. The special steel, energy and mining industries in which we operate are carbon-intensive by nature, and unless there is a technology breakthrough in alternative fuels, it will be difficult for these industries to achieve leapfrog reductions in carbon emissions. But our goal is unwavering and we are actively pursuing measures including energy efficiency enhancements, increasing the use of clean energy sources, exploring further investments in renewables and utilising green and low-carbon materials.



Carbon and energy management

At CITIC Pacific, we are committed to reducing carbon emissions and energy consumption to reduce our environmental footprint and provide a healthier environment for the communities we serve.

Carbon emissions

CITIC Pacific's greenhouse gas (GHG) emissions are primarily generated from energy consumption at our operational sites and offices. These include direct emissions from stationary and mobile combustion sources (Scope 1) and indirect emissions from acquired electricity (Scope 2).

Sources of Scope 1 emissions:

- Emissions from the combustion of fossil fuels in owned or controlled equipment or facilities, such as boilers, furnaces or vehicles
- Fugitive emissions, such as leaks from mining operations or the use of air conditioning and refrigeration equipment
- Process emissions, such as chemical reactions in the production of steel






Sources of Scope 2 emissions:

- Emissions from the generation of purchased electricity used by the company's facilities or operations

Environment

Carbon reduction

Each of CITIC Pacific's businesses has a carbon reduction strategy that reflects the nature of its industry and operations. Across the company, our businesses have implemented targeted measures to reduce traditional energy usage and increase the portion of renewable energy sources.

<p>Special Steel</p> 	<ul style="list-style-type: none"> ● Energy saving and efficiency improvement ● Optimisation of energy-intensive processes ● Transition towards a circular development industrial chain ● Explore innovative low-carbon technologies
<p>Energy</p> 	<ul style="list-style-type: none"> ● Enhance power generation efficiency by reducing the rate of coal consumption in our facilities ● Expand and further invest in new and clean energy projects
<p>Mining</p> 	<ul style="list-style-type: none"> ● Establishment of a carbon reduction committee to examine low emission power generation and transport options ● Track and monitor the energy intensity of operations ● Improve the energy efficiency of production processes
<p>Properties</p> 	<ul style="list-style-type: none"> ● Employ innovative design, green technology and eco-friendly materials across property development projects ● Perform energy audits in managed properties to identify areas to improve efficiency ● Increase the use of renewable energy
<p>DCH</p> 	<ul style="list-style-type: none"> ● Adopt "green office" principles in our workplaces, with a focus on recycling and reducing waste ● Increase the use of solar and renewable energy ● Install high-efficiency HVAC and refrigeration equipment ● Adopt low emission vehicles and policies in logistics fleets

Energy efficiency

With the rising cost of electricity, improving energy efficiency in buildings and business operations serves both our business and the environment. During the reporting period, we realised energy savings through efficiency enhancements as well as facility and equipment upgrades.

CITIC Pacific Energy is working to increase the energy efficiency of its coal-fired power generation plants with facility upgrades, the use of peak shaving mechanisms and heat-capture equipment. These modifications, such as a recent turbine enhancement at the Ligang power station, reduce coal consumption and CO₂ emissions in support of our transition towards lower-carbon energy.

Environment

CITIC Pacific Mining has set clear goals for energy and emissions reduction by department and manages its overall environmental strategy through an Environmental Management System (EMS) which covers energy saving, emissions reduction, waste reduction and ecological protection. Operationally, CPM has minimised its energy consumption by investing in a combined-cycle gas-fired power station which captures heat to drive steam turbines. This technology makes it one of the most efficient baseload power stations in Western Australia, delivering an approximate 33% savings in carbon emissions compared to equivalent open-cycle systems. Furthermore, the company's in-country beneficiation processes produces a high-grade magnetite concentrate export product, Cape Preston Concentrate. When used in ironmaking, this feedstock requires less energy, resulting in lower carbon emissions at the blast furnace compared to typical Pilbara direct shipping ore mines. Studies shows that across the steel cycle, from mine pit to the blast furnace, CPM feedstock delivers a savings of up to 10% in CO₂ emissions.

CITIC Pacific Properties adopts sustainable building design principles and employs low-carbon building materials. It also installs energy-efficient technologies and equipment such as LED lighting systems and high-efficiency HVAC systems to reduce energy consumption in the properties it develops and manages.

Dah Chong Hong's main source of emissions as a motor and consumer products distributor is the electricity usage of its offices and facilities as well as the fuel consumed by transport fleets. To reduce electricity consumption, it has adopted "green office" policies across its operations which encourage power-saving activities and energy management. It has also recently upgraded the lighting and central air-conditioning systems at its multi-story headquarters to be more efficient. In its logistics businesses, DCH carefully monitors the fuel-efficiency of its fleets and has established policies which outline measures for employees

to switch off idle engines, plan routes to avoid heavy traffic and take public transport when travelling locally. Its recently upgraded warehouse facilities use energy efficient equipment, including lighting, refrigeration and freezer systems.

Renewable energy utilisation

Across our business units, we are also working towards the increased usage of renewable energy sources. Our goal is to maximise the percentage of green energy as a portion of our total power consumption in both our operations and facilities through the implementation of technological upgrades including wind and solar power generators.

CITIC Pacific Special Steel is actively exploring renewable energy applications to increase its proportion of green power. At end of 2022, it has completed the installation of a photovoltaic power generation system with a total capacity of 90MW, capable of supplying 100GWh of electricity to its operations annually. It is currently reviewing further opportunities to leverage its locations along rivers and coastlines to build larger-scale photovoltaic and wind power facilities. CITIC Pacific Special Steel has also recently conducted a test of a zero-carbon hydrogen-powered furnace at Daye Special Steel and is reviewing the opportunity to apply this technology across the business.

At **CITIC Pacific Mining**, the company is trialling several small-scale photovoltaic power generation initiatives across the Sino Iron project area. Eighteen 1600W solar light towers with lithium battery storage have been constructed at the tailings facility, providing 24-hour lighting at up to 47,000 lumen capacity. A solar power system has also been installed at the mine site's main gatehouse, with the capacity to provide power to the building for up to 18 hours per day, delivering a savings of about 36 tonnes of CO₂ annually.

