

The logo for CDH Investments, featuring the letters 'CDH' in a bold, white, sans-serif font. The 'C' and 'D' are connected, and the 'H' is separate. Below the letters is a thin white horizontal line.

**CDH**

INVESTMENTS

# CDH 2022

## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

VALUE DRIVEN, PARTNER FOCUSED



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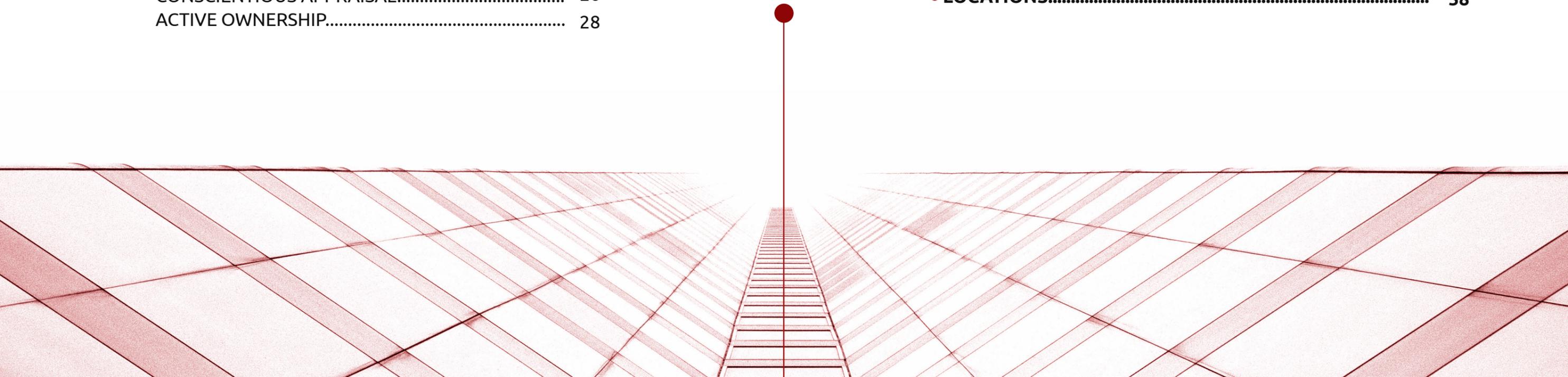
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## ABOUT THIS REPORT

### VALUE DRIVEN, PARTNER FOCUSED

Driven by our long-term, value-oriented investment philosophy, CDH is committed to sustainable value creation. We continue to refine our Environment, Social, and Governance (ESG) approach and allocate resources to accelerate industry transformation to improve the quality of people's lives.

This report presents our approaches, policies, efforts, and achievements related to ESG initiatives in 2022. Key metrics and case studies highlight how CDH and our portfolio companies leverage resources to foster sustainable value creation for all our partners and society.

## A WORD FROM OUR MANAGEMENT TEAM



“

*CDH will continue to refine our ESG management procedures to improve results from our ESG practices. Our success should be measured by improved investment returns, better risk management, and sustainable environmental results.”*



2022 was a year of transformation and change. While the market was clouded by COVID-19 policies, geopolitical conflicts, and uncertainties, CDH held fast to our core values of long-term sustainable value creation. We continue to focus our investments on technology and innovation that deliver solutions and positive impacts to society. Leveraging our 20 years' experience and resources, CDH builds and maintains strong partnerships with employees, portfolio companies, investors, and other stakeholders. Amidst the changing investment landscape, we are determined to constantly evolve our ESG practices to achieve mutual success.

We believe that responsible investment practices create greater benefit for the environment and society as a whole. As a practitioner of responsible investment, CDH partners with investors and portfolio companies to build better business and create positive impact on people, communities and the environment. In the past year, CDH achieved a milestone by signing the UN Principles for Responsible Investment. We have aligned our ESG policy and approach with these principles and are committed to collectively developing a sustainable global financial system.

To achieve higher standards of ESG performance, CDH has strengthened the monitoring and engagement with our portfolio companies. We amplified our monitoring metrics in alignment with industry initiatives and increased the data granularity. External support was also engaged to guide data collection and evaluate ESG risks and opportunities. CDH emphasizes our ESG efforts on climate, diversity, and transparency to accelerate the building of sustainable businesses.

