



# **Group Sustainability Report**

## **Interim update**

November 2019

Dear Stakeholders,

As Asia's leading capital markets and investment group, our mandate is to create lasting value while growing our business responsibly. Our long-standing commitment to sustainability remains unwavering as we enhance our integration of environmental, social and governance (ESG) issues across our operations, complete our 12<sup>th</sup> year of operating an ISO 14001-certified environmental management system, and continue to build on community initiatives that have seen over US\$30 million donated to over half a million of the world's most needy through our Chairman's Trust since 2007.

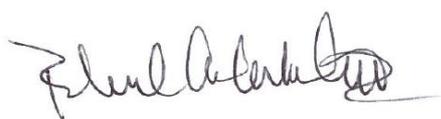
CLSA's integration with CITIC Securities International (CSI) in 2017 allowed us to take a more comprehensive approach to addressing ESG risks and opportunities across our global operations. While we are not required by any formal regulations to do so, we forge ahead with our commitment to transparency. We are proud to publish our fourth **CLSA Group Sustainability Report**, outlining our approach to integrating ESG into our business and our initiatives and performance in 2019.

In the past few years, we have made significant strides in our efforts to report on ESG to ensure we benchmark ourselves to the highest global standards. In 2017, we began providing data to support our parent company's reporting requirements for the Hong Kong Stock Exchange and CLSA Capital Partners Group became a signatory to the United Nations Principles for Responsible Investment (UNPRI). In the same year, we also took our commitment to the next level by adopting the Global Reporting Initiative (GRI) Standards, thereby setting the course for a long-term strategy that prioritises sustainability issues in all aspects of our business and relationships. Our commitment remains the same in 2019.

Looking forward, we will continue to hold our colleagues and operations to the highest principles to ensure the sustainability of our business, the positive impact we have in the market, our responsibility to our stakeholders and the maintenance of our brand and reputation. With the best interests of our business and more broadly of society and the environment in mind, we aim to implement the following going forward:

- Recognising the positive impact that ESG considerations can have when acting in accordance with the interests of investors, CLSA Capital Partners commenced reporting in accordance with UNPRI requirements in 2019 and the current ESG initiatives being implemented will be extended across more business lines to further our sustainability impact.
- Our procurement policy will be strengthened to integrate ESG risks and performance into our engagement with suppliers and to further our procurement of goods and services that feature sustainable attributes.
- Our dedication to community outreach will remain steadfast through increasingly robust programmes that provide financial and human capital to support disadvantaged individuals across the globe.
- Our focus on environmental stewardship continues to drive us to minimise our environmental footprint.
- In accordance with our belief that our diverse workforce is truly our most valuable asset, we will continue to prioritise health, safety and wellbeing, retention and engagement strategies while providing meaningful learning and development opportunities for employee growth.

We believe that incorporating sustainability in our everyday operations is not just the right thing to do, but also something that will enhance stakeholder value in the years to come.



Rick Gould, Chief Executive Officer  
CLSA Group

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### **About the Report**

This sustainability report has been produced by CLSA to share our corporate environmental, social and governance (ESG) commitments, practices and activities. It provides both general and specific information and covers from January to October 2019 with references to data from years prior.

This report has been prepared with reference to the Global Reporting Initiative (GRI)'s Standards: Core option, including the Reporting Principles, relevant Material Topics and Disclosures. The scope of the report covers CLSA's operations globally, unless specified otherwise.

Feedback and requests for further information are welcome and can be made to: [communications@clsa.com](mailto:communications@clsa.com).

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## SECTION 1: ABOUT CLSA

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- 1.1 About the Company
- 1.2 Business Overview
- 1.3 30 Years of Insights
- 1.4 Global Reach
- 1.5 Ownership and Management Team
- 1.6 Key Facts

### 1.1 About the Company

CLSA is Asia's leading capital markets and investment group. Established in Hong Kong in 1986, CLSA connects global institutional investors, corporations, governments and high-net worth individuals to *insights, liquidity* and *capital* to drive their investment strategies. CLSA's award winning research, extensive Asian network, direct link to China and highly-experienced financial professionals set us apart from global investment banks and regional players.

Over three decades, CLSA has built an extensive network with deep local knowledge and connections across 14 markets in Asia. Globally, CLSA serves clients from 20 locations in Asia, Australia, Europe and the United States.

#### Our Strengths:

##### Insights

- Award-winning research into the companies, economies, markets and innovations impacting global investment mandates
- No.1 in Overall Combined Regional Research & Sales in Asia (ex-Australia, China A&B, Japan)\*
- No.1 in Japan for Overall Combined Research & Sales\*
- No.1 in Australia for Overall Combined Research & Sales\*

##### Liquidity

- 15 Asian exchange memberships and access to 56 markets globally
- No.1 Best Brokerage for Equity Execution as voted by institutional investors\*

##### Capital

- No.1 Hong Kong IPO Sponsor in 2018#
- No.1 Debt Capital Market Bookrunner in 2018 (Asia ex-Japan)#

\*Asiamoney Brokers Poll 2018

# Dealogic as of 31 Dec 2018

### Corporate Culture

CLSA's corporate culture is open, inclusive and based on a 'can do', client-centric approach. For more than 30 years, we have built our business across Asia and globally through the acceptance and celebration of clients and staff of all cultures, ethnicities, religions and genders. We recognise that our most valued assets are our people, reputation and intellectual capital.

### 1.2 Business Overview

At CLSA, clients always come first. Our overarching objective is to provide unparalleled insights, differentiated execution and access to capital that empower our clients' investment decisions.

The company's key areas of business are:

#### INSTITUTIONAL SERVICES

##### ASSET MANAGEMENT

- Real Estate
- Private Equity
- Transportation and Real Assets
- Credit Strategies

## CORPORATE FINANCE & CAPITAL MARKETS

- Equity Capital Markets
- Equity Linked
- Global Debt Finance
- Mergers & Acquisitions

## SECURITIES

- Institutional Equities
- Fixed Income
- Equity Derivatives
- Structured Finance

## RETAIL SERVICES

### WEALTH MANAGEMENT

- Retail Broking
- Margin Lending
- Advisory

### **1.3 30 Years of Insights**

CLSA was founded in 1986 by Jim Walker and Gary Coull, two former journalists who ensured CLSA's research was discerning, independent and required reading. For over 30 years we have told the story of Asia. Over the years, we have led the conversation on topics that have fuelled the growth of Asia while also raising issues that impact investment outcomes.

Our market-leading analysts, economists and strategists are renowned for producing unparalleled research, ideas and insights from a uniquely-Asian perspective. With our extensive, on-the-ground presence, CLSA is the first to spot emerging issues and trends driving the region.

### **1.4 Global Reach**

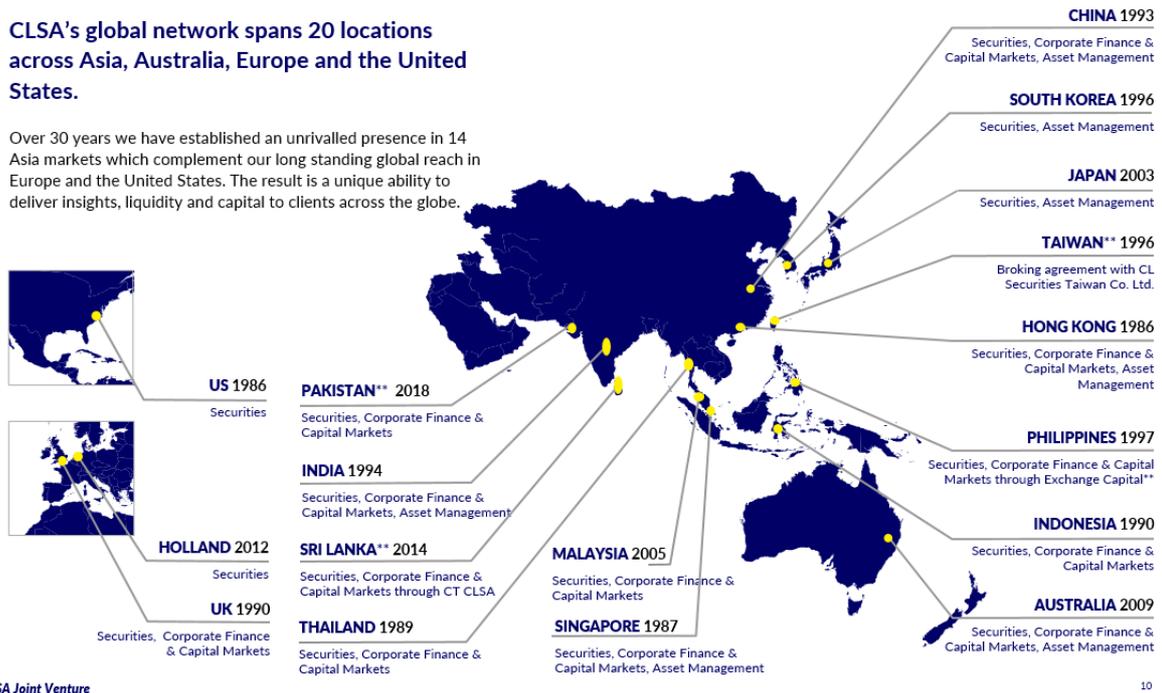
CLSA's 2,000 employees and employees of CLSA affiliate businesses leverage their local knowledge and global experience to serve institutional investors, governments, family offices, corporations and other investors from 20 locations across the globe.

CLSA operates wholly-owned and staffed offices in 14 markets in Asia, as well as in Europe and the United States. In Pakistan, Sri Lanka and Taiwan, CLSA operates through partner affiliates. In each market we provide a variety of services to match client needs. See details of our global reach and extensive China network in the diagram below.

## International Network

CLSA's global network spans 20 locations across Asia, Australia, Europe and the United States.

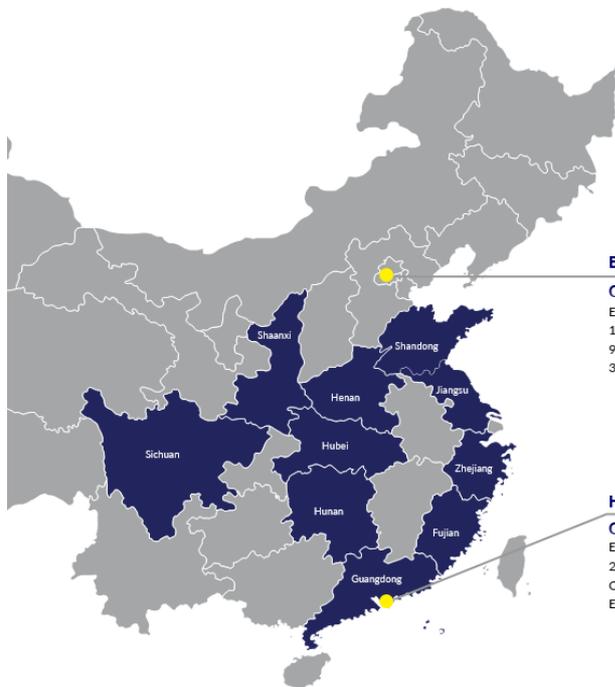
Over 30 years we have established an unrivalled presence in 14 Asia markets which complement our long standing global reach in Europe and the United States. The result is a unique ability to deliver insights, liquidity and capital to clients across the globe.



\*\* CLSA Joint Venture

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## China Network



CITIC Securities' vast investment banking network extends into many of China's rapidly developing provinces.

This strong presence complements CLSA's international coverage to create a unique bridge that facilitates investment going in and out of the world's second largest economy.

### BEIJING

**CITIC Securities Headquarters**  
 Established in 1995  
 14,000 staff (ex-Hong Kong)  
 950 bankers working across China  
 353 offices across China (ex-Hong Kong)

### HONG KONG

**CLSA Headquarters**  
 Established in 1986  
 2,000 staff  
 CLSA's global network spans 20 locations across Asia, Australia, Europe and the United States

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Diagram 1: CLSA's Global and China Networks

### 1.5 Ownership and Management Team

CLSA is a wholly-owned subsidiary of CITIC Securities. CLSA is governed by a BV Board (the Board) which meets quarterly. The Board is responsible for promoting the long-term sustainable growth and success of the CLSA Group. The Board aims to optimise the interests of the CLSA Group while committing to the highest standards of integrity and ethics.

The CLSA Executive Committee oversees CLSA's global strategy. The Global Management Committee (GMC), which reports to the Executive Committee, is responsible for our day-to-day operations including: (i) receive and consider information from key business divisions/departments, and key internal committees; and (ii) highlight group updates on Finance, Legal & Compliance, Risk, Audit, Tax and any new businesses. Management of key areas are carried out by various business and functional committees with major decisions made by the GMC, which is supported by other operational committees. Details on various CLSA's management committees are provided in the Corporate Governance section of this report.

#### *Integration with CITIC Securities: A Key Milestone*

CLSA's parent company CITIC Securities is China's leading brokerage and investment bank<sup>1</sup>. With the mission to become a world-class, China-focused, global investment bank, CITIC Securities acquired CLSA in July 2013 and became the first Chinese brokerage to purchase a global financial institution. During 2017, CLSA integrated its business with CITIC Securities International (CSI) under the CLSA brand.

Completed in May of 2017, the integration was several years in the making with the management and teams of CLSA and CSI working closely together to determine the synergies between the two companies. CLSA was chosen as the brand for the integrated franchise as it had been established longer and was better known in international markets. The integration combined the global market presence of CLSA, with the comprehensive suite of products and services offered by CSI.

The wellbeing of our employees was a top priority during the integration. No redundancies were made and in instances where excess headcount resulted following our efficiency enhancement efforts, customised proposals for redeployment of affected colleagues were developed. All individuals concerned were consulted to ensure that everyone had been assigned meaningful new roles in the organisation.

The integration has seen the finances of CLSA combined with those of CSI. As a result, the management of underlying assets, liabilities, banking relationships and capital bases now fall under a consistent and coherent regime. This has provided room for economies of scale and allows CLSA to serve more effectively as the flagship of CITIC Securities in the international arena.

With a full suite of capital markets products and services, we cater to the needs of investors and enterprises who are interested in inbound and outbound opportunities between Asia and rest of the world. The integration has also resulted in a more comprehensive approach to environmental, social and governance (ESG) issues across our global operations.

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<sup>1</sup> CITIC Securities was the No.1 securities company in China in terms of revenue and net profit in 2018 according to its 2018 full-year financial results announced in March 2019.

### **1.6 Key Facts**

CLSA provides corporate finance and capital markets, asset management, alternative investment, wealth management and securities services to global corporate and institutional clients.

- Headquartered in Hong Kong
- 2,000 employees globally
- Global network spans 20 locations across Asia, Australia, Europe and the United States
- Investment services include Securities, Corporate Finance & Capital Markets, Asset Management and Wealth Management
- Ranked the No.1 in Overall Combined Research & Sales in Asia, Japan and Australia (*Asiamoney 2018*)
- Since 2007, the CLSA Chairman's Trust has donated over US\$30 million to more than 125 non-profit organisations

For more information about CLSA please visit our website <https://www.clsa.com/about/>

## SECTION 2: EXCELLENCE IN INVESTMENT SERVICES

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- 2.1 Business Principles
- 2.2 Outstanding Client Care
- 2.3 Independent Research
- 2.4 Renowned Investor Forums and CLSA U
- 2.5 Quality Execution Services
- 2.6 Reliable Technology Platforms

## 2.1 Business Principles

CLSA is committed to delivering superior products and services responsibly through reliable technology platforms. We strive to achieve excellence in all aspects of our business by providing high-quality customer care, execution, research and the renowned, CLSA Investor Forums.

*Our Business Principles are based on the following:*

- Excellence: We aim to surpass the ordinary through excellence in all that we do
- Innovation: We turn original ideas into commercial realities
- Integrity: We base our actions on moral and ethical principles
- Inclusion: Everyone is valued and essential to our success
- Celebration: We work hard to win and celebrate our achievements

## 2.2 Outstanding Client Care

CLSA's clients represent many of the world's largest institutional fund managers, hedge funds, governments, sovereign wealth funds, family offices, private companies and listed corporations.

CLSA is renowned for providing outstanding client care. Our clients have recognised our exceptional sales service through industry polls and numerous awards (see below). Our Institutional Equities and Fixed Income client management teams support our clients from across the CLSA network. They are dedicated to ensuring the highest levels of client care, always putting the client first.