Environment

At **Dah Chong Hong**, construction of the first phase of the solar power generation system on the rooftop terrace of DCH's Food and Logistics Center in Yuen Long, Hong Kong, was completed in October 2021. The clean energy generated by the system resulted in a carbon emissions reduction of more than 400 tonnes per year. DCH is currently reviewing other opportunities to apply renewable energy technologies across its facilities to reduce energy usage and costs.

Renewable energy generation

In addition to the clean energy produced across the business for operational purposes, CITIC Pacific has also invested in large-scale clean energy generation projects through its energy business.

CITIC Pacific Energy is committed to transitioning towards lower-carbon and green power by building its portfolio of renewable energy generation facilities and exploring new energy technology frontiers such as source-network-load-storage integration and hydrogen energy. By the end of 2022, it managed a total installed capacity of 243MW of distributed photovoltaic power, with 21 separate projects in operation and more in the pipeline. The business aims to increase its installed photovoltaic capacity by 600MW year-on-year and achieve a total capacity of 1800MW by the end of 2025. Its first centralised wind power project with a capacity of 1,000MW in Xilinhot City, Inner Mongolia is under construction and subsequent wind power projects have also made solid progress. Upon completion, the Xilinhot City project will contribute substantially to CITIC Pacific Energy's goal of achieving a total capacity of 2800MW of centralised wind power generation by the end of 2025.

Air emissions

Other air emissions generated by our industrial operations include sulphur dioxide (SO₂), nitrogen oxides (NO_x) and particulate matter. We have implemented stringent emission control measures and cleaner technologies in strict compliance with local regulatory requirements and international best practice.

The production facilities of **CITIC Pacific Special Steel** have been fully equipped with air and environmental protection equipment. Having steadily decreased emissions through processes such as sintering desulfurisation and denitrification, coking desulfurisation and denitrification, dust bag upgrading and renovation and the closure of open-air material yards, the company continues to explore further technological enhancements.

CITIC Pacific Mining adopts measures to control air and dust emissions during the iron ore mining, processing and transport processes. Iron ore products and waste are conveyed to export and tailings storage facilities via covered conveyors and pipelines. Product stockpiles undergo regular water spraying as part of the company's dust suppression strategy. In addition, CITIC Pacific Mining has a comprehensive Fibrous Minerals Management Program which includes mandatory air quality monitoring and air filtration as well as personal protective equipment requirements for designated areas within the project.

Environment



Waste management

Across our business, we have formulated protocols that guide the generation, categorisation, storage, transit, recycling, disposal and treatment of the wastes specific to each business unit, ensuring all hazardous and non-hazardous waste is minimised and managed appropriately. Above all, we are working towards a circular economy. Through partnerships with suppliers and stakeholders, we actively seek opportunities to optimise resource utilisation, maximise material recovery and close the loop on material cycles.

Main types of wastes generated from operations:

Hazardous waste	Non-hazardous waste
<ul style="list-style-type: none"> ● Chemical waste: Includes solvents, paints, and cleaning fluids used in industrial processes ● Heavy metals: Generated by mining activities and as a byproduct of metal processing and refining ● E-waste: Electronic waste from discarded or outdated electronic equipment ● Slag and ash: Byproducts from the steel production process ● Oil and lubricants: Used in machinery and vehicle maintenance ● Waste rock and tailings: Containing fibrous minerals produced in mining operations 	<ul style="list-style-type: none"> ● Paper: Packaging materials and office waste ● Plastics: Used in packaging, equipment, or as part of production processes ● Food waste: Expired or damaged food products or food waste from staff cafeterias ● Construction and demolition debris: Generated from property development activities ● Scrap metal: From machinery or equipment maintenance or replacement ● Waste rock: Non-fibrous mineral-bearing materials produced in mining operations

At **CITIC Pacific Mining**, waste is managed in accordance with all applicable local Australian laws and regulations. The company seeks to optimise and improve the strip ratio associated with mining and its main source of waste, waste rock and tailings. Where possible, waste rock is recycled for use in structures such as tailings and dam walls.

CITIC Pacific Special Steel aims to utilise and reuse solid waste resources through processes such as the magnetic extraction of useful elements from steel smelting slag and the reuse of rolled steel iron oxide skins, cuttings and tails.

At **CITIC Pacific Energy**, the Ligang Power Plant has developed a biomass-coupled furnace

which synergistically disposes waste with the power generation boiler and recycles captured heat. The project disposed of 252 tonnes of solid waste in 2022, resulting in a cost-savings in outbound disposal.

Dah Chong Hong follows strict procedures for the proper treatment and disposal of waste materials including office waste, packaging materials and vehicle maintenance waste such as lube oil, batteries and used tyres. In its electrical appliance business, it complies with Hong Kong's Producer Responsibility Scheme on Waste Electrical and Electronic Equipment (WPRS) which requires manufacturers and distributors to properly recycle and dispose of electrical appliances.

Environment



Water management

To combat the risks of water scarcity and pollution, our approach to water management is centered around refining our operations to reduce water usage and lessen our environmental impact. We aim to decrease the use of freshwater in production and increase usage of sustainably sourced water by leveraging advanced technologies. We are also committed to enhancing our systems for water recycling and reuse, and ensuring all wastewater undergoes proper treatment before discharge. Furthermore, we understand the importance of educating our workforce and stakeholders about water conservation and fostering a culture of mindful water usage within our company. We are dedicated to working with local communities and implementing innovative solutions to contribute to a more sustainable environment and ensure the availability of clean water for future generations.

Reuse and recycle water

During the production of special steel, water is primarily used for equipment and product cooling, thermal steam provision and various production processes. **CITIC Pacific Special Steel** has adopted water-efficient processes and equipment to minimise the use of fresh water in production. The company employs a drainage system that separates rainwater from wastewater and clear water from turbid water. This system allows for the separate collection and subsequent treatment of wastewater at the treatment station, facilitating its return to the production cycle. The aim is to progressively realise a goal of zero wastewater discharge.

Similarly, **CITIC Pacific Properties** is making headway in water conservation by incorporating water-efficient equipment and water recycling systems in its property development and management projects. For instance, Ningbo Pacific Plaza has implemented a rainwater collection system for water recycling, effectively saving approximately 10,000 cubic metres of potable water annually. The Suzhou project

also incorporates a water reuse system that collects rainwater for secondary usage. This collected water is used for irrigation within the community, leading to significant water savings.

New water resources

CITIC Pacific Mining primarily uses water for its iron ore value-adding processes and associated mining activities at the Sino Iron project in Western Australia. To reduce the impact on local naturally-occurring underground and surface water systems, the company has built a 51-gigalitre osmosis facility near its export terminal at Cape Preston. The desalinated water is piped to the ore concentrator area and other facilities. Water is also recycled for dust suppression activities across the mine site.

Water stewardship

Our water conservation strategies are deeply rooted in our commitment to fostering awareness and enabling our employees to adopt water-saving practices. We conduct awareness campaigns and specialised training programs to cultivate a culture of water conservation within our company. These initiatives encourage employees to make mindful decisions about their daily water usage and equip them with the knowledge and tools to reduce water wastage, fostering a sense of shared responsibility towards conserving this crucial resource.

We understand that effective water stewardship requires a collaborative approach that goes beyond our company. We actively collaborate with local communities, water management bodies and other stakeholders to create and execute impactful water stewardship strategies. Through these partnerships, we share expertise, pool resources and tackle shared water issues in a comprehensive manner. This collaboration helps us to devise innovative solutions that encourage sustainable water management practices.

Value Chain and Customer Management



Associated UNSDGs:



At CITIC Pacific, we recognise that our customers, both businesses and consumers, are fundamental to our success and are committed to providing the highest level of value, product quality and service. To remain competitive and serve the evolving needs of our many markets, we prioritise continuous improvement and satisfaction along the entire customer journey, from purchase to after-service.

We also aim to foster an ethical and sustainable value chain by carefully reviewing the suppliers and partners we choose to work with, ensuring our standards are reflected across our supply chains. We collaborate with our business partners to integrate sustainable practices throughout the value chain, from supplier selection and sourcing raw materials to delivering products and services to our customers.

To maintain our quality and value chain integrity, we:

- Implement strict internal controls and quality management systems to ensure the safety, reliability and quality of our products
- Allocate and invest in research and development and equipment upgrades that reduce production costs, enhance value and ensure uninterrupted supply
- Adopt renewable energy, low-carbon materials and energy efficient solutions to contribute to our customers' net zero transition
- Evaluate and improve customer service, satisfaction and convenience
- Develop supplier management policies and procedures to guide the supplier selection process
- Collaborate with business partners to drive positive environmental and societal impacts, creating mutual benefit
- Promote ethical labour practices, social responsibility and customer responsible data collection.

Value Chain and Customer Management



Product and service quality

Across our business, we have adopted a comprehensive approach to product quality throughout the design, sourcing and manufacturing processes. Using the latest technology and materials, we ensure that our products are of the highest quality and conduct extensive testing to maintain strict quality standards.

Our subsidiaries have obtained many internationally recognised standards such as ISO 9001 (quality management), ISO 14001 (environmental management), ISO 22000 – (food safety management) and ISO 45001 (occupation health and safety management).

As an industry leader, **CITIC Pacific Special Steel** has obtained the ISO 9001 (quality management) certification. It has also played a pivotal role in the revision and drafting of 18 national and industry standards in 2022. CITIC Pacific Special Steel has 14 products listed on the physical quality brand cultivation product list of China Iron and Steel Association.

At **CITIC Pacific Properties**, strict quality management is essential. To ensure the work of all vendors and contractors is completed to exacting standards, the company has implemented a rigorous monitoring process which minimises the risk of defects or deviations and ensures our developments meet expectations. CITIC Pacific Properties has adopted standardised third-party inspections with established metrics to assess the various aspects of development projects. Project teams conduct regular inspections and formulate tailored plans for safety, civil engineering, mechanical and electrical work, fine decoration, doors and windows, and housing repair management. Project participants are rewarded for maintaining high standards of engineering management, mitigating safety risks and maintaining the overall quality of the project. CITIC Pacific Property Management, a subsidiary

of the property business, has also obtained the ISO 9001 (quality management), ISO 14001 (environmental management) and ISO 45001 (occupational health and safety management) certifications.

At **Dah Chong Hong**, various businesses have implemented quality assurance, product safety and strict supply chain protocols depending on operational needs. Its food manufacturing centre in Yuen Long, Hong Kong is ISO22000 (food safety management) and HACCP certified and has established a comprehensive food safety and quality policy, with carefully monitored risk management, hygiene, supplier management and quality assurance protocols. Likewise DCH Logistics has obtained the ISO 9001 (quality management) certificate while DCH Auriga has obtained both the ISO 9001 (quality management) and ISO 13485 (medical devices) certifications as assessed by the Hong Kong Quality Management Authority and the Hong Kong General Testing and Certification (SGS). Both companies have detailed quality management systems to ensure the quality of products throughout the warehousing, transport and delivery process. Integrated management systems and real-time tracking offer exceptional supply chain transparency and reliable cold chain services to ensure consistent product quality.



Innovation and development

Innovation is essential to business survival, particularly in the face of unprecedented market evolution. Enhancing products and services not only drives revenue and profit, but is key to maintaining market leadership and sustaining long term competitiveness. Across our diverse businesses, we adhere to a customer-centric approach, beginning with a deep understanding of market needs and embracing collaboration to ensure the rapid and meaningful application of cutting-edge technologies.

Value Chain and Customer Management

CITIC Pacific Special Steel consistently pushes the boundaries of technological innovation and has achieved significant scientific accomplishments in the production of special steel. During 2022, the business secured 354 patents and over 107 patents for original innovations. The company was also granted six international invention patents, a testament to its global impact. A technology innovation committee has been established to implement incentive programmes that advance research and development projects, patents, new product development and market breakthroughs, as well as incentives for technological progress and outstanding contributions. These efforts have strengthened the company's technological capabilities, deepened its technological leadership and supported its high-quality development.