<b>Asset Management</b>	<ul style="list-style-type: none"> <li>• Institutional fund managers</li> <li>• Governments / SWF<sup>2</sup></li> <li>• Endowment funds</li> <li>• Family offices / HNWI<sup>3</sup></li> </ul>	Americas, Asia and Australia
<b>Securities</b>	<ul style="list-style-type: none"> <li>• Institutional fund managers</li> <li>• Hedge funds</li> <li>• Family offices / HNWI</li> </ul>	Americas, Europe, Asia, Australia
<b>Corporate Finance &amp; Capital Markets</b>	<ul style="list-style-type: none"> <li>• Private companies</li> <li>• Listed corporations</li> <li>• Governments / SWF</li> </ul>	Asia, Australia, Europe

**Table 1: CLSA's Client Base**

Awards:

- *Asiamoney* Brokers Poll 2018:
  - No.1 in Overall Combined Regional Research & Sales in Asia (ex-Australia, China A&B, Japan)
  - No.1 in Japan for Overall Combined Research & Sales
  - No.1 in Australia for Overall Combined Research & Sales
  - No.1 Overall Regional Sales (Asia ex Australia & Japan)
  - No.1 Overall Regional Sales (voted by most active traders)
  - No.1 Best Brokerage for Execution
- Best Investment Bank in Hong Kong: Chinese Financial Institutions 2018 – CLSA (*FinanceAsia*)
- Best ECM House in China, Best DCM House in China and Best Belt and Road Bank in China 2018 – CITIC Securities (*FinanceAsia*)
- Asian Bank of the Year 2017 – CITIC Securities (*IFR Asia*)
- Best ECM House (China), 2017 – CITIC Securities/CLSA (*FinanceAsia*)
- No.1 Best Domestic Investment Bank & Best ECM Underwriting Investment Bank (10th New Fortune Best China Investment Bank Ranking 2016)
- No.2 Best Overseas Market Capability Investment Bank/Best DCM Underwriting Investment

<sup>2</sup> Sovereign Wealth Funds

<sup>3</sup> High-net Worth Individuals

- Bank – CITIC Securities (10th New Fortune Best China Investment Bank Ranking 2016)
- China ECM Bookrunner/Most active sponsor for China targeted M&A/A-Share Bookrunner/A-share Private Placement/Top China IB Revenue – CITIC Securities (*Dealogic Caixin Awards 2016*)
- Best Equity House/Investment Bank (China), 2016 – CITIC Securities (*GlobalCapital Asia / Asiamoney*)
- Best Domestic Equity House / Domestic Debt House (China), 2016 – CITIC Securities (*FinanceAsia*)

For more examples of awards received refer to: [www.clsa.com/about/who-is-clsa/](http://www.clsa.com/about/who-is-clsa/)

### **2.3 Independent Research**

Our commitment to our clients is to publish research that is impartial, independent, clear, fair and not misleading. Our analysts do not receive compensation from the companies they cover.

Our Asset Management, Corporate Finance & Capital Markets, Securities and Research are distinct from one another to maintain the independence and integrity of CLSA's research. CLSA's research analysts report to the management of the research department, who in turn report directly to CLSA's senior management.

#### *Award-winning research through a single portal*

Our dedicated research portal provides clients direct and secure access to CLSA's award-winning research. This includes economic, company and country research, microanalysis and customised charting capabilities. More than 100 research analysts cover 19 key industry sectors across 16 markets, providing deep sector and company insights that inform our client's investment strategies. CLSA is constantly enhancing the functionality of the research portal to ensure clients have access to the most relevant and timely information to support their investment decisions.

#### *Regional coverage*

Our award-winning Asia research has informed global investors for decades. Unlike many of our competitors, CLSA has dedicated market and sector analysts on the ground in our key markets across Asia. We understand the region from a local perspective.

#### *China coverage*

CLSA's China sector coverage and macro/micro-analysis of the market is renowned. Due to strong client demand, CLSA now covers A shares, with the same level of critical analysis we have always applied to companies. In 2019, we covered 87 A shares. Our coverage also includes collaboration with CITIC Securities on topics of shared interest such as *One Belt One Road*.

### **2.4 Renowned Investor Forums and CLSA U**

CLSA's renowned Investor Forums are a key platform for knowledge exchange on all number of topics that impact global investments, including ESG-related trends, theories, technologies and services. CLSA secures global speakers and industry experts to present at CLSA Forums or to participate in our CLSA U programme.

CLSA U provides tailored courses to meet CLSA clients' needs on any subject or theme. Instructors and content are sourced from around the world ensuring clients have access to the best available independent experts, unfiltered by CLSA analysts. Courses fall into four broad categories:

1. Sector dynamics and trends
2. Investment theories and techniques
3. Macro outlook/speaker series
4. CLSA U+

CLSA U+ offers an array of experts to address personal health and development subjects such as stress management, personal skills, executive health, effective parenting and personal wealth management.

CLSA Forums have featured a number of distinguished speakers, including:

- Andrew Penfold, Executive Director, Australian Indigenous Education Foundation
- Benjamin McCarron, Expert in Responsible Investment and Sustainable Finance
- David Hart, Director, E4tech (Sustainable-energy consultancy)
- David Yeung, Founder & CEO, Green Monday Jack Lifton, Founder, Technology Metals Research
- Debra Tan, Director, China Water Risk
- Ellen Jorgensen, Chief Science Officer, Carverr
- Evelyn Browning Garriss, Historical Climatologist
- Jamie Allen, Secretary General, Asian Corporate Governance Association
- Joseph Chamie, Former Director of UN Population Division
- Joseph Stiglitz, Nobel Prize-winning Economist
- Nicholas Benes, The Board Director Training Institute of Japan
- Ruel T Maranan, President, Ayala Foundation
- Steve Radelet, International Development Economist

2019 CLSA Forums' statistics are as follows:

	Institutional Investors	Corporates	Scheduled Meetings	Tours
Investors' Forum 2019	1,400	300	3,000	10
Japan Forum 2019	420	170	1,180	12
China Forum 2019	130	60	460	9
ASEAN Forum 2019	300	90	660	4
India Forum 2019	170	80	710	9

**Table 2: Key Metrics of CLSA Forums in 2019**

## 2.5 Quality Execution Services

As a leader in Asia's equities markets, we source more genuine and natural flows than our global or local competitors, and our uniquely broad, local presence gives us early access to important information.

For the past 30 years, we have consistently retained a top-tier equity execution team to help our fund manager clients capitalise on our best-in-class research. Our high-touch teams are complemented by low-touch solutions supported by one of the most experienced equity execution teams in Asia. Our high-quality execution services can be seen in the following offerings:

*Transaction Cost Analysis:* CLSA has teamed up with Markit, allowing us to provide our clients with an unbiased and transparent assessment of our execution performance through customised reports.

*Commission Sharing Agreements:* CLSA has a dedicated team ready to assist our clients with setting up and administering Commission Sharing Programmes. We follow the rules and regulations in each jurisdiction and design programmes suitable to the specific requirements. We offer clients access to a web-based platform for a clear view of their balances and transactions and to allow easy management of the payment process.

*Front-to-back Service:* Integrated middle and back office operations ensure highly-attentive and holistic trade servicing.

## **2.6     *Reliable Technology Platforms***

CLSA ensures that all digital communications with clients occur on secure platforms and the highest level of security is applied to protecting client data and information. We have implemented client relationship management tools including Salesforce and our own customised information system (CIS) to ensure clients receive the highest levels of customer care. These relationship management tools ensure our sales teams have visibility on client preferences around research, events, roadshows and trading. In addition, feedback from client reviews is fed into the system, flagging issues that arise across client accounts, allowing us to escalate and actively address concerns. This is a key function of our client strategy.

In addition, we have developed in-house technology platforms to manage our renowned CLSA Forums. Constantly striving to enhance our clients' experience at our award-winning conferences, we have developed the CLSA Forum App to provide clients with digitised meeting schedules, presentation materials and company and speaker profiles.

As markets have turned digital, we have built our own proprietary electronic trading platforms which allow us the flexibility to meet our clients' needs and innovate rapidly as the trading environment changes.

## SECTION 3: SUSTAINABILITY@CLSA

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- 3.1 Highlights
- 3.2 Sustainability Framework
- 3.3 Our Stakeholders, Materiality and Engagement

### 3.1 **Highlights in 2018-19**

- CLSA Capital Partners has been a UNPRI signatory since 27 September 2017
- CLSA Real Estate Funds reduced energy consumption in an investee building at Laguna Plaza in Hong Kong by 15% through energy-efficient retrofits
- Of the 16,000 research reports produced, 99% were shared digitally
- Biannual Corporate Governance Watch report published
- Our diverse workforce comprises people of 34 different nationalities and 24 spoken languages
- 12th year of operating an ISO 14001-certified environmental management system
- In 2018, US\$1.1 million disbursed and pledged to a range of Chairman's Trust charities across Asia and beyond
- CLSA staff engaged in over 1,100 hours of volunteer work, via the Community Outreach programme, including 246 people in Hong Kong

### 3.2 **Sustainability Framework**

#### *Overview*

CLSA is focused on creating long-term value for all shareholders while growing our business responsibly. A successful and sustainable business is our goal.

As our business grows under CITIC Securities and CLSA continues to expand its markets, we understand the importance of strengthening our commitment to integrate sustainability into our operations and investment processes and to reporting on our economic, social and governance (ESG) performance.

As outlined in the Corporate Governance section of this report, managing our ESG risks and opportunities, as part of our overall sustainability framework, is the responsibility of the Board with implementation delegated to CLSA's Global Management Committee and senior management. CLSA plans to establish a sustainability working group to champion and oversee CLSA's ongoing sustainability initiatives and performance for its global corporate and investment operations.

#### *Reporting*

As a non-listed company, reporting on CLSA activity is not mandatory, but we recognise the importance of ensuring transparency in our actions and disclosing appropriately. We continue to move towards reporting against global reporting standards to ensure we benchmark ourselves to the highest international standards as per below.

- **Hong Kong Stock Exchange.** As a wholly-owned subsidiary of CITIC Securities (HK6030), we have been providing data to support our parent company's reporting requirements on ESG since 2017.
- **Global Reporting Initiative (GRI).** CLSA has prepared this report with reference to the GRI Standards: Core option. This internationally-recognised, voluntary standard defines principles and disclosure topics to measure and report on our ESG performance. Our intention is that adopting the GRI Standards will increase transparency and comparability of our metrics across our operations, and further our ESG performance.
- **UNPRI.** CLSA's Asset Management business, CLSA Capital Partners, is a signatory of the UNPRI and commenced reporting in 2019.

### 3.3 Our Stakeholders, Materiality and Engagement

CLSA takes care to engage with our stakeholders in a responsible and sustained manner. Our key stakeholder groups, how we regularly engage with them and the chief areas of interest for each stakeholder group are outlined below. The issues that are material to our stakeholders, as raised in our ongoing dialogue and communication channels, inform the scope of our sustainability reporting.

Our stakeholder groups	How we engage with our stakeholders	Material topics to our stakeholders along the value chain
Clients - asset managers, public and private corporations, governments and high net-worth individuals	Face-to-face meetings, online servicing, annual statements, surveys, speaking at public and private events	Service standards, financial performance, business strength, reputation, cyber security, good governance, environmental and social impact, including climate change
Employees - 2,000 CLSA colleagues in 20 CLSA offices across the globe	Team meetings, appraisals, intranet, training programmes, CEO town halls, emails	Remuneration, employee relations, training and development, diversity and inclusion, health and safety, sustainability
Regulators - market regulators in each of the jurisdictions in which we operate	Regular open dialogue, senior management meetings	Governance, ethics, anti-corruption, cyber security, customer protection, reporting
Media - international and local market media in jurisdictions in which we operate	Daily interactions, media releases, media events such as roundtables and briefings	Financial performance, business strength, leadership, governance, remuneration, diversity, environmental and social impact, including climate change
Community and non-profit organisations - across Asia, Australia, Europe and the US who receive CLSA funding or voluntary support from the CLSA Chairman's Trust and employees	Directly through activities to provide voluntary support and funding	Inclusion, education, disaster relief, environmental and social impact, community funding to address climate change
Suppliers - of goods and services to support the seamless provision of CLSA services. These include companies in the legal, tax, finance, technology, communications and consulting sectors	Assessments, contract negotiations, review meetings	Data protection, anti-bribery and corruption, environment (waste management), human and labour rights, including modern slavery

**Table 3: Stakeholder Group Engagement and Material Topics**

Engagement with our stakeholders takes place through both formal and informal mechanisms. Clients are engaged on a daily basis by front-line employees through messaging platforms, emails, phone calls, face-to-face meetings and at our events. Annual account reviews are held for securities clients and Limited Partners of CLSA's Asset Management businesses to receive investment updates and opportunities to question management about performance at Annual General Meetings.

Employees are engaged through annual staff performance management reviews. The information from these reviews determine staff bonuses and are designed to raise issues of performance in a formal mechanism. Some staff, primarily client-facing sales staff, receive twice-yearly performance reviews. CLSA further engages with employees through an internal online portal, departmental and town hall meetings, business updates and other informal channels.

CLSA maintains an open dialogue with market regulators to ensure they understand the changing nature of CLSA's business. CLSA engages with journalists on a daily basis in both proactive and reactive ways. CLSA receives more than 1,300 media inquiries per year about its business and market research.

CLSA was built with a foundation of active engagement in social and environmental issues. Founding Chairman Gary Coull was a leading proponent of sustainable development and environmental action in Asia. Former chairman, Rob Morrison, is a director on the Asian Advisory Board of The Nature Conservancy and was also a member of the Copenhagen Climate Council.

CLSA supports numerous charities across Asia through the CLSA Chairman's Trust, providing close and meaningful engagement with grassroots, not-for-profit organisations. The feedback we receive from these organisations is extremely positive. Refer to the testimonials below and the section on Our Community in this report for a detailed list of charities.

#### **Testimonial 1 - Lily Kasoem, Founder, Titian Foundation**

Twelve years ago, a big earthquake hit Central Java and Yogyakarta. CLSA Jakarta immediately contacted me and asked how they could help. The organisation I founded, Titian Foundation, discovered a school that had been completely destroyed in the earthquake, in the small village of Bayat, 20 km away from Yogyakarta. Luckily there had not been any casualties, as students were not at school when the incident occurred.

About a week later Nick Cashmore who was then the CLSA Indonesia Country Head, travelled to Bayat with me to see this school. We found all 600 students studying on top of the rubble, in makeshift blue tents in the heat of blazing sun, where their school had once been. On the spot, Nick decided to make a recommendation to the CLSA Chairman's Trust to support a grant to rebuild the school. A year later, a beautiful school was complete, and the students were bursting with pride at the new and improved facilities. Bright new furniture complemented a wide range of new learning facilities such as a library, computer lab and science lab.

However, we subsequently realised that 65% of students at this school would drop out after Grade Nine, when the government educational subsidy came to an end. As most of these students came from disadvantaged backgrounds, their parents felt that leaving school at age 15 was the right time for their children to enter the workforce. When Nick Cashmore heard this statistic, he simply said, "This cannot happen - we have to help these kids". Shortly thereafter, the Chairman's Trust approved a grant to pay for the last three years of education for 50 students at Bayat.

Fast forwarding ten years to the present day, the village of Bayat, in conjunction with Titian Foundation, has produced almost 200 university graduates working in a variety of industries; 400 well-paid and well-regarded vocational school graduates work in factories (some even abroad in Korea, Japan and Taiwan); and others have their own businesses. They all earn significantly higher salaries than their parents and have successfully broken through the poverty cycle. They are moving forward to a brighter future, and so will their children and future generations of their families.

As for Titian Foundation, it is an honour for us to witness and be a part of this incredible transition; to be given the opportunity to mentor these bright students to lead them to across the *Titian* (bridge). We thank everyone at the Chairman's Trust for giving us this opportunity and for trusting us to help these amazing young people. Indonesia thanks you too.

**Testimonial 2 - Kay McArdle, CEO, PathFinders**

As PathFinders celebrates its 10th birthday and over 6,000 ultra-vulnerable lives better lived, we can say with absolute certainty that this journey would not have been possible, let alone so successful, without the significant and ongoing financial, personal and professional support of CLSA and the Chairman's Trust. Thank you, thank you, and thank you!

CLSA engages with numerous suppliers to facilitate the efficient and effective running of our business. CLSA's supplier policy is implemented wherever a contractual relationship is in place. CLSA plans to develop a sustainable sourcing policy to integrate consideration of ESG risks and performance into our engagement with suppliers and to further our procurement of items and services with sustainability attributes.

CLSA further engages with our stakeholders through memberships and involvement in the following initiatives:

- Direct membership of 15 stock exchanges in Asia
- Asian Corporate Governance Association (refer to detail below)
- United Nations Principles of Responsible Investing (UNPRI)
- International Day of Forests - Tree Planting
- 2019 International Olympic Day Run (Hong Kong)
- 2019 Charity Walk for Suicide Prevention Services (Hong Kong)
- Community Chest Hong Kong
- Chaitanya Mahila Mandal Foundation (India)
- Intuition (Learning Management System)

**ACGA**

CLSA is a founding member of the Asian Corporate Governance Association (ACGA). This non-profit membership association is dedicated to promoting substantive improvements in corporate governance in Asia through independent research, advocacy and education. ACGA engages in a constructive dialogue with regulators, institutional investors and listed companies on key corporate governance issues and works towards making improvements.

Together, CLSA and ACGA have co-published CG Watch reports in 2003, 2004, 2005, 2007, 2010, 2012, 2014, 2016 and 2018. ACGA endorses the methodology used in the CLSA company survey and undertook the market rankings, with input from CLSA. This is an eagerly sought-after report that is unique and provides a comprehensive analysis of corporate governance practices and regulatory developments in the markets in this region.

CLSA also sponsors the ACGA annual conference.

## SECTION 4: CORPORATE GOVERNANCE

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- 4.1 Approach and Structure
- 4.2 ESG Responsibilities
- 4.3 Risk Management
- 4.4 Compliance
- 4.5 Internal Audit
- 4.6 Ethical Management
- 4.7 Corporate Governance Training
- 4.8 Supplier Management
- 4.9 Information Security

#### 4.1 Approach and Structure

At CLSA we have established a corporate governance framework that ensures the oversight, stewardship and sustainability of CLSA's businesses and reputation. Our objective is to ensure ongoing capital creation for our clients and sustained value for key stakeholders such that CLSA is making a positive contribution to the global economy and the communities in which it operates.

##### *Board Oversight*

According to the CLSA Group Corporate Governance Manual, the CLSA BV Board (the Board) has overall responsibility for overseeing the Group's activities. The composition of the Board is decided by the shareholder based on the proposal of the Board and the Executive Committee. The Chair of the CLSA Board, Mr. Youjun Zhang is also the Chairman of CITIC Securities, the parent company of CLSA.

The Board is responsible for setting strategic directions for and providing leadership to the CLSA Group in order to deliver value to the shareholder and other stakeholders. The Board supervises and manages the activities of the Group, in conjunction with the senior management team, namely, the Group Executive Committee (Group EXCO) which is charged with the setting and implementation of the strategies approved by the Board and the day-to-day running of the business.

The Board conducts a regular self-assessment of its performance. The outcome is confidential and discussed in Board meetings. The latest assessment was done in 2019, the findings and conclusions thereof were duly taken into consideration in fine-tuning and upgrading the corporate governance framework and practices of CLSA.

##### **CLSA BV Board**

The Board's membership comprises five individuals as follows:

	Members	Roles
1	Youjun Zhang	Chairman <ul style="list-style-type: none"> <li>Also Chairman of CITIC Securities, parent company of CLSA</li> <li>Non-executive capacity, responsible for oversight on overall governance and performance of CLSA as a whole</li> </ul>
2	Rick Gould	CEO <ul style="list-style-type: none"> <li>Overall responsibility for all facets of CLSA's businesses, management and operations</li> <li>Orchestrating and facilitating coordination and collaboration between different teams within CLSA and with counterparts in CITIC Securities</li> </ul>
3	John Sun	Deputy CEO / Head of FICC <ul style="list-style-type: none"> <li>Support the CEO in overall management of CLSA</li> <li>Manage the FICC business</li> </ul>
4	James Xu	Head of Equity Derivatives & Prime Brokerage
5	Frank Yu	CEO, Global IBD

As CLSA Group is part of CITIC Securities, the Group's governance structure is, to the extent possible, aligned with the way in which CITIC Securities is itself governed. To strengthen CITIC Securities' management and control over the CLSA Group and to comply with CSRC's regulations, CITIC Securities has determined that there should be general oversight by CITIC Securities' senior managers being on various committees and boards of CLSA Group. Regulated business lines in the CLSA Group (currently comprising Asset Management, Corporate Finance & Capital Markets, EQD, FICC, Institutional Equities, Research and Wealth Management) are subject to applicable regulatory requirements such as licensing, code of conduct, requirements on internal controls and supervision, financial resources rules, which are enforced by the SFC, MAS, FCA, SEC and others.

The regulated business lines of the CLSA Group operate in various licensed entities within the Group. Each local Board is appointed and/controlled by CLSA BV Board and is ultimately responsible for the businesses and operations carried out by the respective licensed entity and for ensuring compliance with the applicable legal and regulatory requirements. As such, they are also subject to the ordinary examination and inspection requirements of the SFC or any other regulatory authorities. In addition to the local Boards, CLSA BV Board also appoints the Group EXCO to be responsible for the strategy of CLSA and the day-to-day running of the business of the Group. Further, for certain businesses, there may be various committees that may be set up for such business. For instances, the Business Commitment Committee (BCC), Capital Commitment Committee (CCC) and the Quality Control Committee (QCC) are all established for the purpose of managing the Investment Banking business which is conducted in various jurisdictions. For details of the committees, please see below.

The following matters are reserved to be approved only by the CLSA BV Board:

- (a) Strategy of the CLSA Group and its budget;
- (b) Annual consolidated and unconsolidated financial statements of CLSA;
- (c) Relevant risk limits for each activity of the CLSA Group after they have been agreed by the head of the CLSA Group risk team;
- (d) On an annual basis, the remuneration structure of the CLSA Group and the remuneration of the members of the Executive Committee, plus the 20 highest compensated employees within the CLSA Group;
- (e) Decisions by direct and indirect subsidiaries of CLSA BV Board that meet all three conditions below shall require an approval by the CLSA BV Board via either a board resolution or approval in a board meeting:
  - i. Where the principal transaction contract value is more than US\$1 million in value;
  - ii. The decision of such a subsidiary is not related to the ordinary course of its business (i.e. it has not been included in an approved Budget or Risk Limits); and
  - iii. The decision relates to one of the following topics:
    1. enter into any partnership, joint venture or other profit sharing agreement or the formation of any subsidiary or investment, hedge or other fund or other vehicle with any third party, excluding agreements with stock brokers for the sharing of facilities and/or services entered into on an arm's length basis, unless already approved in the strategy defined by the BV Board of Directors or within the limit(s) set forth by the BV Board of Directors from time to time;
    2. make any investment (including without limitation acquiring or divesting any undertaking, business or any part thereof, any shares or loan capital in any entity, any interest in any investment, hedge or other fund or similar vehicle or providing seed money) otherwise than (i) as anticipated in an approved budget or (ii) in an individual amount of less than US\$1 million; provided that the annual aggregate amount of such investments does not exceed US\$1 million in which case any new investment shall be subject to the BV Board of Directors' approval;
    3. sell, lease, trade, exchange or otherwise dispose, or direct the sale, lease, trade, exchange or other disposal, of any asset of CLSA Group, except any disposition of assets in the ordinary course of business or as anticipated in an approved budget or otherwise approved by the BV Board of Directors;
    4. cancel or modify any agreement or document to which a member of the CLSA Group is party or release, waive, or prejudice its rights thereunder where entry into such agreement or document would require the approval of the Board of Directors ;
    5. except in the ordinary course of business and trading, lend any money to any Person (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits, or by way of credit extended

to a trade creditor in the normal course of business) or grant any credit to any Person (except to other members of the CLSA Group)

6. Decisions in relation to capital injections by CLSA BV Board or any of its direct and indirect subsidiaries of US\$5 million or less may be approved by Group EXCO and do not need to be pre-approved by the CLSA BV Board, provided always that such decisions are ratified by the Board

Other than the above matters, the Board may delegate authority to the **Group Executive Committee (Group EXCO)**, **Audit Committee** and **Remuneration Committee**, in order to help with the overall management of the CLSA Group, the assessment of the level of risks faced and the implementation of internal controls to reduce identified risks and ensure the future viability of the Group. These committees assist in focusing on specific topics as specified in their respective terms of reference. More details are provided below:

#### Group EXCO

The Senior Management team of the CLSA Group (i.e. Group EXCO) is appointed by and derives its authority from the Board. It is the highest committee in the hierarchy of the CLSA Group and is responsible to:

- Implement and execute the strategies and budget plan as approved by the Board
- Manage the conduct of functions that are core to the CLSA Group's business and operations (i.e. the day-to-day running of the business)
- Set and communicate an appropriate culture of compliance with the applicable legal and regulatory requirements, in coordination with the Board and in accordance with CLSA Group's Code of Conduct
- Ensure that it has the appropriate resources and information to conduct its oversight activities effectively, in coordination with the BV Board
- Manage risks properly and evaluate risk management processes periodically
- Ensure that effective corrective action is taken when any breach or failure is identified
- Ensure that processes are in place to receive notification of escalated potential violations
- Ensure that there is a system of internal controls that is reasonably designed to monitor compliance with all applicable legal and regulatory requirements, review and report to the Board at least annually on the effectiveness of such controls, in coordination with control functions/personnel charged with overseeing compliance with such requirements
- Ensure that appropriate policies and procedures are adopted to comply with the applicable legal and regulatory requirements, adequate training are provided and reporting and record keeping requirements are fully complied with

#### Audit Committee

This is the forum where matters in relation to financial reporting, internal controls and compliance requirements for financial reporting are discussed. The Audit Committee has received delegated authority from the Board and is required to escalate issues to them.

#### Remuneration Committee

This Committee addresses all matters relating to the remuneration and recruitment of senior management. The Remuneration Committee also considers and recommends the annual performance bonus for the executive directors, senior management and general staff based on the company's performance, their achievements against performance criteria and with reference to market norms.

#### Subcommittees

Group EXCO has various committees to assist in its management of CLSA Group, such committees include, for example, Risk Management Committee (RMC), Global Management Committee (GMC) and Asset & Liability Committee (ALCO). Please see details of these internal committees below:

- Global Management Committee (GMC)
  - Receive and consider information from key business divisions and departments, and key internal committees
  - Highlight group updates on finance, legal & compliance, risk, audit, tax and new business
  - Management of key areas are carried out by other business and functional committees with key decisions coming to the GMC
  
- Risk Management Committee (RMC) – under which is Operational Risk Committee (ORC)
  - Oversee and review various aspects of risk management on a holistic basis, and review regularly the major risk exposures of CLSA including but not limited to credit risk, market risk, operational risk, interest rate risk, liquidity risk, legal, regulatory and compliance risk, strategic risk, reputational risk, technology risk (including information security risk, cyber security risk and e-trading risk) and any other material risks which CLSA may expose to from time to time;
  - Review and recommend for the Board’s approval on the risk management framework and strategy, covering the risk profile, limits, tolerance and appetite (including the Risk Appetite Statement) of CLSA;
  - Review and assess regularly the adequacy and effectiveness of CLSA’s risk management framework and systems, including policies in identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating major and/or material risks faced by CLSA, and ensure that they are effectively implemented and maintained by the management of CLSA;
  - Review, endorse or approve high-level risk-related policies of CLSA;
  - Ensure appropriate infrastructure, resources and systems are in place for risk management;
  - Review and discuss the material regulatory requirements and/or comments of the regulators on the risk management related issues concerning CLSA, and ensure appropriate follow-up actions have been taken in a timely manner to address the requirements and/or control deficiencies as identified by the regulators;
  - Review the results of stress-testing for the major risk exposures of CLSA and the assessment on the capability to withstand the stressed conditions in terms of profitability, capital adequacy and liquidity, and initiate/endorse appropriate actions to be taken by the management to mitigate the potential impacts, if necessary;
  - Receive and review periodic reports on risk culture, exposure and risk management activities of CLSA;
  
- Asset & Liability Committee (ALCO)
  - The CLSA Asset and Liability Committee has been established to assist the Group EXCO in assessing the adequacy and monitoring the implementation, of CLSA’s Asset and Liability Management (ALM) policies and related procedures. Significant items will be escalated to Group EXCO.
  - The ALCO governs specific policies and procedures relating to:
    - a) Liquidity risk
    - b) Foreign exchange risk
    - c) Capital risk
    - d) Market risk (Treasury specific only)
    - e) Credit risk (Treasury specific only)
    - f) Investment risk (Treasury specific only)
    - g) Other ALM risks
  
- Group Disciplinary Committee (GDC)
  - Purpose of the Disciplinary Committee is to decide disciplinary matters related to:
    - Alleged violations of CLSA’s Code of Conduct and/or any applicable rules and regulations, or

- Formal complaints concerning allegations of regulatory misconduct by licensed employees of CLSA. When making decisions, the Committee Members will consider all circumstances, including the nature and seriousness of the conduct and for licensed employees, an assessment of their fitness and properness to remain as licensed individuals.
  - In the instance that there is a disciplinary matter in a non-HK based regulated entity the Disciplinary Committee of that entity will report into the GDC (as well as the regulated entity's board of directors). In Hong Kong, the GDC will act as the Disciplinary Committee for all HK regulated entities. In addition, it will act as the Disciplinary Committee for any HK based-staff not employed by such HK regulated entity.
- Capital Commitment Committee (CCC)
  - Provide oversight on capital commitment arising from underwritten transactions and structured financing projects.
  - Evaluate all such requests from the business and to opine on this matter.
  - Protect CLSA and its affiliates from entering into any underwriting/structuring financing transactions that put the organisation at unacceptable levels of risks.
  - Consider all elements of risk associated with such engagement/commitment and decide whether to assume such engagement/commitment.
- Quality Control Committee (QCC)
  - Consider execution, legal and compliance risks from an independent perspective and ensure that they are properly addressed as part of the transaction process.
  - Where we are acting as sponsor for HKEx IPO, QCC should consider, amongst other things, whether the Sponsor/Sponsor Principal has provided adequate supervision and there are sufficient staff with appropriate levels of knowledge, skills and experience to be devoted to the assignment throughout the period of execution.
- Global Financial Crime Committee (GFCC)
  - Discuss CLSA's global approach to financial crime issues, including AML, PEP's, sanctions terrorist financing, anti-bribery and corruption, fraud and tax evasion.
  - Update the Group on new legislation, regulations or initiatives in relation to financial crime.
  - Discuss and approve any financial crime related policies and procedures, including the Group AML policy.
  - Discuss financial crime training requirements.
  - Discuss system and staffing requirements.
  - Raise any suspicious activities.
  - Discuss the firm's approach to monitoring and surveillance, PEPS, risk ratings and client screening.
  - Discuss FATCA issues as they relate to client and staff KYC information on an ad-hoc basis.

These seven committees report directly to the Group EXCO and several of these committees comprise of the senior management staff from CITIC Securities; some of these committees also have a dotted reporting line into CITIC Securities.

Under the Global Management Committee (GMC) and certain business lines sit three other key internal committees whose members are appointed by the relevant boards and Group EXCO:

- Business Commitment Committee (BCC)
  - Review all potential new transactions and (i) to ensure that critical people who should be aware of the deal are aware, (ii) to identify and make a decision on any reputational

- issue or other issue that might mean CLSA should not be involved in the deal and (iii) for senior management to make a commercial decision as to whether or not the fees involved in the deal are justified relative to the resources required to be committed.
  - Any transaction under which Corporate Finance & Capital Markets (CFCM) or Global Debt Finance (GDF) – DCM enters into a formal engagement must have received prior approval by the BCC. In addition, any such transaction which requires a capital commitment must also be approved by a second BCC, prior to entering into such a commitment.
  - Where we are acting as sponsor for HKEx IPO, BCC should also consider whether the transaction team has sufficient staff with appropriate levels of knowledge, skills and experience to be devoted to the assignment.
- Anti-Bribery and Corruption Committee (ABC)
  - Review all aspects of Anti-Bribery and Corruption (“ABC”) as it relates to the CLSA Group including issue escalation.
  - Present the bi-annual ABC risk assessments.
  - Review staff gift and entertainment spending, reviews and monitoring if necessary.
  - Discuss CLSA’s hiring practices.
  - Discuss any global changes to legislation, or regulation relating to Bribery and Corruption.
  - Discuss and approve relevant policy changes relating to ABC.
- New Product Approval Committee (NPA)
  - Ensure a comprehensive review is performed prior to commencement of new products or business activities.

All committees at CLSA are governed by detailed terms of reference which set out their respective memberships, scope of purview/responsibilities/activities, frequency and mode of meetings, and escalation procedures should these become necessary.

#### **4.2 ESG Responsibilities**

The Board provides overall oversight of ESG risk and strategy for CLSA. The integration of ESG risk and opportunity management into CLSA’s operations and the review and improvement of CLSA’s performance is delegated to the Global Management Committee and senior management. Selected representatives of the GMC including those from the executive office, investment, legal and compliance, human resources, communications, administration, and information technology teams form a sustainability working group to champion and oversee CLSA’s ongoing sustainability initiatives and performance for its global corporate and investment operations. From time to time, this group may invite other interested associates to participate. The sustainability working group will report regularly to the CEO and other management team members on performance and key achievements, to ensure that any critical concerns are raised to the Board.

#### **4.3 Risk Management**

Central to CLSA’s success is the effective management of the risks that are inherent to our business. A key focus of sound governance and Board oversight, our comprehensive risk management processes assist CLSA in identifying, monitoring, evaluating and managing the risks we face in conducting our business in the 14 markets across Asia in which we operate.