As a developer and operator of mixed-use and large-scale commercial and residential properties, **CITIC Pacific Properties** recognises it is not only constructing physical spaces, but also playing an important role in shaping the lifestyles and culture of local communities. It aims to enhance urban communities by building innovative mixed-use spaces that promote culture and protect our shared heritage. The Shanghai Harbour City project, for example, was built on the site of a historic shipyard. Using innovative design concepts, aspects of the original structure and building materials were carefully retained to preserve the shipyard's rich history while providing modern public spaces suitable for a variety of activities and exhibitions. Over 100,000 square metres of land was reserved for common use, installing sculptures from artists around the world to create one of the largest urban public art centres in Shanghai. In 2021, part of this project, MIFA 1862, was included in the national industrial heritage list by the Ministry of Industry and Information Technology.



Value chain management

Our commitment to business ethics and conduct extends to our procurement processes and business partnerships. We have a set of procurement policies at both the CITIC Pacific and the subsidiary level to govern supply chain activities, which include selection guidelines and screening processes for suppliers and business partners to prevent instances of illegal and unethical behavior such as bribery, fraud, worker abuse and child labour. These measures are designed to uphold a culture of high ethical standards and prevent any conflicts of interest with suppliers or engagement in illicit activities.

We actively engage with suppliers and business partners to foster collaborative relationships aimed at creating value and generating positive impacts on the environment and society.

We achieve this by:

- Adhering to vendor selection processes to procure from suppliers which prioritise employee welfare, fair labour practices, and community development
- Increasing procurement from local suppliers or small-medium size enterprises to support local economic and social development
- Encouraging suppliers and business partners to invest in green and sustainable practices

Value Chain and Customer Management

Our subsidiaries have procurement practices specifically designed to support their business needs and unique supply chains. For example, **CITIC Pacific Special Steel** utilises a comprehensive Vendor Management System to ensure outsourced materials and services fully comply with all quality, ethical and environmental standards as well as applicable laws and regulations. In 2022, the rigorous screening of vendors resulted in the addition of 60 approved suppliers, while 18 candidates failed and were encouraged to review and upgrade their capabilities.



Dah Chong Hong's businesses are also required to source from vendors with who satisfy all legal requirements, have strong environmental polices and ISO 14001 certification where applicable. The company conducts in-depth assessments of business ethics, environmental stewardship, and labour practices through site visits and document reviews. Suppliers failing to meet standards receive feedback and undergo re-evaluation the following year.



Supply chain security

A dependable supply of goods is essential for seamless operations, particularly for our customers in the manufacturing and retail sectors. Manufacturers require a consistent flow of raw materials to produce goods, while consumers rely on consistent access to essential items, such as food, medical supplies and household staples. Any disruptions to the supply chain can lead to production delays, shortages, and even impact health and well-being.

Our approach includes:

Supplier diversification

- Evaluating suppliers based on factors such as quality, reliability and cost
- Establishing relationships with multiple suppliers to ensure a reliable and diverse supply chain

Supply chain visibility enhancements

- Implementing software tools that allow for real-time tracking of shipments and inventory
- Monitoring supply chain performance metrics to identify potential disruptions
- Developing contingency plans for possible disruptions

Careful stock management

- Determining the appropriate level of safety stock, including the use of data analytics tools to identify trends and optimise inventory levels
- Implementing inventory management software
- Leveraging emerging technologies such as blockchain to increase visibility and transparency in the supply chain

Value Chain and Customer Management

As a leading distributor of food and consumer goods, **Dah Chong Hong** supplies millions of products for people in over 13 Asian economies. The company recognises its role in not only offering choice and quality, but in ensuring household staples and essential supplies are both available and affordable. In Hong Kong, DCH was one of the original licensed rice importers charged with ensuring the ready supply of this critical food staple. While today DCH imports and distributes products from hundreds of leading brands across categories, this essential mission to serve the community remains at the heart of its operations.

Its healthcare distribution business, DCH Auriga, serves as an essential partner to hospitals and health authorities across the region, ensuring pharmaceuticals and medical equipment are delivered safely and reliably. DCH Auriga played an instrumental role in bringing the Fosun-BioNTech and Sinovac vaccines to Hong Kong and Macau. As the exclusive distributor in Hong Kong, DCH Auriga delivered over 17 million doses of the Fosun-BioNTech vaccine in 2021 and 2022 which required deep freeze supply chain technology during storage and transport.

During the COVID-19 pandemic, DCH also leveraged its diverse operational capabilities in the battle against the pandemic, playing an important role in maintaining essential supply chains, ensuring food, medicine and household staples remained available across the region. At Hong Kong International airport, DCH's Dragon Air mobilised its resources to provide continual logistical support for inbound air cargo, providing ground support equipment, container equipment and aviation systems, and stayed fully operational to minimise the disruption to essential supply chains. DCH Logistics worked tirelessly to ensure importation and delivery services remained largely uninterrupted. The motor leasing team provided transportation vehicles for eight government departments, assisting in the transportation of goods and the shuttle service for personnel, as well as 24-hour transportation services for testing agencies within the restricted area of the airport.



Customer service

Our business is built around our customers, and we strive to create a culture that prioritises their needs and well-being. Across the organisation, we are dedicated to providing excellent customer service and listening to customer feedback to improve our products and services. Our subsidiaries have established procedures and policies to protect customers and ensure service needs are met, including call centres, systematic feedback mechanisms and regular communication with key accounts.

Process control procedures for customer service:

- After-sales service management
- Complaint handling protocols
- Customer satisfaction evaluation systems
- Service staff training
- Crisis management process and procedures

To enhance customer satisfaction and loyalty, **CITIC Pacific Special Steel** has established a dedicated customer service centre that handles pre-sales, sales and after-sales service. This customer service centre tracks and evaluates customer satisfaction, ensuring customer needs are resolved promptly and effectively by the relevant teams. By analysing customer feedback, the company identifies concerns and implements technology, production and service improvements. As a result of its commitment to customer service, the company has received dual five-star certifications for after-sales service and brand.

As a property manager, **CITIC Pacific Properties** has clearly defined workflows, response times, escalation procedures and designated roles and responsibilities to manage resident feedback and concerns. Resident feedback is immediately assigned to the appropriate individual or team responsible for addressing the issue. The on-site team then addresses the concern, conducting an investigation where appropriate and providing a response within a specified timeframe. This process allows management to continually monitor and improve feedback mechanisms to better serve customers and residents.