Reputational risk is assessed throughout the risk management process and imbedded into our risk framework. All activities are assessed according to their potential impact on CLSA’s reputation – positive, negative or neutral. Those that potentially have a negative impact are reviewed, tested, challenged and finally directed for action to ensure the reputational risk is neutral or better.

### Principles

Risk management is an intrinsic component of CLSA's corporate governance structure. CLSA's risk management principles provide a guideline for creating higher corporate value even during times of market volatility.

CLSA supports an independent risk oversight mechanism, the Risk Management Department, which has remit and resources to assess and appraise each risk and to escalate it to the Risk Management Committee, Global Management Committee as well as to the CEO and the Deputy CEO whenever necessary. The Risk Department maintains a comprehensive view of all CLSA's risks and has delegated authority to impose measures and controls where required. In 2019, there were no incidents of critical concern that required the attention of senior governance bodies.

### Framework

CLSA's Risk Management department is part of CLSA's corporate governance structure. Our mandate is the identification, oversight, management and control of certain risks, namely Market Risk, Credit Risk, Operational Risk, Enterprise Risk and Technology Risk, as outlined below.

Group Chief Risk Officer (CRO)				
Head of Market Risk	Head of Credit Risk	Head of Operational Risk	Head of Enterprise Risk	Head of Risk (US)
<b>Operational Risk Management</b>	Assesses the impact to CLSA's bottom line and/or our ability to continue operating part or all of our businesses due to a compromise of internal processes (e.g. IT systems failure, fraud, operational workflow failures) or from external forces (such as power outages, flooding, earthquakes, etc.). Operational Risk Management also reviews risks to the business that include: <ul style="list-style-type: none"> <li>- Legal and regulatory risk</li> <li>- Business process risk</li> <li>- Financial crime risk</li> <li>- People risk</li> <li>- Change risk</li> <li>- Governance risk</li> </ul>			
<b>Credit Risk Control/Credit Analysis</b>	Assesses the impact on CLSA's bottom line due to a failure of a client or counterparty to pay what is owed to CLSA. Credit Risk teams are responsible for performing credit analysis over counterparties, assigning internal ratings, setting credit terms, establishing credit limits, monitoring credit exposures and performing periodic limit reviews.			
<b>Market Risk Management</b>	Assesses the impact on CLSA's business of market-driven events such as equity market fluctuations, foreign exchange, interest rates and political instability. Market Risk Management is responsible for establishing limits, measuring, monitoring and reporting market risk exposures.			
<b>Technology Risk Management</b>	Assesses the impact on CLSA's technology infrastructure from malicious or erroneous actions that may cause infiltration of viruses, loss of confidential information and intellectual property, destruction or corruption of data or system failures. Managing technology risk involves reviewing change releases, follow-up of mitigations for data leakage or system failure, monitoring control reports and issue escalation.			
<b>Enterprise Risk Management</b>	Assesses the impact on CLSA's business by capturing major risks that could prevent the firm from achieving its goals. Enterprise Risk works towards establishing a framework that employs a comprehensive, integrated approach to risk management. It is designed to enable processes through which we identify, assess, monitor and manage the risks we assume in conducting all our activities.			

### *Risk Control*

CLSA's three lines of defence model is used to provide clarity to staff and management around their roles with respect to the identification, management and monitoring of risks. Responsibilities of staff vary depending on which line of defence they are in, as outlined below.

- First line: Front Office supervised by heads of business, business line COOs and responsible officers. As the ultimate owners of risk within the organisation, they are responsible for designing appropriate mitigating controls.
- Second line: Risk and Compliance. Supports the first line by way of monitoring and oversight of risk and control effectiveness.
- Third line: Internal Audit. Provides independent assurance to senior management and the Board over the effectiveness of the first and second lines.

CLSA's Risk and Control Self-Assessment (RCSA) assists the three lines of defence with identification, mitigation and monitoring of risks.

### *Business Continuity*

CLSA is committed to ensuring staff safety and maintaining an effective business survival capability in the event of a significant disruption such as loss of office premises, loss of systems, or unavailability of staff due to a contagious disease or other event.

Every office within CLSA's global network maintains and regularly tests business continuity capability so as to be able to sustain business activities after the occurrence of an incident. The key aims are to:

- Protect staff, clients, counterparties, exchanges/clearing and markets from losses
- Protect CLSA from losses
- Protect CLSA from increased risk
- Minimise any interruption to the business
- Maintain compliance with laws and regulations under which the business is conducted

## **4.4 Compliance**

The compliance function plays a critical role in ensuring the CLSA Group of businesses and their staff are licensed and compliant with the rules and regulations governing our global business activities.

Throughout the organisation, we foster a culture of honesty, fairness and transparency through proactive training of staff, offering practical regulatory advice to the business. Early identification, assessment and resolution of potential compliance issues is our focus.

The CITIC Securities Global Compliance manual governs all aspects of our business. CLSA staff are required to acknowledge their understanding of the manual on an annual basis. CLSA staff are also required to comply with a number of internal policies, including but not limited to, Staff Dealing, Outside Directorships, Anti-Bribery and Corruption, and Gifts and Entertainment.

CLSA Group Compliance supports staff that require regulatory licences and continuous professional training requirements. Ensuring CLSA Group staff understand their compliance obligations through ongoing training, is a key aspect of the CLSA Group Compliance remit.

To monitor and assess compliance, test internal systems and controls, and identify non-compliances for investigation and corrective and preventative action, CLSA Group Compliance conducts regular internal audits.

#### **4.5 Internal Audit**

Group Internal Audit (Group IA) is an independent function within the Group that appraises the system of internal control (including risk management, governance systems and processes) and reviews the Group's level of adherence to those controls. To evaluate the risk exposures, the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems, Group IA conducts risk focused internal audits on all offices and business units on a regular basis according to its annual risk assessment. If CLSA owns 50% or more of a joint venture, as is the case for PT CLSA Sekuritas Indonesia and CLSA Exchange Capital, Inc., the business is audited as part of the regular CLSA process as well.

#### **4.6 Ethical Management**

Ethical management underpins our approach to corporate governance, compliance and the day-to-day management of our business.

CLSA holds its staff and operations to the highest principles to ensure the sustainability of our business, the impact we have in the market, our responsibility to our stakeholders and the maintenance of brand and reputation.

##### *Code of Conduct*

Our Code of Conduct empowers CLSA employees to deliver superior value and service to clients and to support employees and the communities in which we live and operate. The Code of Conduct covers our business dealings with clients, including human and labour rights policies and procedures, appropriate use of assets, intellectual property, confidentiality of information, conflicts of interest, electronic communications, media policy and social media guidelines. It outlines how our employees approach ethical decision making and what the business expects in terms of honesty, integrity, professionalism, diversity, non-discrimination and equal opportunities. It provides guidelines for health and safety, freedom of association, community involvement and outlines roles and responsibilities of managers and employees.

Violations of the Code of Conduct are dealt with by CLSA's Disciplinary Committee and are treated with the utmost seriousness and confidentiality. In 2019, there were no significant incidents of critical concern that required the attention of CLSA's Disciplinary Committee/Group EXCO.

##### *Whistleblowing*

CLSA encourages a culture of confidence among staff to report suspected wrongdoing as soon as possible in the knowledge that their concerns will be taken seriously, investigated appropriately and that confidentiality will be respected. CLSA's Whistleblowing Policy enables employees to confidentially disclose information in good faith, without fear of adverse consequence, when they have reason to suspect illegal or unethical behaviour within the Group or about their clients. To ensure this, CLSA has a dedicated telephone hotline for whistleblowing, which protects staff from retaliation when making a report in good faith.

Local laws and regulations may also impose certain mandatory whistleblowing obligations on staff, such as matters relating to money laundering or terrorist financing. Where legal or regulatory requirements impose higher standards than the requirements of our Whistleblowing Policy, the legal and regulatory requirements prevail. In 2019, there were no cases raised that required action.

##### *Internal Controls*

CLSA has embedded company-wide internal controls across the organisation to ensure a culture of transparency and ethical business practices. These include but are not limited to: incident escalation, anti-money laundering and know-your-customer (KYC) policies; gift and benefit declarations, anti-bribery and corruption declarations; as well as data-protection, IT security and systems that protect

clients, staff and the business. Staff must also declare outside interests and any directorships they hold on listed or non-listed companies, including not-for-profit organisations.

CLSA's Internal Audit plays a vital role in ensuring regular checks on business practices and procedures are conducted. CLSA has also put in place a number of internal controls designed to manage conflicts of interest that may arise as a result of CLSA engaging in corporate finance, sales and trading and research activities. These controls include the use of information barriers and other information controls designed to ensure that confidential information is only shared on a "need to know" basis and in compliance with CLSA's Chinese Wall policies and procedures. These measures are designed to ensure that interactions that may occur among CLSA's research, corporate finance and sales and trading personnel, our financial product issuers and research analysts do not compromise the integrity and independence of CLSA's research.

In 2019, CLSA did not have any cases of non-compliance with laws and/or regulations in the social and economic area, and no political donations, financial or in-kind, were made in this period.

#### *Anti-Bribery and Corruption*

CLSA has an Anti-Bribery and Corruption Policy that identifies the company's approach to address corruption. An Anti-Bribery and Corruption Committee is responsible for approving the policy and reviewing any issues in relation to bribery and corruption. CLSA conducts a biannual risk review of anti-bribery and corruption risk. The main risks are assessed as being client entertainment and use of third-party introducers for investment into Capital Partners (CLSA's alternative asset management business). CLSA's Anti-Bribery and Corruption Policy is communicated to all members of governance bodies, employees and business partners. In 2019, there were no incidents of corruption involving employees or business partners and no legal cases regarding corruption, anti-competitive behaviour, anti-trust or monopoly practices were brought against CLSA or its employees.

#### *Conflicts of Interest*

Conflicts of interest are managed through our Control Room. The purpose of the Control Room is to ensure that actual or perceived conflicts of interest that may arise between any of the following are managed in line with regulatory requirements and principles: i) CLSA and its associates; ii) CLSA's employees; iii) clients; and iv) affected counterparties. This is to ensure that CLSA is safeguarded from any potential regulatory fine or censure and any potential reputational damage stemming from conflicts of interest between two parties.

#### *Sales and Marketing Practices*

In most jurisdictions in which CLSA operates, CLSA's broking licence does not permit marketing of our products or services to retail clients. We are extremely mindful of these restrictions and adhere to all regulations regarding sales practices, disclosure of information, and promotion on social media. In 2019, there were no incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications.

#### *Tax Strategy*

CLSA is committed to a tax strategy that aligns with our business and corporate responsibility goals and legal requirements in the jurisdictions where we operate. The Group Chief Financial Officer has overall responsibility for execution of tax strategy<sup>4</sup> and governance, with day-to-day responsibility sitting with the Group Head of Tax.

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<sup>4</sup> [https://www.clsa.com/wp-content/uploads/2018/12/CLSA-TAX-STRATEGY\\_DEC2018.pdf](https://www.clsa.com/wp-content/uploads/2018/12/CLSA-TAX-STRATEGY_DEC2018.pdf)

#### **4.7 Corporate Governance Training**

CLSA instils integrity, ethical business practices and a compliance mind-set across the organisation so that employees are fully aware of their legal and corporate responsibilities. Training is conducted regularly across the organisation. This includes but is not limited to company-wide corporate training as well as mandatory training on:

##### *Risk Management*

- Operational Risk Management training is provided annually to COOs across the CLSA Group.

##### *Compliance Training*

- Financial Crime Training - all staff are required to take a mandatory Global Financial Crime online course on an annual basis, which contains references to anti-bribery and corruption. This training also includes issues and risks associated with human trafficking and forced and child labour to ensure CLSA is neither host to nor a conduit for illicit proceeds from modern slavery, and that staff are able to monitor transactions for suspicious activity.
- Anti-Bribery and Corruption Training - in addition to the Financial Crime training (inclusive of anti-bribery and corruption content) listed above, all CLSA staff are required to complete a specific Anti-bribery and Corruption training which is administered biannually. In 2019, all employees were trained on CLSA's anti-corruption policies. Each year, a reminder is also sent out to all staff reminding them of the Anti-Bribery and Corruption and Gift and Entertainment Policy.

#### **4.8 Supplier Management**

It is CLSA's policy that goods and services are procured in a fair, open, timely and economically effective manner and that all procurement activity complies with applicable human and labour rights and environmental, health and safety legislation and corporate policies. At present, we are working towards ensuring that CLSA suppliers complete a questionnaire on their environmental activities for our approval. This pre-qualification review questionnaire helps us to ascertain suppliers' approach to environmental management and compliance. The questionnaire assesses the following:

- If they have an environmental manager or designated staff
- If they have a documented environmental management system, environmental policy and a list of procedures
- If they are registered to ISO 14001 or an equivalent standard and provide a certificate, or if they intend to apply for certification to relevant standards within the next 12 months
- If all products and waste materials are properly segregated for appropriate disposal
- If documented evidence of environmental control and inspection is maintained
- If they have been prosecuted for any environmental offence in the previous 12 months

Some of our suppliers are ISO certified and/or have their own environmental policy. For example, Sheraton Hotel and Towers, Hong Kong, one of the hotels where CLSA clients stay, has a policy to monitor, record and benchmark their environmental performance on a regular basis. Sheraton's policy states it is in compliance with all international conventions as well as national and local laws which safeguard natural environments and cultural sensitivities. They are working to continuously improve environmental performance and minimise environmental impact.

CLSA is committed to expanding our existing procurement approach to adopt a more sustainable procurement policy going forward.

#### 4.9 Information Security

CLSA's Information Protection Policy states the requirements for safeguarding company sensitive information in various areas of operation including access control, storage, transmission and disposal, as well as protection against cyber threats. This policy applies to all CLSA information assets and resources, and all information users, owners and custodians within the CLSA Group as well as suppliers/contractors who have valid needs for accessing CLSA information assets and resources. Violation of this policy could result in loss or limitations on the use of information resources, as well as disciplinary and/or legal action, including termination of employment or referral for criminal prosecution. In 2019, there weren't any breaches of CLSA's Information Protection Policy. Also, no violations of customer privacy or losses of customer data were reported.

All CLSA staff have the responsibility to protect company information resources from unauthorised disclosure and alteration and to ensure its integrity, confidentiality and availability throughout its intended life cycle. Roles and responsibilities of CLSA staff with regards to information security are outlined below.

Roles	Responsibilities
IT Security	<ul style="list-style-type: none"> <li>• Developing and maintaining security policies, standards and procedures for protecting company-sensitive information.</li> <li>• Performing risk assessment on threats associated with sensitive data and recommending security controls.</li> </ul>
Information User	<ul style="list-style-type: none"> <li>• Not accessing data that they are not authorised to or for which they do not have a legitimate business need-to-know.</li> <li>• Protecting company-sensitive information by not disclosing to unauthorised parties.</li> <li>• Immediately reporting any data breach or violation of this policy to Information Owner and IT Security.</li> </ul>
Manager/ Supervisor	<ul style="list-style-type: none"> <li>• Ensuring that their staff understand and comply with this policy.</li> </ul>
Information Owner	<ul style="list-style-type: none"> <li>• Ensuring the confidentiality, integrity and availability of the data they own.</li> <li>• Ensuring appropriate controls are implemented consistent with the data classification and in compliance with this policy.</li> <li>• Ensuring their data is retained and disposed according to legal and compliance requirements.</li> <li>• Immediately reporting any data breach or violation of this policy to IT Security.</li> </ul>
Information Custodian	<ul style="list-style-type: none"> <li>• Assisting information owners with implementing prescribed security controls in compliance with this policy.</li> <li>• Immediately reporting any data breach or violation of this policy to Information Owner and IT Security.</li> </ul>
Legal and Compliance	<ul style="list-style-type: none"> <li>• Providing guidance on group record retention requirements.</li> </ul>

## **SECTION 5: INVESTING RESPONSIBLY: OUR APPROACH TO INTEGRATING ESG INTO THE INVESTMENT PROCESS**

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- 5.1 Introduction
- 5.2 Asset Management
- 5.3 CLSA's Other Businesses
- 5.4 Equity Research

### **5.1 Introduction**

CLSA is an active proponent of responsible investing. Through our award-winning research, events, investments and corporate initiatives, CLSA provides responsible investors with visibility on ESG issues that may impact their investment mandates.

CLSA supports and integrates ESG benchmarks across our business.

### **5.2 Asset Management**

One of CLSA's alternative asset management (AM) businesses, CLSA Capital Partners (Capital Partners), is committed to thorough consideration of ESG issues in its portfolio company investments. Capital Partners is a signatory to the six principles for responsible investment of the United Nations Principles of Responsible Investing (UNPRI)<sup>5</sup>. These principles were developed by an international group of institutional investors reflecting the increasing relevance of ESG issues to investment practices. The process was convened by the United Nations Secretary-General.

We also seek to follow guidelines developed by the US Private Equity Growth Capital Council (PEGCC)<sup>6</sup> and have compiled our own internal set of Responsible Investing Guidelines based on UNPRI and PEGCC.

Capital Partners' own Responsible Investing Guidelines were first compiled in 2012. Capital Partners continually monitors and evaluates developments in the ESG space, including regularly reviewing the guidelines set by the UNPRI and PEGCC. As a result, we periodically update our guidelines as appropriate. In addition, Capital Partners commenced ESG reporting under the UNPRI framework in 2019.

The investment teams conduct thorough due diligence into all ESG aspects of a potential portfolio company's operations and performance. ESG management and performance is taken into consideration when Capital Partners reviews potential investments to assess their viability and this factor can be a reason for not investing in a particular company. There are two key stages whereby ESG risks and/or opportunities are reported to, considered and documented by the funds and their respective Investment Committees (IC).

The first stage is pre-investment. Each fund's investment process includes detailed submissions to the IC, which include material ESG findings arising from due diligence for review and decision making on how to proceed.

The second stage is post-investment. Each fund engages in detailed monitoring of its portfolio holdings and this includes following up on issues identified during the pre-investment phase and those that may arise after the investment has been made. Quarterly reporting to the ICs includes commentary on material issues relating to each portfolio holding, such as ESG risk management and performance, and opportunities for value creation.

Any issues that arise during these stages could result in a range of actions, including declining an investment opportunity or making an investment conditional upon remediation of the issue either prior to or post investment depending on the seriousness and materiality of the issue.

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<sup>5</sup> <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>

<sup>6</sup> The PEGCC guidelines grew out of a dialogue between PEGCC members and a group of the world's major institutional investors, which took place under the umbrella of the UNPRI.

### *Oversight*

In support of Principles 2 and 3 of the UNPRI, we seek to “be active owners and incorporate ESG issues into our ownership policies and practices” and “seek appropriate disclosure on ESG issues by the entities in which we invest”.

### *CLSA Team Level*

Responsibility for ESG oversight with respect to fund investments belongs with both the specific investment’s deal team, as well as the Capital Partners’ risk management team and ultimately with the COO.

ESG compliance is included within Capital Partners’ comprehensive fund-specific Operation Manuals. CLSA AM takes steps to ensure that staff are aware of the ESG policy and its contents and the requirements that must be adhered to during their investment processes and portfolio company monitoring.

The risk management team monitors employees on the investment team to ensure CLSA AM’s Responsible Investing Guidelines are applied and that the investment processes that apply to each fund impose oversight on how transactions are managed both pre and post investment. Compliance with Capital Partners’ policies, including the Responsible Investing Guidelines, is also part of the annual review process which impacts remuneration of team members.

### *Portfolio Company Level*

CLSA also takes steps to assess that adequate ESG-related competence exists at the portfolio company level. As part of the due diligence process, Capital Partners seeks to invest in portfolio companies with competent management, who are informed and understand that we seek to follow the UNPRI and PEGCC guidelines.

Our investment teams support portfolio company management to ensure portfolio companies have sufficient resources to manage any ESG factors that are identified. CLSA AM will hire external ESG consultants if there is a clear need for additional expertise or support. Furthermore, ESG factors are raised with portfolio company Boards as and when considered necessary.

We have established an ESG checklist, which helps us to systematically capture ESG factors in our investment processes across all sectors. Where considered necessary, issues identified in due diligence can be integrated into deal documentation in the form of, for example, conditions precedent, conditions subsequent or ongoing undertakings. In addition, the close involvement and monitoring of portfolio investments by CLSA AM deal team members enables full engagement on all issues relevant to the investment. We have general representation and warranties embedded in our investment agreements to ensure investee companies are in compliance with applicable laws.

Examples of how CLSA Capital Partners has contributed to portfolio companies’ management of ESG factors are highlighted below.

### *CLSA’s Real Estate (CLSA RE) Funds:*

CLSA RE constantly seeks to improve the energy performance of the buildings that we acquire through asset enhancement works that are undertaken as part of our investment strategy. Relevant examples are outlined in the table below.

Market	CLSA RE – Projects
Australia	<p>485 Latrobe St - CLSA RE increased the local NABERS energy rating from 3.5 stars to 4.5 stars by replacing obsolete chillers running on R22 refrigerants with new, highly-efficient PowerPax chillers supported by variable speed drives and improving the flow rate of the condenser water loop. CLSA RE also replaced inefficient incandescent light bulbs in public areas with LED lights and controlled the waste generated from construction.</p> <p>20 Hunter St - CLSA RE improved the performance of the cooling towers and air-handling units by optimising the operational settings of plant and equipment and obtained a 4.5-star NABERS rating.</p>
Singapore	POMO - CLSA RE acquired this building with a Greenmark Platinum design rating based on a relatively vacant office-building load. Post-acquisition, CLSA RE completed chiller replacement and BMS re-programming works, reconfigured the air handling units and installed new efficient fan coils to support a 6.7 times higher occupancy heat load as occupancy density was increased from 10m <sup>2</sup> /person to 1.5m <sup>2</sup> /person due to the conversion of the building into a higher-value, commercial business school.
Hong Kong	Laguna Plaza - CLSA RE undertook major renovations to the public areas of this suburban retail mall. Key energy initiatives included replacing the inefficient, dim 150 lux fluorescent lighting along the arcades and lobbies and brightening up the mall to over 400 lux. This was accomplished using new, energy-efficient LED light panels that consumed only half of the power and improved the mall's overall energy consumption by about 15%. The sanitaryware and fittings in public toilets were also replaced with water-saving features such as self-closing taps and sensor flushes.

Apart from the above-noted projects, CLSA RE has also partnered with reputable companies that have established environmental sustainability and corporate social responsibility initiatives for our other developments in Australia<sup>7</sup> and have gained invaluable knowledge and experience with service providers such as JLL<sup>8</sup>, CBRE<sup>9</sup> and SGA<sup>10</sup>, among others.

#### *CLSA Capital Partners' ARIA Funds:*

ARIA Funds' investment in Apar Industries (Apar) is another example where review of the portfolio company's ESG factors were part of the investment process. Prior to investment in Apar, a manufacturer of power conductor, transformer oil and nitrile rubber in India, the ARIA team engaged a third-party environmental consultant, Indus Environmental Services (Indus), to review two manufacturing facilities, which handled oil derivative products. The scope of the project included identifying potential environmental issues, the management team's environmental competency and activities, and whether Apar complied with environmental regulatory requirements. There were no material issues arising and the review report was shared with the Board members and management of Apar highlighting issues for improvement to address post ARIA's investment.

<sup>7</sup> Grocon: <http://www.grocon.com/awards/>

<sup>8</sup> <http://www.jll.com.au/australia/en-au/services/corporates-occupiers/energy-and-sustainability>

<sup>9</sup> <http://www.cbre.com.hk/EN/services/sustainability/Pages/home.aspx>

<sup>10</sup> <http://sgaproperty.com/environmental-services/>

*CLSA Capital Partners' Pacific Transportation Fund (PT):*

The Pacific Transportation Fund's processes also take into account ESG issues. All portfolio company vessels are compliant with international regulations on environmental and waste management (e.g. International Oil Pollution Prevention Certificate, International Energy Efficiency Certificate) with various operation manuals and/or procedures onboard to meet international requirements to protect the environment.

PT has implemented bimonthly conference calls and quarterly management meetings where operational issues, including the portfolio company's ESG policies, are discussed as required. As and when necessary, PT may be involved in the drafting or approval of policies that impact upon ESG factors and compliance. As an example, in 2014, PT was actively engaged with the portfolio company's management team, in drafting and approving a Piracy Policy, which laid out procedures and guidelines for AMP vessels trading in high-risk piracy regions. The policy draws from international best practices, placing crew safety as paramount importance, while recognising commercial realities of the business.

*Clean Resources Asia Growth Fund:*

We recognise the positive impact that careful ESG consideration can have when acting in the best interests of investors and more broadly on society and the environment. In particular, our Clean Resources Asia Growth Fund has consistently demonstrated our commitment to responsible investing and creating sustainable value. This Fund has stringent ESG requirements mandated by the Asian Development Bank and the International Finance Corporation, who are both investors in the Fund.

In 2009, CLSA Capital Partners launched the fund to partners with innovative companies in the clean technology sector via the provision of capital for growth and expansion. The fund focuses on sustainable agriculture, water, recycling, energy efficiency and cleaner energy as outlined below.

- Sustainable agriculture is highly correlated to water as over 80% of water in Asia is used in the agriculture sector. Areas of interest include environmentally-responsible fertilisers, weed/pest control and water conservation technologies.
- Water is divided into supply, treatment and wastewater. Investable areas include desalination, irrigation solutions and wastewater treatment.
- Recycling is a high-growth area the fund expects to become a major investment area for us as it matures, with increasing emphasis on the sustainable management of waste streams, such as electronic waste, plastic and rubber.
- Energy efficiency includes solutions that reduce energy consumption for buildings and applications that require significant amounts of energy for temperature control (e.g. data centres).
- Cleaner energy encompasses natural gas, solar and wind energy, biofuel substitutes, hydro, geothermal and clean coal technology.

Our Clean Resources Asia Growth Fund also integrates climate change risk in its investment process. The Fund duly monitors and addresses the risk of investing in fossil fuel dependent businesses, or industries that are exposed to climate change policies or regulatory development. As per the examples outlined below, our work takes into account the physical and financial impact of climate-related events.

- The Fund invested in a plantation company, of which the investment proceeds are to be utilised for mitigating climate change and improving crop yield, e.g. installation of drip irrigation in the plantation that will help to cushion drought impact

- The Fund invested in a seawater desalination with a proprietary energy recovery device to reduce consumption of power
- The Fund evaluated investments in water plants within low-water catchment areas affected by climate change
- The Fund acquired real estate assets that meet local environmental certification standards
- Investment opportunities where power plants in China were required to be fitted with desulphurization and denitrification systems to reduce greenhouse gas emissions, were reviewed by the Fund

*ESG and other CLSA Asset Management businesses:*

ESG issues are considered as part of the investment strategy for other CLSA Asset Management businesses as follows:

*CITIC Securities One-Belt-One-Road (CSOBOR) Fund:*

Prior to investing in a project, the CSOBOR deal team combs through the project's due diligence report. The deal team then arranges a meeting with the legal due diligence team as well as the target company to discuss the findings. If deemed to be noteworthy, the deal team includes the risks (if any) along with its mitigating factors in the report for the Investment Committee. After investing, the deal team also monitors the overall compliance of portfolio companies. Examples of ESG risks monitored include child and forced labour, suppliers' rights to freedom of association and collective bargaining, and general human rights issues.

**5.3 CLSA's Other Businesses**

Outside of Asset Management, ESG issues are considered as part of the investment strategy for other CLSA business lines as follows:

*Fixed Income Currencies and Commodities (FICC):*

For the FICC business if any ESG related issues arise during the due diligence process, these issues are escalated in the related business sub-committees of the CCC (Capital Commitment Committee) forum for consideration and approval. The CCC is comprised of the CEO, Treasurer, CFO, CRO, Group Head of FICC, Chief Legal and Compliance Officer and other relevant senior management.

*Corporate Finance and Capital Markets (CFCM):*

The CFCM business requires deal counsels on all deals to address whether the client is in compliance with relevant issues, such as labour requirements, as part of the overall legal opinion. For example, when working on an IPO transaction with major operations in South Africa, we would ask the deal counsels to look into and comment on if there were strikes or labour disputes in the past and assess whether there would be similar risks to the company's future operations. In addition, we could conduct independent due diligence meetings with the relevant parties.

#### 5.4 Equity Research

CLSA was one of the first financial firms in Asia to write about pollution, carbon trading and 'the greening of Asia'. Our sustainable research team regularly covers a range of issues from supply chain labour to clean water, clean technology and corporate governance. CLSA has actively reduced its hardcopy report output over the past decade. Today, we print only 1% of annually published research, as compared to almost 3% of titles printed five years ago. In 2018, we produced 16,600 individual (digital only) reports (including video and audio) and printed only 165 of these.

The core of our ESG research is the CLSA Corporate Governance Score. Since 2001, CLSA has scored listed Asian companies on corporate governance issues. Factors influencing the score are reviewed annually in partnership with the Asian Corporate Governance Association (ACGA). In December 2018, CLSA published the ninth joint *CG Watch* report in partnership with the ACGA. This biennial report has become a benchmark in assessing the state of corporate governance across Asia and the adherence to good practices by Asian listed companies.

A selection of reports published by CLSA in 2018-19 that addressed ESG issues include:

- *Asia Pacific Oil, Gas, Petrochemicals (Cleaning up: Beautiful China to boost natural gas demand)*
- *Asian Cleantech (Battery rush 3: Innovation in storage-technology sets to spearhead EV revolution)*
- *Beautiful China (Policy shift underpins nation's economic future)*. A far-reaching roadmap for the Chinese economy and sustainable investment
- *China Hydropower (Damned good: Rise of China's cheapest form of clean energy)*
- *China Jolt!* (Asia Pacific power and renewables)
- *Corporate Governance Watch* which rates a wide variety of listed companies in the region on a range of ESG markers
- *Disrupters in the ecosystem (Past and future of shareholder activism in Japan)*
- *Precision Rx (Targeted medicine delivers freedom from one-pill-fits-all: to deliver profound diagnostic and treatment improvements)*
- *Thirsty and underwater (Rising risks in the Greater Bay Area)*

## SECTION 6: OUR PEOPLE

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- 6.1 Overview
- 6.2 Recruitment, Retention and Promotion
- 6.3 Health, Safety and Wellbeing
- 6.4 Evaluation and Compensation
- 6.5 Employee Engagement
- 6.6 Learning and Development

### 6.1 Overview

CLSA's most valuable asset is its employees. The sustainability of our workforce is critical to ensuring ongoing value creation for our clients and other key stakeholders.

Our workforce is diverse. CLSA employs 2,000 people across a global network of 20 offices, representing 34 different nationalities and 24 spoken languages. A detailed profile of our workforce is presented in the tables below.

	Permanent Employees		Contract Employees	
	Number	Percentage	Number	Percentage
Australia	52	3%	4	0.2%
Mainland China	17	1%	-	
Hong Kong	865	44%	51	2.6%
India	390	20%	3	0.2%
Indonesia	44	2%	3	0.2%
Japan	83	4%	6	0.3%
Malaysia	26	1%	-	
Mauritius	12	1%	-	
Netherlands	6	0%	2	0.1%
Philippines	31	2%	-	
Singapore	151	8%	9	0.5%
South Korea	51	3%	3	0.2%
Thailand	31	2%	3	0.2%
United Kingdom	51	3%	2	0.1%
USA	70	4%	-	
<b>Totals</b>	<b>1,880</b>	<b>95.6%</b>	<b>86</b>	<b>4.4%</b>

**Table 6: CLSA Employees by Geographic Location and Contract Type**

	Permanent Employees		Contract Employees	
	Number	Percentage	Number	Percentage
Female	683	35%	38	2%
Male	1,197	61%	48	2%
<b>Totals</b>	<b>1,880</b>	<b>96%</b>	<b>86</b>	<b>4.0%</b>

	Employees on full-time contracts		Employees on part-time contracts	
	Number	Percentage	Number	Percentage
Female	708	36%	13	0.7%
Male	1,239	63%	6	0.3%
<b>Totals</b>	<b>1,947</b>	<b>99%</b>	<b>19</b>	<b>1.0%</b>

**Table 7: CLSA Employees by Gender and Contract Type**

### 6.2 Recruitment, Retention and Promotion

At all times and without exception, our primary objective is to hire the best candidate for the job in accordance with global best practice selection principles. CLSA's Human Resources department works closely with business and hiring managers to ensure candidate recruitment is managed effectively and equitably.

CLSA commits to uncovering excellent future leaders and providing a platform for young talents to grow. CLSA's summer internship programme has formed the first step in our talent identification.

The programme allows final and penultimate year university students keen to develop a career in the financial services the opportunity to gain valuable exposure to the industry across various parts of CLSA's business.

CLSA believes in building a diverse and inclusive workplace. We believe in equal opportunity and do not discriminate on gender, race, ethnicity, physical ability, age or other factors. In this regard, we comply with all equal opportunity and anti-discrimination legal responsibilities. We are committed to engaging in employment practices that meet the highest legal and ethical standards. As such, our responsibility in overseeing the minimum age and working conditions of our employees is of paramount importance. All our employees are above legal age limits and all work is performed voluntarily. Employees and managers are reminded they are bound by the standards and policies outlined in the CLSA Code of Conduct and Employee Handbook.