Value Chain and Customer Management

Dah Chong Hong has a call centre with over 40 staff located at its headquarters responsible for handling customer enquiries regarding its motor, food, electrical and healthcare businesses. These well-trained specialists aim to answer questions and promptly resolve issues while recording valuable opinions for continuous improvement. The company has set a number of key performance indicators to ensure best-in class customer service, including a targeted response rate, call back time, customer satisfaction and the rate of successful resolution of problems on the first call.



Customer data protection

As a subsidiary of CITIC Limited, we adhere to the Protection of Personal Data Policy of our parent company, ensuring that all customer data is responsibly managed in full compliance with applicable legal requirements as relates to the safe management of personal data, including its collection, retention, processing, disclosure and utilisation. We uphold the privacy of third parties and maintain the confidentiality of information received during business operations. In accordance to our policy, the extent of collection must be lawful, reasonable and appropriate and the other party must fully understand the purpose, reason, method and scope of personal data collection.

People



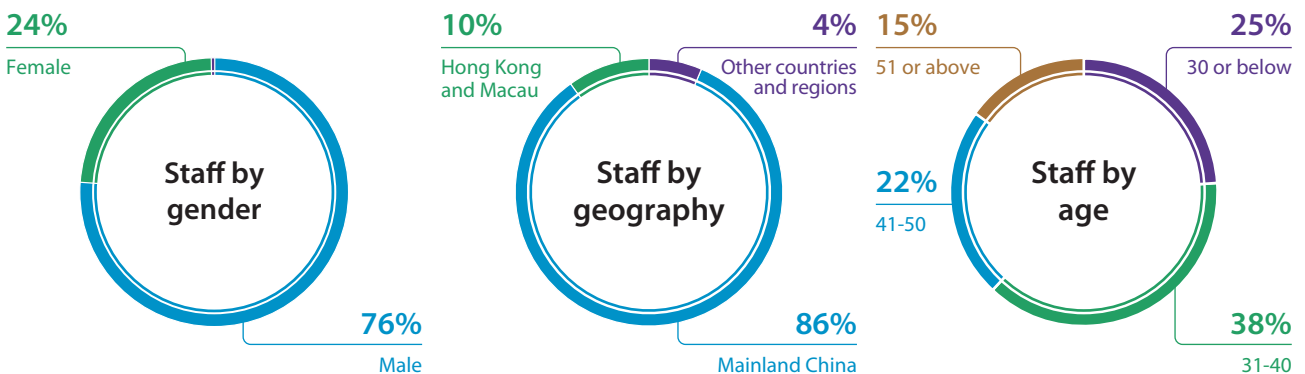
Associated UNSDGs:



At CITIC Pacific, we are dedicated to fostering a skilled, diverse and thriving workforce. Over the years, we have demonstrated a steadfast commitment to employees by focusing on health, safety and wellness, talent management, diversity and equal opportunity. By implementing comprehensive programs and policies, we have successfully created a supportive and nurturing environment and cultivated a workplace that values the unique strengths and perspectives of each individual. Through performance-based compensation and comprehensive staff development programs, we empower our workforce to create a positive impact within our organisation and the communities we serve.

Diversity and equal opportunity

CITIC Pacific believes that diversity of backgrounds, perspectives and experiences is a driving force behind innovation and success. We strive to offer equal opportunities in an environment where every employee feels valued and empowered to contribute their unique talents and perspectives.



Note: Data above excludes CITIC Pacific Mining

People

In addition to merit-based talent management and educational programs that promote inclusivity, we have implemented policies and initiatives that embrace equality and prevent discrimination, favouritism, harassment and any form of bias. CITIC Pacific provides equal opportunities for all, promoting fair pay and preventing gender and ethnic discrimination through transparent performance appraisals and assessments.

We prioritise open communication with our employees and actively encourage their feedback to identify areas for improvement. Through various channels such as surveys, town hall meetings and confidential reporting mechanisms, we provide avenues for employees to share their thoughts, concerns and suggestions. By listening attentively and engaging in dialogue, we strive to create a culture of trust, transparency and continuous improvement where employees feel heard, valued and empowered.



Talent management

At CITIC Pacific, we recognise that attracting and retaining talent is essential to remain competitive, boost productivity, drive innovation and contribute to our long-term success.

We follow all relevant employment regulations and work diligently to provide an equitable working environment through a transparent recruitment processes, robust appraisal system, appropriate recognition and competitive compensation and benefits packages.

Talent acquisition and retention

We have implemented a comprehensive hiring strategy that focuses on equal opportunity and diversity. We publicly disclose job opportunities and employ multiple channels, such as headhunting, social recruitment and referrals to identify suitable candidates. The recruitment

process comprises written examinations, interviews and evaluations designed to assess candidates based on their core competencies, professional abilities and management qualities in relation to the job requirements.

Our approach is designed to promote fairness and transparency while adhering to best practices and relevant regulations. We have strict prohibitions against the employment of child labour and forced labour. During the reporting period, there were no significant incidents of non-compliance concerning applicable labour practice-related laws and regulations.

Recognising that staff retention is essential to maintaining a strong and effective labour force, we closely monitor our staff turnover rate as part of our human resources assessment. When employees leave our company, we collect feedback and suggestions through interviews, employee discussions and questionnaires, which inform targeted improvements in our approach to talent management.

Rewards and compensation

We believe in recognising and rewarding our employees in a transparent and equitable manner. Through clear performance expectations, regular feedback and a robust performance management process, we provide the support and resources necessary for our employees to excel in their roles. Employees at CITIC Pacific are rewarded with competitive remuneration packages that are commensurate with their respective roles and responsibilities, as well as the associated challenges and complexities of their jobs. To ensure internal equity and market competitiveness, we review remuneration packages annually by referencing the pay levels of comparable positions in the market.

People

Training and development

To support career development and enable our talents to achieve their full potential, we offer a range of training programmes, workshops and seminars that cater to employees' specific needs and career goals. These programmes focus on enhancing technical skills, fostering leadership capabilities and promoting sustainability knowledge.