CLSA always seeks to promote staff internally before filling roles externally. The Job Opportunities @ CLSA page is accessible to staff via the CLSA intranet and lists internal job openings. It aims to capture interested, internal talent as part of CLSA's candidate sourcing strategy.

Keeping and retaining our talent is essential to the ongoing success of our business, and for us to be successful in doing this, it is imperative that we have managers who are skilled in the art of management and consequently able to empower, manage and motivate their teams.

### **6.3 Health, Safety and Wellbeing**

CLSA cares about the health, safety and wellbeing of all employees. All permanent staff are automatically enrolled in healthcare and pension plans that align with the market offering in different CLSA office locations. We ensure that terms and benefits provided, including parental leave, comply with the statutory requirements in different office locations.

As part of CLSA's commitment to occupational health and safety, CLSA has a medical and security services agreement with International SOS, the world's leading medical and travel security risk services company. This agreement reinforces the health and safety of our mobile workers by giving them access to country-specific risk ratings, expert medical and travel security advice or referral, and 24/7 assistance prior to travel, during travel, and in the event of an incident.

CLSA encourages staff to lead healthy lives by providing informative health, lifestyle and anti-stress seminars, discounted gym memberships and informal group exercise programmes.

Some CLSA staff in India and Hong Kong participate each year in the Oxfam Trailwalker, a 100-km hiking marathon. A range of other charitable sporting competitions are on offer for staff, and exercise is often incorporated into events with clients. All CLSA offices are non-smoking environments. Regular fan coil unit/carpet cleaning and pest control are conducted in all offices to maintain good indoor air quality for a healthy work environment.

### **6.4 Evaluation and Compensation**

CLSA salaries are on par with industry standards. We have a comprehensive Performance Management System that is utilised company-wide to evaluate and assess all staff, at minimum on an annual basis. Staff are evaluated and graded with a score that allows managers to identify those who are performing above and beyond expectations and those who are performing below. Staff are measured against objectives set by managers, which feed up into supporting the overall goals of our organisation.

### **6.5 Employee Engagement**

CLSA strives to ensure open lines of communication across its network. We make a particular effort to communicate where possible through:

- CONNECT: an internal, online portal offering a staff directory, up-to-date news, a Human Resources portal, training programmes, job vacancies, community outreach information, access to CLSA research and much more
- Quarterly business updates circulated via email and posted on CONNECT
- CEO Town Hall meetings two to three times per year
- Global departmental meetings and individual office town halls

CLSA staff in some offices have also formed informal networks such as the Women Network Group in Pune, India and the Volunteer Leadership Team in Singapore for supporting the local community.

### **6.6 Learning and Development**

Learning and Development (L&D) is an important function of the wider Human Resources team and a focus for CLSA as we work towards developing an active learning culture. We firmly believe that our success lies in our people and for our business to thrive, they need to be ready to deliver their best. CLSA provides a range of internal and external training and development opportunities for employees at all levels across the organisation, regardless of their gender, age, employment contract or employee category.

At CLSA, our L&D catalogue focuses on three key areas of management, personal and technical effectiveness. Our various learning opportunities are designed to empower our people to drive their own development, strengthen their competencies and prepare them for key roles within the organisation.

The key strategic priorities for L&D at CLSA are:

- Ensure that we are effectively managing our talent across the business
- Prepare our workforce for future challenges
- Enhance workforce effectiveness
- Motivate and retain key talent

Highlights of our L&D initiatives are provided below.

#### *HBDI Psychometric Assessment*

The Herrmann Brain Dominance Instrument (HBDI) Profile is scored from a 120-question survey that measures individual thinking preferences in four unique and distinct modes of thinking. Inspired initially by Nobel Prize winning research, the HBDI has been completed by over 2.5 million individuals and is utilised in many of the world's leading corporations. The HBDI tool has been used by CLSA for over 20 years and over that time it has helped managers and employees alike to develop an enhanced self-awareness when it comes to communication, problem solving, team management and decision making.

#### *CLSA BOOST*

CLSA Boost is a series of short, sharp learning modules that can be delivered in isolation or developed further, depending on the needs of the audience. Topics include assertiveness, hiring the right people the first time, writing effective emails, thinking outside the box and embracing your emotions.

### *Management Essentials*

In-house developed and delivered, our Management 101 modules can be delivered in isolation or together as a course. For CLSA to succeed as a business, it is imperative that we have managers who are skilled in the art of management and consequently able to empower, manage and motivate their teams. The course aims to assist those individuals who have recently moved into a management role, or those who may not have had any formal management training, in developing their own management toolkit. Delivery is very much from the CLSA perspective, which keeps it relevant and real. Practical learning opportunities are interspersed throughout the material, which ensures participants are actively learning and remain engaged.

### *e-Learning*

CLSA has developed a robust online training portal for all CLSA staff to augment their skills and knowledge across a variety of topics. Called Intuition@CLSA, this is provided through *Intuition*, a financial markets online training provider. This excellent development tool can be accessed via the HR home page on the staff intranet. The content provided is detailed and varied and aligns with our three pillars of effective learning: technical expertise, management effectiveness and personal development. Since *Intuition* launched in late 2015, it has been utilised by over 2,000 employees across numerous locations. Popular courses include: “Equities-Trading”, “Life of a Trade”, “Effective Communication”, “Accounting - An Introduction” and “Effective Time Management”.

### *Mandatory Online Training*

In addition to the above and to ensure we comply with all local regulations, we host the following mandatory training online through our e-learning portal. These mandatory training programmes are all developed in-house by the business and cover the following:

- CLSA Code of Conduct
- Global Financial Crime
- Operational Risk
- Anti-Bribery and Corruption
- Conflicts of Interest
- IT Security
- Sexual Harassment – Recognise, Respond, Respect
- CLSA SFC Best Execution

### *Diversity and Inclusion Training*

Delivered face-to-face to all employees of CLSA, our in-house developed Diversity & Inclusion Training is part of our mandatory suite of courses for all new joiners. As inclusion is one of the five guiding principles in our Code of Conduct, this session aims to highlight the business benefits of diversity and inclusion and the importance of managing diversity effectively and applying best practices in this regard.

### *Development Programmes*

CLSA designs and delivers tailor-made, capability-building programmes with the purpose of developing internal leadership pipelines within departments. Through tailored sessions that cover both technical and soft-skills training, we are able to increase the retention of our talent, provide career enrichment and development for high-potential talent and facilitate networking and exposure within the wider CLSA business.

## SECTION 7: OUR ENVIRONMENTAL PERFORMANCE

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- 7.1 Environmental Management Approach
- 7.2 Environmental Metrics

### 7.1 Environmental Management Approach

CLSA is committed to reducing our consumption of natural resources and impact on the environment. Since 2007, we have implemented our ISO 14001-certified environmental management system (EMS) across 80% of our offices. This requires CLSA Hong Kong to be audited annually, with regional offices taking turns to be audited every three years. Our global certification has been successfully renewed in 2019 and no major nonconformities have been found in the audits.

Our approach to managing our key environmental issues, which is guided by a precautionary approach to avoid or minimise environmental impact, is outlined below.

*Sustainable Design, Energy Efficiency and Health & Safety Measures:* Our global offices are working to implement and track the adoption of sustainable design features, including both the incorporation of energy-efficient lighting and equipment, and the procurement of renovation materials and fittings with sustainable attributes in building and office design. In addition to complying with all local health, safety and wellness requirements, offices are implementing measures such as ergonomic desk and seating features to ensure employee wellness.

*Indoor Air Quality (IAQ):* All CLSA offices are strictly non-smoking environments and maintain suitable room temperatures. In Hong Kong, the air conditioning units and carpets are cleaned regularly.

*Water:* While CLSA's offices are located in buildings with water-efficient equipment and fixtures, water consumption data is not available as this is provided as part of the services included in office rental.

*Waste:* Our commitment to reduce, reuse and recycle is well established and we have been segregating paper, metal cans and plastic since 2007. These are collected from our offices by authorised suppliers who separate the materials for recycling. In Hong Kong, our building manager, Swire Properties, is also ISO 14001-certified. Swire Properties supports our recycling efforts and arranges environmental activities for tenants periodically, such as mooncake box recycling after the Mid-Autumn Festival. We have begun to collect solid and hazardous waste data across our operations and aim to be able to report on this systematically for offices that are able to receive this data from their property managers.

In Hong Kong, we also participate in the annual Electronic Waste Recycling Campaign, organised by Swire Properties, which enables our office and individuals to donate electronics to NGOs for reuse or to have their component parts reused or recycled in an environmentally-responsible way. In 2018, we donated 83 servers and 23 desktop computers to Crossroads Foundation in Hong Kong and 27 desktop computers in India.

*Packaging:* seven of our offices reported consumption of varying sizes of envelopes, some of which is FSC-certified, to comprise 132,344 envelopes in 2018. Going forward, we aim to report on this metric more consistently.

*Plastic reduction:* More than half of our offices globally have installed water filters to eliminate the use of plastic water bottle dispensers. This is both healthier and reduces the potential wastage of large plastic water bottles and the associated delivery costs. We also provide reusable chopsticks and cutlery in most offices to avoid the use of disposable wooden and plastic cutlery.

*Supplier auditing:* We are working towards asking all CLSA suppliers to complete an annual questionnaire to assess their environmental activities. We ascertain if they have an established Environmental Management System (EMS), if they are ISO certified, if they recycle their waste products and if they document evidence of their environmental controls. As noted earlier, CLSA is committed to strengthening our sustainable procurement policy going forward.

## 7.2 Environmental Metrics

While our global offices actively implement measures to conserve electricity, water, paper and other resources, there had been an increase in consumption in 2018. This was due to the expanded business lines incorporated into the CLSA platform following the merger of CLSA and CITICS Securities International in mid-2017, and as a result of expanding our capture of data from our offices globally in 2018. Consumption data for paper and electricity are below. As we were setting a new global baseline in 2018, our data was not comparable with previous disclosures.

Paper (A4-equivalent paper)	1,149 reams (2018) per month (13,789 annually), equivalent to 7 reams per person per year
Electricity (kWh)	1,588,214 units (2018) per month (19,058,570 annually)

**Table 8: Consumption Performance for Paper and Electricity in 2018**

CLSA Location	2018 <sup>11</sup>	
	Paper consumption (A4 equivalent reams - 500 pcs/ream)	Electricity consumption (kWh)
Amsterdam	54	15,186
Bangkok	468	301,681
Beijing	51	92,631
Hong Kong	6,522	2,253,793
Jakarta	482	147,500
Tokyo	35	11,775,896
Kuala Lumpur	189	306,256
London	540	259,197
Manila	227	202,738
Mauritius	49	6,968
Mumbai	817	1,019,760
Pune	651	1,080,161
Seoul	1,002	377,007
Shanghai	51	115,775
Shenzhen	51	5,617
Singapore	384	451,089
Sydney	1,320	87,615
Taipei	356	300,503
New York	540	259,197
<b>Totals:</b>	<b>13,789</b>	<b>19,058,570</b>

**Table 9: Consumption Metrics for Paper and Electricity in 2018 for Key Offices**

*Energy:* We continue to expand the use of LED lighting and motion sensors across our global offices to minimise energy consumption.

Annual electricity consumption in Hong Kong reduced from 153,000 kilowatt hours (kWh) in 2007 to 141,000 kWh in 2017 with around a 30% increase in headcount. Absolute consumption increased in Hong Kong due to increase in business operations to 2,253,793 kWh in 2018. Energy intensity, as measured by kWh of electricity against the total floor area of CLSA's Hong Kong offices in 2018, is 13.48 kWh per square metre, representing an improvement from 14.1 kWh in 2017.

<sup>11</sup> Paper consumption for the Beijing and Shenzhen offices, and paper and electricity consumption for the New York office, are estimated.

*Fuel:* In 2018, two company vehicles operated by our Hong Kong office consumed 6,095 litres of Caltex's Gold Techron petrol over a 12 month-period. A total consumption of 64,701 litres of petrol and 2,050 litres of diesel fuel was recorded globally this year.

*Greenhouse Gas Emissions:* We are committed to reducing our greenhouse gas emissions through energy and fuel efficiency initiatives. One way we seek to reduce emissions from air travel is by using video conferencing for meetings. We are working towards measuring our Greenhouse gas footprint across our global operations.

## **SECTION 8: OUR COMMUNITY**

- 8.1 Investment and Engagement
- 8.2 Community Outreach and Volunteering

### 8.1 Investment and Engagement

Each and every day CLSA commits people, capital and ideas to serve our clients, stakeholders and communities across the globe.

#### *CLSA Chairman's Trust*

The CLSA Chairman's Trust provides financial and human capital to support disadvantaged individuals, groups and communities across Asia, Australia, Europe and the Americas.

With a core mandate of poverty alleviation, the Trust disburses grants to support measurable and sustainable projects within small to medium-sized non-governmental organisations (NGOs) in a range of sectors that include education, health and welfare, commercial and environmental enterprises.

Since 2007, the Chairman's Trust has touched the lives of over half a million individuals. We have provided our ideas, people and funding of over US\$30 million, to support the incredible work of more than 125 grassroots NGOs across Asia, Australia, Africa, the United Kingdom and the United States. In 2018, our total Chairman's Trust grant commitment is US\$1.1 million.

The Trust is self-funded through the CLSA Chairman's Trust Dealing Day. CLSA broking clients are encouraged to trade with CLSA on the Dealing Day as all net commissions from this day's trading are contributed to the Trust. CLSA supports the operating costs of the Trust to ensure that 100% of all funds raised go to funding recipients.

Grants are disbursed to a range of innovative non-profit organisations affecting social change. We partner with organisations that demonstrate a clear social impact and are able to provide us with metrics to monitor the efficacy of our partnerships. A stringent monitoring and evaluation process ensures the success of this programme. The impact of Chairman's Trust projects from 2007 to date can be seen below.

#### *Funded Chairman's Trust Projects Overview*

<p><b>30</b> <b>Schools built</b> From Thailand to India, we have rebuilt schools following natural disasters, added additional classrooms to teach more children and laid the foundations for new campuses.</p>	<p><b>7,000</b> <b>School scholarships</b> We help educate children at risk of being trafficked in Cambodia, underprivileged girls in southern Vietnam, and indigenous students in Australia.</p>	<p><b>1,372</b> <b>University scholarships</b> Providing higher learning opportunities to orphans in Japan, medical students in Thailand and many others in Indonesia, Vietnam, China and beyond.</p>
<p><b>4,000</b> <b>Free medical procedures</b> Funding of lifesaving surgery for orphaned babies in China, rehabilitative procedures for the rural poor in Cambodia, and medical outreach in Laos.</p>	<p><b>55</b> <b>Doctors trained</b> We believe in capacity building and long-term sustainability. We provide grants to train doctors and surgeons in Cambodia and Laos so they can use their new skills to improve conditions locally.</p>	<p><b>38,871</b> <b>Students given internet connectivity</b> In the Philippines, we have partnered with the Ayala Foundation since 2008, providing information and communication technology systems to schools throughout the country.</p>

**Table 10: Chairman's Trust Impact 2007 – 2018**

A unique aspect of the Chairman's Trust is the Staff Sponsorship Programme. All funded projects require a CLSA employee to champion the partnership. The staff sponsor is responsible for pre-funding due diligence, funding applications, regular reporting and annual project visits. Staff sponsorship is critical to the success of the Trust, ensuring accountability, active social engagement and awareness. Chairman's Trust staff sponsors visit all of their projects on an annual basis to conduct due diligence. Often, they also provide skills-based guidance and training to these partner organisations.