In 2022, our headquarters held 168 training programmes for 150,024 participants. We also support employees to obtain professional qualifications and certifications relevant to their roles. Performance appraisals and regular feedback mechanisms are used to promote merit-based career advancement in alignment with individual achievement and the strategic needs of our company.

Training conducted by CITIC Pacific Headquarters



Future Business Leader Trainee Programme

CITIC Pacific's talent management strategy is "To build a talent team that is professional and support the sustainable development of the organisation through collaboration with business partners". To strengthen our talent pipeline, the CITIC Pacific Future Business Leader Trainee Programme was introduced in 2020 and has successfully recruited two batches of trainees, focusing on building future leaders through co-cultivation and experience sharing.

The five-year programme aims to foster well-rounded capabilities by introducing trainees to a wide-range of corporate environments with front line experience and systematic training. Job rotations help trainees broaden their horizons and cultivate leadership skills for long-term career development with the company.

In recognition of CITIC Pacific's achievements, the programme won the bronze award for "Excellence in Early Career Development" from Human Resources Online in 2022.



People



Health, safety and wellness

People are our greatest assets and we hold the health, safety and wellness of our employees paramount. We are passionate about implementing new and innovative ways to enhance the lives of those we serve and employ.

Safety management

As part of our occupational health and safety management system which covers all employees, CITIC Pacific and its subsidiaries have implemented robust policies and procedures to safeguard our workforce. These policies cover areas including hazard identification, risk assessment, emergency response protocols and frequent safety training. With an emphasis on clear communication, we have established a culture of heightened safety awareness and accountability throughout the organisation.

Our health and safety practices are continuously monitored and reviewed to ensure their effectiveness. We conduct regular inspections,

audits, simulations and emergency drills to mitigate potential risks and identify areas for improvement. These exercises are carried out by both internal teams and external specialists to maintain industry best practice and ensure compliance with relevant regulations. Proactively identifying safety risks enables us to adopt appropriate mitigation measures.

We aim provide a fatality and injury-free work environment. Should a workplace accident occur, we provide medical support to the affected parties, conduct a comprehensive investigation to determine the root causes of the accident and identify any gaps in our health and safety protocols or training. Our aim is to learn from accidents, continuously improve our safety performance and foster a culture of prevention and accountability within the organisation. In 2022, there were no material non-compliance incidents related to occupational health and safety-related laws and regulations.



Accident prevention

- ✓ Detailed safety procedure and manuals
- ✓ Safety training
- ✓ Potential risks assessments
- ✓ Regular equipment upgrades
- ✓ Safety drills



Accident management

- ✓ Emergency manuals and action plans
- ✓ Emergency and medical equipment on site
- ✓ Emergency and medical support
- ✓ Incident Investigation
- ✓ Accountability
- ✓ Process improvement plans

People

Staff wellness and engagement

Staff wellness, emotional and mental health is also essential to a productive and caring work environment. To support our people, we embrace an open and collaborative culture with wellness programs such as fitness activities, community gardening, engagement workshops and mental health services.



Staff watering the "Happy Farm" on the roof of CITIC Tower.



Participants learning about organic farming during the "Happy Farm" class.



Staff participated in an Air Grass Bonsai Workshop which explored carbon emissions, carbon neutrality and sustainability to encourage a "green office" culture.

People



A yoga class at CITIC Pacific headquarters



Staff focus on whole-body fitness during a HIIT class

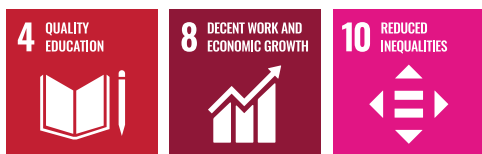
To support the physical well being of employees, **Dah Chong Hong** organised several events through the year with different themes including spinal care, eye care and mental health. “DCH Spine Care Day” featured presentations from registered chiropractors on the prevention and effective management of spinal disorders, self-assessment and common symptoms associated with spinal conditions. On-site spine examinations, posture analysis and assessments were provided. At the “Eye Care Seminar”, DCH staff gained valuable insights into the importance of eye health and learned practical tips for maintaining optimal eye care. During the fifth wave of the pandemic, the company also prepared online engagement activities to support physical and mental health. The seminars included workshops on Ba Duan Jin (Eight Section Brocade) training, body stretching and wellness classes, lectures on traditional Chinese medicine for COVID-19 recovery, as well as a seminar on mental health presented by the Hong Kong Family Welfare Society.



Community



Associated UNSDGs:



At CITIC Pacific, we recognise the pivotal role of our communities in our success. We are committed to fostering an environment of shared value, where the prosperity and well-being of our local communities goes hand-in-hand with our own growth.

Our commitment to social and community development is fully integrated into our business strategy and begins with minimising any negative impact on the communities we serve. We prioritise responsible environmental practices, ensure sustainable resource management and aim to reduce our carbon footprint to create a green, healthy and safe environment. In both our daily operations and community contributions, we aim to enhance the lives of people in our many markets, thriving together towards a shared future.

In addition to engaging with our communities during the course of normal operations, we invest time, resources and financial support to empower and nurture community development and resilience. Across our business, we have built strong and lasting partnerships with various NGOs, with a focus on promoting education, supporting vulnerable groups and minorities and enriching local businesses. We support employee volunteering and sponsorship activities that address various social challenges and uplift our communities, fostering a culture of empathy and social responsibility. Through donations and volunteer hours, these initiatives contribute to local development, well-being and long-term sustainability.

Our focus areas:



Promoting Education



Supporting vulnerable groups and minorities



Supporting local business communities



Protecting the environment

Community



Promoting education

To promote inclusivity and create equal opportunities within our community, we are committed to supporting education and upskilling initiatives. We aim to empower future generations and change-makers with knowledge, skills and resources for personal and professional growth.

In the past year, we made donations and partnered with academic institutions and local NGOs to support diverse groups of students and youth. We also invested in collaborations with academic institutions on research and development to contribute to the advancement and commercial application of green and emerging technologies.