Charities and beneficiaries funded by the CLSA Chairman's Trust in 2018 are as follows:

<b>Chairman's Trust Charity</b>	<b>Location</b>	<b>Charity Description &amp; Chairman's Trust Project</b>	<b>Beneficiaries</b>
Drive Forward Foundation	UK	<p>Drive Forward Foundation (DFF) is dedicated to the training and care of young people who have no parental/adult support and are leaving the foster care system. DFF assists young people to pursue the career or training of their choice, providing practical and emotional assistance.</p> <p>The Chairman's Trust continues to support the salary of an Employment Consultant, who acts as a 'one stop shop' for DFF beneficiaries.</p>	Youth in the UK who have left the foster care system
Titian Foundation  <i>Also refer to the testimonial in section 3 above.</i>	Indonesia	<p>Titian aims to improve the education, knowledge and skills of underprivileged Indonesians and thereby empower, build confidence and ensure the growth of the people and their heritage.</p> <p>The Chairman's Trust continues to support the high school scholarship programme in a new location – South Tangerang, Greater Jakarta. The Trust also funds the administrative office and community learning centre in this location.</p>	High school students in Indonesia
Helping Hand	Hong Kong	<p>Helping Hand aims to meet housing, care and other needs of senior citizens in Hong Kong.</p> <p>The Chairman's Trust has funded the installation of ceiling hoists for two elderly care centres.</p>	38 Hong Kong residents in elderly care facilities
Envision	UK	<p>Envision enriches education for those from disadvantaged backgrounds, by utilising resources in the local community to provide developmental social action programmes in schools.</p> <p>The Chairman's Trust supports the Community-Apprentice programme at five schools in Bristol, empowering students aged 14 and 15 to tackle social problems as an extra-curricular activity. It includes inter-school competitions, events, weekly group activities and mentoring from business volunteers.</p>	High school students in Bristol

Chairman's Trust Charity	Location	Charity Description & Chairman's Trust Project	Beneficiaries
Bright Dawn Foundation	Thailand	Bright Dawn Foundation provides healthcare and educational support to approximately 600 children at five primary schools in the hinterland of Hua Hin, Thailand.  The Chairman's Trust funds the salaries of two experienced English language teachers.	Primary school students in Hua Hin
Angkor Hospital for Children	Cambodia	Angkor Hospital for Children (AHC) is a paediatric teaching hospital in Siem Reap providing high-quality, holistic and compassionate healthcare to over 180,000 Cambodian children annually.  The Chairman's Trust funds the Paediatric Intensive Care Unit services and has built the capacity of the paediatric emergency room. We are able to measure the success of our grant based upon the functioning of these services.	Underprivileged children in Cambodia who require medical attention
Safecast	Japan	Safecast was founded after the nuclear disaster in Fukushima in 2011. It focuses on independently measuring radiation and air quality in Japan and elsewhere, by engaging citizens to measure their neighbourhoods, allowing them to assess if their areas are safe.  The Chairman's Trust funds the 'One School, One Sensor' programme, installing radiation and air quality sensors at six schools in Fukushima, targeting students from underprivileged backgrounds. The project also educates the students about radiation, air quality and building their own sensors.	High school students in Fukushima
Vivian Slot Foundation	Thailand	Vivian Slot Foundation provides university scholarships for medicine related studies for those who cannot otherwise afford to attend university.  The Chairman's Trust is providing nursing scholarships to eight students.	Eight university students in Thailand
PathFinders <i>Also refer to the testimonial in section 3 above.</i>	Hong Kong	PathFinders (PF) aims to ensure that every migrant child born in Hong Kong has a fair start in life by empowering their mothers to make informed life decisions and find a dignified path towards a safe and legal future.  The Chairman's Trust continues to support the PF shelter in Kennedy Town (catchment area for Queen Mary Hospital), and the Mothers Protection Programme, providing overall support to mothers and children who are in immediate danger.	Indonesian and Filipino migrant domestic workers in Hong Kong
Mind Hong Kong	Hong Kong	Mind Hong Kong helps improve medical care and support for Hong Kong's largest group of vulnerable individuals - those in Hong Kong experiencing, or at risk of developing, mental health problems.	Youth in Hong Kong

Chairman's Trust Charity	Location	Charity Description & Chairman's Trust Project	Beneficiaries
		<p>The Chairman's Trust (CT) supports the Coolminds project, a multi-faceted youth programme designed to improve the mental health of young people in Hong Kong. The CT also funds a youth mental health website and app developed in Chinese, to reach vulnerable populations. It will also include a prize for student mental health innovation.</p>	
Harlem Lacrosse	USA	<p>Harlem Lacrosse aims to empower children who are most at risk of academic decline and dropout, to rise above their challenges and reach their full potential. This school-based youth development organisation provides hands-on holistic academic, athletic and social-emotional education to underprivileged youth.</p> <p>The Chairman's Trust continues to support the high school programme at Frederick Douglass Academy I, focusing on athletic development, academic growth and personal enrichment for 40 students.</p>	40 underprivileged students in the US
Women's Aid Organisation (WAO)	Malaysia	<p>WAO works towards ending violence against women and promoting gender equality in Malaysia. They operate a domestic violence shelter for women and children, and also provide reintegration and public education initiatives.</p> <p>The Chairman's Trust supports the Safe Homes Project, providing basic necessities and provisions for residents at the Women's Refuge and Child Care Centre.</p>	Women and children recovering from domestic violence in Malaysia
Parivaar	India	<p>Parivaar runs two residential education institutions and a day school for over 1,900 children who are vulnerable to exploitation, victimisation and trafficking, including orphans, street children, and those who have been abandoned and are impoverished.</p> <p>The Chairman's Trust assists in funding the total care and education of 250 female children in a residential educational institution in West Bengal. They are supported from preschool until they graduate from high school and are then assisted with jobs, livelihood training or higher education.</p>	250 female students in India
Friends of Tribals Society (FTS)	India	<p>FTS operates over 60,000 schools in remote villages across India, providing quality primary education to children in locations without government schools.</p> <p>The Chairman's Trust provides funding for an additional 250 schools, at a cost of US\$312 per year per school. There is one teacher from the local area at each school.</p>	Up to 7,500 students in rural villages in India

Chairman's Trust Charity	Location	Charity Description & Chairman's Trust Project	Beneficiaries
International Care Ministries (ICM)	Philippines	<p>ICM works to alleviate poverty in the Philippines, especially among the ultra-underprivileged (those earning less than \$0.50 a day). In partnership with local communities, ICM has built an efficient service distribution network to deliver interventions with a holistic approach, helping beneficiaries build knowledge and skills on health and livelihood practices, while strengthening bonds among families and communities and rekindling hope for a better future.</p> <p>The Chairman's Trust continues to support the Transform programme in 25 communities, training approximately 1,000 people. Transform is a four-month, community-based adult education course to build resilience and wellbeing for the ultra-underprivileged. Funds also support the follow-through programme called Prevail, which supports Savings Groups of women who have graduated from Transform.</p>	1,000 ultra-underprivileged people in the Philippines

**Table 11: 2018 Chairman's Trust Charities and Beneficiaries**

## 8.2 Community Outreach and Volunteering

Intrinsic in the culture of CLSA is the philosophy of helping those in need. Community outreach programmes are coordinated locally across our network of offices engaging staff in meaningful causes close to home.

CLSA employees across our network volunteered over 1,100 hours in 2018 within their local communities. While most volunteer activities occur on the weekend, employees are encouraged to take volunteer leave to get out of the office and into the community. An entitlement of two days' paid leave per year can be used to visit and conduct due diligence on Chairman's Trust projects, assist at charity events or participate in community outreach.

Projects supported by our Hong Kong office in 2018 are as follows:

Activity	Location in Hong Kong	Description	Number of volunteers
Coastal Cleaning	Tung Wan Tsai, Cheung Chau	The Coastal Cleaning Campaign was focused on cleaning an unmonitored beach where tides regularly transport garbage onto shores. This was a good opportunity to learn about marine conservation and improve our team's knowledge about geology and Hong Kong's fishing culture.	24

Activity	Location in Hong Kong	Description	Number of volunteers
Helping Hand "Healthbank" Cookie Campaign	CLSA Office	CLSA supported the "Helping Hand HealthBank Cookie Campaign 2018 by buying the cookies and pandas. Donations will be used to support individuals with Down syndrome, students with intellectual disabilities, deprived families, underprivileged children, victims of domestic violence, solitary elderly, the handicapped, chronic disease sufferers and street sleepers.	32
Charity Walk, Take a Step, Save a Life!	Tai Tam Country Park	CLSA participated in the Suicide Prevention Services (SPS) Charity Walk 2018 to raise funds to expand SPS's suicide prevention services as suicide continues to be one of the leading causes of death in Hong Kong.	31
Country Park "Nature in Touch" Hiking and Planting Day 2018	Kam Shan Country Park	Co-organised by the Agriculture, Fisheries and Conservation Department and the Friends of the Country Parks. The campaign involved digging pits to plant trees at a designated site and completing a 3km hike.	22
Hot-meal service with Peiho Counterparts	Sham Shui Po	CLSA staff rolled up their sleeves and delivered hot meals to the elderly who live alone and homeless street-sleepers in Sham Shui Po.	25
Dragon Boat Festival - Rice Dumpling & Festive Home Visit	Hong Kong Playground Association Jockey Club	In celebration of Tuen Ng Festival, CLSA Hong Kong staff, family and friends participated in making dumplings and packing gift bags filled with fruit and small presents. The gifts were delivered to elderly people living alone in our city.	29
Cooking up a storm	St James' Settlement Food Bank	CLSA Hong Kong volunteers gave up their Saturday morning to participate in a community outreach activity with St James' Settlement and the People's Food Bank in Kwun Tong. We prepared and packed 120 lunch boxes in a community kitchen and then split into groups to deliver the hot meals directly to 19 homes of the beneficiaries – many of whom were elderly people who experience difficulty in shopping, carrying groceries and cooking for themselves. We also reminded the senior citizens of the importance of regular blood pressure checks.	25
Insect Repellent Workshop	Eastern Community Green Station	CLSA participated in a workshop where we made insect repellent that was effective, pleasantly aromatic and non-toxic for the needy in community.	20
Cleansing Eco-Enzyme Workshop	Eastern Community Green Station	CLSA volunteers made an environmentally-responsible, chemical-free enzyme detergent using domestic food waste. This activity taught volunteers how to help the environment by avoiding conventional cleaning products. A total of 10 litres of Eco-enzyme was made for the community.	13

Activity	Location in Hong Kong	Description	Number of volunteers
Mooncake workshop	Chuang Chung Wen Social Centre	This Mid-Autumn Festival, CLSA created our own mooncakes for those in need. A custard mooncake workshop was organised where we learned how to knead and mould the mooncakes. The mooncakes were then packed as gifts and delivered to the Chuang Chung Wen Social Centre for the Elderly.	13
Clean up after Typhoon Mangkhut	Shek O	CLSA volunteers went to Shek O beach to help clean up after typhoon Mangkhut. Volunteers were tasked with gathering all the debris, including; foam beads, plastic bottles, disposable plastic utensils, broken glass, branches, furniture and returning cleaner sand back to the beach. Volunteers from different parts of Hong Kong society came together to clean our city.	12

**Table 12: 2018 Hong Kong Community Outreach Activities**

**Projects supported by other global offices in 2018 include:**

Activity	Location	Description	Number of volunteers
Areum Village Community Service	Hwasung-si Kyungi-do, Seoul, Korea	CLSA staff and their families provided support at a facility called, 'Areum Village' which provides care for mentally and physically disadvantaged individuals.	18 people (staff and family members)
Mentor-Mentee Programme	CLSA Office Seoul, Korea	CLSA staff served as mentees to students who received scholarships from the Korea Student Aid Foundation. The Foundation invited CLSA to share knowledge and experience with these students from low income families, in order to help them prepare for a brighter future.	2
Kimchi-making Fair	Yoido Park, Seoul, Korea	CLSA staff participated in a fair held in the winter season where volunteers made Kimchi (Korean traditional food) to provide the underprivileged with provisions for the winter.	9

Activity	Location	Description	Number of volunteers
Earth Hour, 24 March 2018	CLSA Office & Staff Residences Shanghai, PRC	Staff switched off lights for one hour in accordance with the global movement to raise awareness for action on climate change.	18
Farm Maintenance & Urban Sustainability	Ground-Up Initiative, Singapore	CLSA volunteers plucked weeds, cleared dried leaves and disassembled rusty metal shelves at the Ground-Up Initiative's 2.6-hectare community campus. This non-profit community is guided by the spirit of innovation, resilience and grounded leadership to demonstrate urban sustainability.	10
MDC Greens Ornamental Plant Farmers Initiative	Calauan, Laguna, Manila, Philippines	<p>Volunteers from CLSA spent 6 hours on-site and then a few hours on delegating fund utilisation reports, updates on project process, etc. for MDC Greens Ornamental Plant Farming. The purpose of the activity was to enhance capacity and increase productivity of this community enterprise dedicated to reducing poverty through inclusion of the poor in the value chain of integrated and green development.</p> <p>This particular project was designed to provide employment opportunities for families who were relocated in Calauan, Laguna, from various danger zones in Metro Manila and those displaced by Typhoon Ondoy in September 2009.</p>	3
Christmas Lunch for Disabled Children	Curepipe, Mauritius	CLSA staff served lunch to 50 children and spent quality time with them.	10
Craft Making at the Children of Kamayani School	Pune, India	CLSA staff prepared educational charts for the classroom and participated in a craft making workshop with intellectually disabled children.	19
Kerala Flood Relief	Kerala, India	CLSA staff supported the state with food, grain, clothes, routine household items etc.	10+

Activity	Location	Description	Number of volunteers
Fundraiser/Diversity & Inclusion Initiative	CLSA Office, New York, USA	CLSA employees brought in a variety of food ranging from desserts to dinner entrees from a variety of different cultures and cuisines. Staff that joined the event provided donations, which were given to the Red Cross for hurricane relief.	50+
Boston Scores	Boston, USA	CLSA staff volunteered to be part of an after-school programme in conjunction with Boston Public Schools to provide urban youth with team-based education that promotes health & wellbeing, academic engagement, and civic leadership.  Staff helped students with reading and writing poetry, financial literacy through the One Hen social entrepreneurial programme, and a seasonal soccer programme in conjunction with the U.S. Soccer Foundation.	133
Be Centre Volunteer Day	Sydney, Australia	CLSA volunteers worked on cleaning the Chairman's Trust sponsored play rooms, gardening, window cleaning and changing the sand in the play therapy sand pits at the Be Centre. They also took a full tour of the facilities and participated in a session with a play therapist who provided a comprehensive overview of the wonderful work that the Centre does to help so many severely abused and traumatised children.	4
Support for Drive Forward Foundation	London, UK	A CLSA staff member serves on the Board, attends quarterly board meetings and also helps DFF with CV clinics and speed interviewing as and when needed. This staff member has also raised funds for DFF.	1

**Table 13: 2018 Global Community Outreach Activities**

### CLSA Community Outreach in Action



Mid-Autumn festival volunteer activity, Hong Kong



CLSA Hong Kong staff packed hot meal boxes and delivered to the homeless and elderly in need



**CLSA staff in action at various community activities in Seoul, Korea**



**Staff engaged in farm maintenance and sustainability activities in Singapore**



## CLSA funded Greenhouses

Young ornamental plants grown inside 2 greenhouses



## CLSA funded Greenhouses

Cucumbers Production using 6 greenhouses



Greenhouses: After Construction

Farming community enterprises supported in Manila, Philippines

## Appendix A CLSA's GRI Standards Content Index

The following table identifies how the **CLSA Group Sustainability Report 2019** references the Global Reporting Initiative's Standards and where specific disclosure principles and items can be found in the report.

Item #	Description-Disclosure Items	Status of Conformance (Fully / Partially / No with explanation)	Report Location
<b>GRI 101: FOUNDATION</b>			
<b>1</b>	<b>REPORTING PRINCIPLES</b>		
<b>1.1</b>	Stakeholder Inclusiveness	<i>Partially</i>	Section 3 - Sustainability @ CLSA
<b>1.2</b>	Sustainability Context	<i>Partially</i>	The Sustainability Report
<b>1.3</b>	Materiality	<i>Partially</i>	Section 3 - Sustainability @ CLSA
<b>1.4</b>	Completeness	<i>Fully</i>	Section 3 - Sustainability @ CLSA
<b>1.5</b>	Accuracy	<i>Fully</i>	
<b>1.6</b>	Balance	<i>Fully</i>	
<b>1.7</b>	Clarity	<i>Fully</i>	
<b>1.8</b>	Comparability	<i>Fully</i>	
<b>1.9</b>	Reliability	<i>Fully</i>	
<b>1.10</b>	Timeliness	<i>Fully</i>	
<b>2</b>	<b>USING THE GRI STANDARDS</b>		
<b>2.1</b>	Applying the Reporting Principles	<i>Fully</i>	
<b>2.2</b>	Reporting general disclosures	<i>Partially</i>	
<b>2.3</b>	Identifying material topics	<i>Fully</i>	Section 3 - Sustainability @ CLSA
<b>2.4</b>	Identifying material topic boundaries	<i>Fully</i>	Section 3 - Sustainability @ CLSA
<b>2.5</b>	Reporting on material topics	<i>Partially</i>	Section 3 - Sustainability @ CLSA
<b>2.6</b>	Reporting required disclosures using references	<i>Fully</i>	
<b>3</b>	<b>MAKING CLAIMS RE USE OF GRI STANDARDS</b>		
<b>3.1</b>	Claims that a report has been prepared in accordance with the GRI Standards	<i>The report is prepared with reference to the GRI Standards: Core option</i>	
<b>3.2</b>	Reasons for omission	<i>Fully</i>	
<b>3.3</b>	Using selected Standards with a GRI-referenced claim	<i>The report is prepared with reference to the GRI Standards: Core option</i>	
<b>3.4</b>	Notifying GRI of the use of the Standards	<i>This Interim Report will be updated in 2020, with 2019 full calendar-year data, and GRI will be notified.</i>	
<b>GRI 102: GENERAL DISCLOSURES</b>			
<b>1</b>	<b>ORGANISATIONAL PROFILE</b>		
<b>102-1</b>	Name of the organisation	<i>Fully</i>	

Item #	Description-Disclosure Items	Status of Conformance (Fully / Partially / No with explanation)	Report Location
102-2	Activities, brands, products, and services	Fully	Section 1 - About CLSA
102-3	Location of headquarters	Fully	Section 1 - About CLSA
102-4	Location of operations	Fully	Section 1 - About CLSA
102-5	Ownership and legal form	Fully	Section 1 - About CLSA
102-6	Markets served	Fully	Section 1 - About CLSA & Section 2 - Excellence in Investment Services
102-7	Scale of the organisation	Partially	Section 1 - About CLSA
102-8	Information on employees and other workers	Fully	Section 6 - Our People
102-9	Supply chain	Fully	Section 4 - Corporate Governance/ Supplier Management
102-10	Significant changes to the organisation and its supply chain	Fully	Section 1 - About CLSA
102-11	Precautionary Principle or approach	Fully	Section 3 - Sustainability @ CLSA, Section 5 - Investing Responsibly, and Section 7 - Our Environmental Performance
102-12	External initiatives	Fully	Section 3 - Sustainability @ CLSA
102-13	Membership of associations	Fully	Appendix
<b>2</b>	<b>STRATEGY</b>		
102-14	Statement from senior decision-maker of the organisation	Fully	CEO Letter
102-15	Key impacts, risks, and opportunities	Partially	Section 4 - Corporate Governance
<b>3</b>	<b>ETHICS &amp; INTEGRITY</b>		
102-16	Values, principles, standards, and norms of behaviour	Fully	Section 4 - Corporate Governance
102-17	Mechanisms for advice and concerns about ethics	Fully	Section 4 - Corporate Governance
<b>4</b>	<b>GOVERNANCE</b>		
102-18	Governance structure	Fully	Section 4 - Corporate Governance
102-19	Delegating authority	Fully	Section 4 - Corporate Governance
102-20	Executive-level responsibility for economic, environmental and social topics	Fully	Section 4 - Corporate Governance
102-21	Consulting stakeholders on economic, environmental and social topics	Partially	Section 3 - Sustainability @ CLSA and Section 4 - Corporate Governance
102-22	Composition of the highest governance body and its committees	Partially	Section 4 - Corporate Governance

Item #	Description-Disclosure Items	Status of Conformance (Fully / Partially / No with explanation)	Report Location
102-23	Chair of the highest governance body	<i>Fully</i>	Section 4 - Corporate Governance
102-24	Nominating and selecting the highest governance body	<i>Fully</i>	Section 4 - Corporate Governance / Board Oversight
102-25	Conflicts of interest	<i>Fully</i>	Section 4 - Corporate Governance
102-26	Role of highest governance body in setting purpose, values, strategy and goals in relation to EES topics	<i>Fully</i>	Section 4 - Corporate Governance
102-27	Collective knowledge of highest governance body	<i>Not disclosed</i>	
102-28	Evaluating the highest governance body's performance	<i>Partially</i>	Section 4 - Corporate Governance
102-29	Identifying and managing economic, environmental, and social impacts	<i>Partially</i>	Section 4 - Corporate Governance
102-30	Effectiveness of risk management processes	<i>Fully</i>	Section 4 - Corporate Governance
102-31	Review of economic, environmental, and social topics	<i>Partially</i>	Section 4 - Corporate Governance
102-32	Highest governance body's role in sustainability reporting	<i>Fully</i>	Section 4 - Corporate Governance / ESG Responsibilities
102-33	Communicating critical concerns	<i>Fully</i>	Section 4 - Corporate Governance / ESG Responsibilities
102-34	Nature and total number of critical concerns	<i>Fully</i>	Section 4 – Corporate Governance / Risk Management
102-35	Remuneration policies	<i>CLSA is a private company and does not publicly disclose its financial statements</i>	Not required for GRI Core
102-36	Process for determining remuneration		
102-37	Stakeholders' involvement in remuneration		
102-38	Annual total compensation ratio		
102-39	Percentage increase in annual total compensation ratio		
<b>5</b>	<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder groups	<i>Fully</i>	Section 3 - Sustainability @ CLSA
102-41	Collective bargaining agreements	<i>Not disclosed</i>	
102-42	Identifying and selecting stakeholders	<i>Fully</i>	Section 3 - Sustainability @ CLSA
102-43	Approach to stakeholder engagement	<i>Fully</i>	Section 3 - Sustainability @ CLSA

Item #	Description-Disclosure Items	Status of Conformance (Fully / Partially / No with explanation)	Report Location
102-44	Key topics and concerns raised	<i>Partially</i>	Section 3 - Sustainability @ CLSA
<b>6</b>	<b>REPORTING PRACTICE</b>		
102-45	Entities included in the consolidated financial statements	<i>CLSA is a private company and does not publicly disclose its financial statements</i>	
102-46	Defining report content and topic Boundaries	<i>Fully</i>	About the Report Section
102-47	List of material topics	<i>Partially to be reviewed through future stakeholder engagement</i>	Section 3 - Sustainability @ CLSA
102-48	Restatements of information	<i>Partially</i>	
102-49	Changes in reporting	<i>Partially</i>	
102-50	Reporting period	<i>Fully</i>	About the Report Section
102-51	Date of most recent report	<i>Fully</i>	About the Report Section
102-52	Reporting cycle	<i>Fully</i>	About the Report Section
102-53	Contact point for questions regarding the report	<i>Fully</i>	About the Report Section
102-54	Claims of reporting in accordance with the GRI Standards	<i>Fully</i>	About the Report Section
102-55	GRI content index	<i>Fully</i>	This Content Index
102-56	External assurance	<i>This report has not been externally assured</i>	
<b>GRI 103: MANAGEMENT APPROACH FOR EACH MATERIAL TOPIC</b>			
103-1	Explanation of the material topic and its Boundary	<i>Partially</i>	Section 3 - Sustainability @ CLSA
103-2	The management approach and its components	<i>Partially</i>	Section 3 - Sustainability @ CLSA
103-3	Evaluation of the management approach	<i>Partially</i>	Section 3 - Sustainability @ CLSA
<b>GRI 200: ECONOMIC</b>			
<b>201</b>	<b>ECONOMIC PERFORMANCE</b>		
201-2	Financial implications due to climate change	<i>Partially - CLSA integrates climate change risks, including financial risks into its investment process</i>	Section 5 - Investing Responsibly
201-3	Defined benefit plan obligations and other retirement plans	<i>CLSA provides pension plans comply with the statutory requirement and align with the market offering in different CLSA's office locations</i>	Section 6 - Our People
<b>202</b>	<b>MARKET PRESENCE</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	<i>CLSA provides salaries to its professional staff above the local minimum wage in all countries of operation.</i>	

Item #	Description-Disclosure Items	Status of Conformance (Fully / Partially / No with explanation)	Report Location
202-2	Proportion of senior management hired from the local community	<i>Metrics are not available to reflect CLSA's diversity, including representatives of local communities across its global offices.</i>	
<b>205</b>	<b>ANTI CORRUPTION</b>		
205-1	Operations assessed for risks related to corruption	<i>Fully - all operations are assessed for corruption risk</i>	Section 4 - Corporate Governance
205-2	Communication and training about anti-corruption policies and procedures	<i>Fully but not quantified with detailed metrics in the report</i>	Section 4 - Corporate Governance / Ethical Management / Anti-bribery
205-3	Confirmed incidents of corruption and actions taken	<i>Fully</i>	Section 4 - Corporate Governance / Ethical Management / Anti-bribery
<b>206</b>	<b>ANTI-COMPETITIVE BEHAVIOUR</b>		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	<i>Fully</i>	Section 4 - Corporate Governance / Ethical Management / Anti-bribery
<b>GRI 300: ENVIRONMENT</b>			
<b>301</b>	<b>MATERIALS</b>		
301-1	Materials used by weight or volume	<i>Fully for paper and envelopes</i>	Section 7 - Our Environmental Performance
<b>302</b>	<b>ENERGY</b>		
302-1	Energy consumption within the organisation	<i>Fully when 2018 data is available - global electricity consumption is provided and fuel consumption in Hong Kong</i>	Section 7 - Our Environmental Performance
302-3	Energy intensity	<i>Global electricity intensity provided</i>	Section 7 - Our Environmental Performance
302-4	Reduction of energy consumption	<i>Fully</i>	Section 7 - Our Environmental Performance
<b>303</b>	<b>WATER</b>		
303-1	Water withdrawal by source	<i>Water consumption included in property management rental. Office water consumption is not material.</i>	Section 7 - Our Environmental Performance
303-2	Water sources significantly affected by withdrawal of water	<i>CLSA integrates water risk assessment into its investment process</i>	Section 5 - Investing Responsibly
303-3	Water recycled and reused	<i>CLSA integrates water risk assessment into its investment process and looks for opportunities to reduce water consumption</i>	Section 5 - Investing Responsibly
<b>304</b>	<b>BIODIVERSITY</b>		
304-2	Significant impacts of activities, products, and services on biodiversity	<i>CLSA integrates assessment of potential impacts on biodiversity into its investment process</i>	Section 5 - Investing Responsibly
<b>305</b>	<b>EMISSIONS</b>		
305-1	Direct (Scope 1) GHG emissions	<i>To be calculated with year-end fuel data</i>	Section 7 - Our Environmental Performance

Item #	Description-Disclosure Items	Status of Conformance (Fully / Partially / No with explanation)	Report Location
305-2	Energy indirect (Scope 2) GHG emissions	<i>To be calculated with year-end electricity data</i>	Section 7 - Our Environmental Performance
305-3	Other indirect (Scope 3) GHG emissions	<i>Not available</i>	
305-4	GHG emissions intensity	<i>To be calculated with year-end data</i>	Section 7 - Our Environmental Performance
305-5	Reduction of GHG emissions	<i>2018 sets CLSA's GHG baseline</i>	Section 7 - Our Environmental Performance
305-6	Emissions of ozone-depleting substances (ODS)	<i>Controlled by CLSA's property management companies and environmental compliance is integrated into CLSA's investment process</i>	Section 5 - Investing Responsibly
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	<i>Assessment of environmental management and compliance is integrated into CLSA's investment process</i>	Section 5 - Investing Responsibly
306	<b>EFFLUENTS &amp; WASTE</b>		
306-1	Water discharge by quality and destination	<i>Controlled by CLSA's property management companies. Environmental compliance is integrated into CLSA's investment process</i>	Section 5 - Investing Responsibly
306-2	Waste by type and disposal method	<i>Waste is managed by CLSA's property management companies and environmental management and compliance is also assessed as part of the investment process</i>	Section 5 - Investing Responsibly
306-4	Transport of hazardous waste	<i>Controlled by CLSA's property management companies and environmental management and compliance is also assessed as part of the investment process</i>	Section 5 - Investing Responsibly
306-5	Water bodies affected by water discharges and/or runoff	<i>Assessment of environmental impact is integrated into CLSA's investment process</i>	Section 5 - Investing Responsibly
307	<b>ENVIRONMENTAL COMPLIANCE</b>		
307-1	Non-compliance with environmental laws and regulations	<i>Fully</i>	Section 4 - Corporate Governance
308	<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
308-1	New suppliers that were screened using environmental criteria	<i>Fully</i>	Section 4 - Corporate Governance / Supplier Management
308-2	Negative environmental impacts in the supply chain and actions taken	<i>Partially</i>	Section 4 - Corporate Governance / Supplier Management & Section 5 - Investing Responsibly
<b>GRI 400: SOCIAL</b>			
401	<b>EMPLOYMENT</b>		

Item #	Description-Disclosure Items	Status of Conformance (Fully / Partially / No with explanation)	Report Location
401-1	New employee hires and employee turnover	<i>Not disclosed</i>	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<i>Partially</i>	Section 6 - Our People / Health, Safety and Welfare
401-3	Parental leave	<i>Fully but not quantified with metrics in the report</i>	Section 6 - Our People
403	<b>OCCUPATIONAL HEALTH &amp; SAFETY</b>		
403-1	Workers representation in formal joint management - worker health and safety committees	<i>Fully where required by law</i>	Section 6 - Our People
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<i>Not available</i>	
403-4	Health and safety topics covered in formal agreements with trade unions	<i>Fully where required by law</i>	Section 6 - Our People
404	<b>TRAINING &amp; EDUCATION</b>		
404-1	Average hours of training per year per employee	<i>Not disclosed</i>	
404-2	Programs for upgrading employee skills and transition assistance programs	<i>Fully but not quantified with metrics in the report</i>	Section 6 - Our People
404-3	Percentage of employees receiving regular performance and career development reviews	<i>Fully</i>	Section 6 - Our People
405	<b>DIVERSITY &amp; EQUAL OPPORTUNITY</b>		
405-1	Diversity of governance bodies and employees	<i>Partially</i>	Section 6 - Our People
405-2	Ratio of basic salary and remuneration of women to men	<i>Not disclosed</i>	
406	<b>NON-DISCRIMINATION</b>		
406-1	Incidents of discrimination and corrective actions taken	<i>Not disclosed</i>	
407	<b>FREEDOM OF ASSOCIATION &amp; COLLECTIVE BARGAINING</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<i>Partially - reviewed as part of the investment and supplier selection processes</i>	Section 4 - Corporate Governance / Supplier Management and Section 5 - Investing Responsibly
408	<b>CHILD LABOUR</b>		

Item #	Description-Disclosure Items	Status of Conformance (Fully / Partially / No with explanation)	Report Location
408-1	Operations and suppliers at significant risk for incidents of child labour	<i>Partially - reviewed as part of the investment and supplier selection processes</i>	Section 4 - Corporate Governance / Supplier Management and Section 5 - Investing Responsibly  Sec. 6.2 - Employee Policy covers this
409	<b>FORCED OR COMPULSORY LABOUR</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	<i>Partially - reviewed as part of the investment and supplier selection processes</i>	Section 4 - Corporate Governance / Supplier Management and Section 5 - Investing Responsibly  Sec. 6.2 - Employee Policy covers this
410	<b>SECURITY PRACTICES</b>		
410-1	Security personnel trained in human rights policies or procedures	<i>Partially - reviewed as part of the investment process where applicable</i>	Section 5 - Investing Responsibly
411	<b>RIGHTS OF INDIGENOUS PEOPLE</b>		
411-1	Incidents of violations involving rights of indigenous peoples	<i>Partially - reviewed as part of the investment process where applicable</i>	Section 5 - Investing Responsibly
412	<b>HUMAN RIGHTS ASSESSMENT</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	<i>Partially - reviewed as part of the investment process where applicable</i>	Section 5 - Investing Responsibly
412-2	Employee training on human rights policies or procedures	<i>Partially - training provided but training metrics not available</i>	Section 4 - Corporate Governance / Code of Conduct
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<i>Partially - reviewed as part of the investment process</i>	Section 5 - Investing Responsibly
413	<b>LOCAL COMMUNITIES</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	<i>Fully as part of the investment process and community engagement initiatives</i>	Section 5 - Investing Responsibly and Section 8 - Our Community
413-2	Operations with significant actual and potential negative impacts on local communities	<i>Fully assessed and managed as part of the investment process and community engagement initiatives</i>	Section 5 - Investing Responsibly
414	<b>SUPPLIER SOCIAL ASSESSMENT</b>		
414-1	New suppliers that were screened using social criteria	<i>Partially as part of the supplier selection process</i>	Section 4 - Corporate Governance / Supplier Management and Section 5 - Investing Responsibly

Item #	Description-Disclosure Items	Status of Conformance (Fully / Partially / No with explanation)	Report Location
414-2	Negative social impacts in the supply chain and actions taken	<i>Fully assessed and managed as part of the investment and supplier engagement processes</i>	Section 4 - Corporate Governance / Supplier Management and Section 5 - Investing Responsibly
415	<b>PUBLIC POLICY</b>		
415-1	Political contributions	<i>Fully as CLSA does not participate in political donations</i>	Section 4 - Corporate Governance / Ethical Management / Internal Controls
417	<b>MARKETING &amp; LABELING</b>		
417-1	Requirements for product and service information and labelling	<i>Fully</i>	Section 4 - Corporate Governance
417-2	Incidents of non-compliance concerning product and service information and labelling	<i>Fully</i>	Section 4 - Corporate Governance
417-3	Incidents of non-compliance concerning marketing communications	<i>Fully</i>	Section 4 - Corporate Governance / Sales & Marketing
418	<b>CUSTOMER PRIVACY</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<i>Fully</i>	Section 4 - Corporate Governance / Information Security
419	<b>SOCIECONOMIC COMPLIANCE</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	<i>Fully</i>	Section 4 - Corporate Governance / Ethical Management / Internal Controls