CITIC Pacific Special Steel has conducted a donation campaign aimed at supporting students from low-income backgrounds. It provided essential resources such as textbooks and cash donations, enabling selected students to pursue their dreams and contribute to the sustainable development of their communities. In 2022, the company also provided monetary assistance to families grappling with financial challenges, enabling their children to continue with quality education.

In 2022, **CITIC Pacific Special Steel** participated in a range of academic forums and engaged in collaborative partnerships with research institutes and universities in China. It aims to pioneer research and innovation in the application of new materials and technologies that will bolster the steel industry's sustainability and resilience. Examples include a forum held with Tsinghua University on potential collaborations on new materials, products and business developments, as well as a collaboration with Central South University in China to research the production of oxidised pellets and further enhance production efficiency.

CITIC Pacific Mining supports a pilot programme which presents some of the technologies used in the mining industry to primary school children, introducing them to a career in the industry. Serving as a foundation partner of the programme with other Pilbara-based mining companies, CPM provides presenters for video content which is used in classrooms. Students learn about autonomous mining equipment, drones, robotics and other emerging technologies. The programme is now being expanded across the state, with the support of the Western Australian Department of Education.



Community

In collaboration with the Child Development Initiative Alliance (CDIA), **Dah Chong Hong** organised a series of work experience programs for youth from low-income backgrounds, including single-parent families, new arrivals, ethnic minorities or those participating in the Comprehensive Social Security Assistance (CSSA) Scheme. The teens involved were provided an opportunity to experience workplace culture and activities, gaining exposure to various industries to enrich their personal development and career planning.



CITIC Pacific Youth Programme



CITIC Pacific offers a 4-6 week internship and learning programme to give local young people a deeper understanding of the development of mainland companies in Hong Kong. It also encourages their learning of CITIC Pacific's business and corporate culture to help their future career mapping.



Community



Supporting vulnerable groups and minorities

We firmly believe in the power of collaboration and support to build a more equitable society. By providing finances, essential resources and manpower, we aim to enrich underserved communities and promote well-being.



Our volunteer team provided cleaning services for local elderly citizens so they could celebrate the Chinese New Year in a clean and comfortable home.



Volunteers joined a group of special needs children at Hong Kong's LEGOLAND® Discovery Center to develop play-based creative thinking and social skills.



Community

As a consumer goods distributor, **Dah Chong Hong** regularly makes community donations. This year, nearly 60 volunteers from the DCH Volunteer Team and the Hong Kong Housing Society Academy Alumni Club visited elderly residents in housing estates under the Hong Kong Housing Society's jurisdiction during the Dragon Boat Festival, distributing care packages, including noodles, biscuits and masks to over 1,300 households of elderly individuals. The DCH Volunteer Team also visited residents in Shek Kip Mei, Hong Kong as part of the "CITIC Cares, Warm Community" programme. Participants delivered essential living supplies to over 40 households, including elderly individuals living alone and families facing financial difficulties.



In Australia, **CITIC Pacific Mining** made donations in support of indigenous education, junior and adult regional sport, wildlife protection, multicultural harmony and regional arts. CPM's longest community partnership is with the Clontarf Karratha Academy. Using the medium of sport, the academy offers additional sporting programmes as a means to maintain the engagement of Aboriginal youth in school and improve overall education outcomes. Several times a year, CPM hosts local students at Sino Iron. In 2022, the students toured facilities, learning about different roles at the project and the pathways to employment. A highlight of the visit is the annual basketball game between the students and employees. Both the ongoing partnership and regular visits are a strong demonstration of CITIC Pacific Mining's commitment to the local community and indigenous population.



Community



Supporting local business communities

To build strong and resilient communities, we aim to support and invest in local businesses by procuring from small and medium enterprises, making donations and encouraging green and sustainable business practices.

In mainland China, our businesses have joined China's national efforts to help support local business communities. In Hong Kong, we support a wide range of community initiatives, sponsorships and activities.

While much of our business is industrial, at the direction of CITIC Group, we aim to support designated rural areas through the purchase of agriculture products. **CITIC Pacific Special Steel**, for example, purchased more than RMB1.16 million of salted duck eggs from Yuanyang County in Yunnan and RMB3.4 million of pomegranates from Mengzi City in Yunnan in 2022. **CITIC Pacific Energy** purchased more than RMB880,000 worth of agricultural products from vulnerable communities.

Dah Chong Hong has also initiated collaborations with local government and domestic enterprises in Yunnan, China and delivered training programmes and discussion forums to upskill local small-scale agricultural businesses. The goal is to equip local farmers with essential tools and knowledge on how to elevate the quality of their agricultural products and enhance their brand. It also promotes collaborations across different industrial sectors to create a more robust business ecosystem.

CITIC Pacific Mining's primary community investment program runs under the Community Support Fund (CCSF) Grants Program, which aligns with the company's commitment to supporting local communities in which it operates. The CCSF Grants Program offers individual funding of up to AUD5,000 through two application rounds each year, supported by CPM's Containers for Change recycling initiative.



Protecting the environment

Caring for our local environment is also a key focus of our volunteering and community contributions. Throughout the year, our teams of volunteers joined efforts to plant trees, clean local beaches and contribute to the protection of our natural endowments.

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In conjunction with the environmental charity "Green Hope Hong Kong", **Dah Chong Hong** employees and their family members joined a volunteer beach-cleaning initiative to reduce waste on Hong Kong's coastline while promoting environmental conservation. The DCH Volunteer Team also joined "Green Hope Hong Kong" in a hillside cleaning activity at the Little Hawaii Trail in Tseung Kwan O, collecting over 50 kilograms of trash.

CITIC Pacific Properties' Hong Kong business participated in the Christmas trees and peach blossom trees recycling programmes organised by the Environment Bureau and Hong Kong Environmental Protection Association. The programmes recycled gardening materials such as wood and floral foam into organic fertiliser to reduce the demand for cutting new trees and cross-border logistics, which translated into 400 kilograms of total carbon reduction.

Community

In recognition of our efforts, CITIC Pacific has been awarded the “Award of Excellence” and “Platinum Award” by the Community Chest of Hong Kong. The company has been recognised as a “Caring Company” by the Hong Kong Council of Social Service for seven consecutive years.



President’s Awards and Awards of Excellence by The Community Chest of Hong Kong



5 Years Plus Caring Company Logo by The Hong Kong Council of Social Service





ESG Index

GRI Standard Indicator		Disclosure	Location	UNSDG
General Disclosures				
GRI 2: General Disclosures 2021	2-1	Organisational details	About CITIC Pacific Limited	
	2-2	Entities included in the organisation's sustainability reporting	About this Report About CITIC Pacific Limited	
	2-3	Reporting period, frequency and contact point	About this report	
	2-4	Restatements of information	Not applicable There are no restatements in the first ESG report.	
	2-5	External assurance	Not applicable The report has not been externally assured during the reporting period.	
	2-6	Activities, value chain and other business relationships	About CITIC Pacific Limited Value Chain and Customer Management – Value chain management	
	2-7	Employees	People – Talent management	
	2-9	Governance structure and composition	Corporate Governance – Board of directors	
	2-11	Chair of the highest governance body	Corporate Governance – Board of directors	
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance – Board of directors	
	2-13	Delegation of responsibility for managing impacts	Corporate Governance – Board of directors Corporate Governance - Risk management Environment	






ESG Index

GRI Standard Indicator	Disclosure	Location	UNSDG
2-14	Role of the highest governance body in sustainability reporting	Corporate Governance – Board of directors	
2-15	Conflicts of interest	Corporate Governance – Code of Conduct Value Chain and Customer Management - Value chain management	
2-16	Communication of critical concerns	Corporate Governance – Risk management	
2-17	Collective knowledge of the highest governance body	Corporate Governance – Board of directors	
2-18	Evaluation of the performance of the highest governance body	Corporate Governance – Board of directors	
2-19	Remuneration policies	People – Talent management	
2-20	Process to determine remuneration	People – Talent management	
2-22	Statement on sustainable development strategy	Chairman’s message Approach to ESG	
2-23	Policy commitments	Corporate Governance – Code of Conduct	
2-24	Embedding policy commitments	Corporate Governance – Code of Conduct	
2-25	Processes to remediate negative impacts	Corporate Governance – Risk management Environment	
2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance – Risk management Corporate Governance - Code of Conduct	
2-27	Compliance with laws and regulations	Corporate Governance – Code of Conduct	
2-29	Approach to stakeholder engagement	Approach to ESG	





ESG Index

GRI Standard Indicator		Disclosure	Location	UNSDG
Material Topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Approach to ESG	
	3-2	List of material topics	Approach to ESG	
GRI 205: Anti-corruption 2016				
GRI 205: Anti-corruption 2016	3-3	Management of material topics	Approach to ESG Corporate Governance – Code of Conduct	
	205-1	Operations assessed for risks related to corruption	Corporate Governance – Risk management	
	205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance – Code of Conduct	
GRI 302: Energy 2016				
GRI 302: Energy 2016	3-3	Management of material topics	Approach to ESG Environment - Carbon and energy management	
	302-1	Energy consumption within the organisation	Environment – Carbon and energy management	
	302-4	Reduction of energy consumption	Environment – Carbon and energy management	
	302-5	Reductions in energy requirements of products and services	Environment – Carbon and energy management	
				


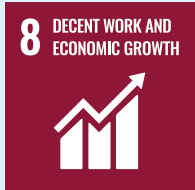
ESG Index

GRI Standard Indicator		Disclosure	Location	UNSDG
GRI 303: Water and Effluents 2018				
GRI 303: Water and Effluents 2018	3-3	Management of material topics	Approach to ESG Environment - Water management	6 CLEAN WATER AND SANITATION 
	303-1	Interactions with water as a shared resource	Environment – Water management	
	303-2	Management of water discharge-related impacts	Environment – Water management	14 LIFE BELOW WATER 
	303-3	Water withdrawal	Environment – Water management	
	303-4	Water discharge	Environment – Water management	
	303-5	Water consumption	Environment – Water management	
GRI 305: Emissions 2016				
GRI 305: Emissions 2016	3-3	Management of material topics	Approach to ESG Environment - Carbon and energy management	7 AFFORDABLE AND CLEAN ENERGY 
	305-1	Direct (Scope 1) GHG emissions	Environment – Carbon and energy management	
	305-2	Energy indirect (Scope 2) GHG emissions	Environment – Carbon and energy management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
	305-5	Reduction of GHG emissions	Environment – Carbon and energy management	
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Environment – Air emissions	13 CLIMATE ACTION 






ESG Index

GRI Standard Indicator		Disclosure	Location	UNSDG
GRI 306: Waste 2020				
GRI 306: Waste 2020	3-3	Management of material topics	Approach to ESG Environment – Waste management	
	306-1	Waste generation and significant waste-related impacts	Environment – Waste management	
	306-2	Management of significant waste-related impacts	Environment – Waste management	
	306-3	Waste generated	Environment – Waste management	
	306-4	Waste diverted from disposal	Environment – Waste management	
	306-5	Waste directed to disposal	Environment – Waste management	
GRI 401: Employment 2016				
GRI 401: Employment 2016	3-3	Management of material topics	Approach to ESG People	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People – Talent management	

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GRI Standard Indicator		Disclosure	Location	UNSDG
GRI 403: Occupational Health and Safety 2018				
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	Approach to ESG People	 
	403-1	Occupational health and safety management system	People – Health, safety and wellness	
	403-2	Hazard identification, risk assessment, and incident investigation	People – Health, safety and wellness	
	403-3	Occupational health services	People – Health, safety and wellness	
	403-4	Worker participation, consultation, and communication on occupational health and safety	People – Health, safety and wellness	
	403-5	Worker training on occupational health and safety	People – Health, safety and wellness	
	403-6	Promotion of worker health	People – Health, safety and wellness	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People – Health, safety and wellness	
	403-8	Workers covered by an occupational health and safety management system	People – Health, safety and wellness	

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GRI Standard Indicator		Disclosure	Location	UNSDG
GRI 413: Local Communities 2016				
GRI 413: Local Communities 2016	3-3	Management of material topics	Approach to ESG Community	    
	413-1	Operations with local community engagement, impact assessments, and development programs	Community	

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