Looking forward, the lasting impacts of COVID-19 and geopolitical conflicts will continue to create challenges as well as opportunities. We will remain committed to our ESG efforts to drive long-term value creation and shape the sustainable outcomes for all stakeholders.

# CDH AT A GLANCE



*We build relationships with leading companies and allocate our extensive resources to these outstanding companies to help them transform industry patterns and increase shareholder value.*

## 20 YEARS OF HISTORY

Established in 2002, CDH is one of the longest-standing, most stable and superior performing alternative asset management firms focused on China today. From its roots in private equity, CDH has expanded to become a diversified alternative asset management platform with more than 150 investment professionals in fields covering private equity, venture and growth, private credit, real estate, wealth management, and public equities.

**200+**

## INSTITUTIONAL INVESTORS

We maintain partnerships with over 200 international and local institutional investors. We have a diversified investor base that covers sovereign wealth funds, pension funds, insurers, endowments, family offices, and fund of funds from North & South America, Europe, the Middle East, Australia, Asia, and China.

**350+**

## PORTFOLIO

We have invested in more than 350 companies and helped more than 100 companies successfully list on international and China's domestic stock exchanges. Many of our portfolio companies are sector leaders in consumer, healthcare services, life sciences, technology, and enterprise solutions. Collectively, they play essential roles in China's domestic economy.

## TOTAL AUM: US\$22 BILLION



**Private Equity**  
US\$5.7 billion



**Venture and Growth Capital**  
US\$2.9 billion



**Private Credit**  
US\$2.4 billion



**Real Estate**  
US\$378 million



**Wealth Management**  
US\$4.2 billion



**Public Equity**  
US\$6.7 billion

## CDH CULTURE

Our corporate culture is centered on the core values of inclusiveness, long-term vision, value creation, and win-win development. These have laid the foundation for us to continually provide our investors with superior returns while creating tangible value for all our partners.



### INCLUSIVENESS

We respect and strive to foster individual creativity and advocate for mutual respect and trust.



### LONG-TERM VISION

We are future-oriented, emphasizing long-term investment and sustainable development.



### VALUE CREATION

We focus on creating long-term value for all our partners, including employees, investors, companies and other stakeholders.



### WIN-WIN DEVELOPMENT

CDH is a platform for investors, portfolio companies and employees to grow, cooperate and achieve mutual success.



## CORPORATE GOVERNANCE

CDH endeavors at all times to operate in conformity with applicable laws and to conduct business in the highest ethical and professional manner. CDH's corporate actions are guided by our *Compliance Manual and Code of Ethics*, which is overseen by our Legal, Compliance and Risk Management Department. To ensure the highest level of business integrity, CDH demands adherence to the applicable standards from all employees by executing the annual certification for employees.

Key policies and relevant practices that have been set in place to guide CDH's governance include:



### EMPLOYEE CONDUCT AND BUSINESS ETHICS

- Act in the best interests of CDH funds, investors, and market.
- Maintain the highest standards of honesty and integrity in all dealings.
- Exercise sound judgment in all personal and professional activities.
- No compromise of business integrity and reputation.
- Avoid personal and unnecessary conflicts of interest.
- Prohibit all forms of bribery and corruption.

...



### ANTI-MONEY LAUNDERING (“AML”) AND KNOW-YOUR-CUSTOMER

- Full compliance with applicable laws and regulations on AML and CDH's policy against association with money laundering activities.
- Strict identification, screening procedures, ongoing monitoring, and regular review of all business relationships.
- Special safeguards for business relationships deemed high risks.

...



### PRIVACY POLICY AND CYBERSECURITY

- Non-disclosure of any non-public personal information.
- No contravention of applicable data protection laws and regulations.
- Prevent unauthorized access to CDH's information and network.
- Adopt necessary procedures to prevent loss or exfiltration of data.
- Annual assessment of cybersecurity risks.

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Along with other policies and standards established in the Compliance Manual, CDH is well positioned to continually deliver good governance practices, not only for healthy long-term success but to set an example for our portfolio companies.

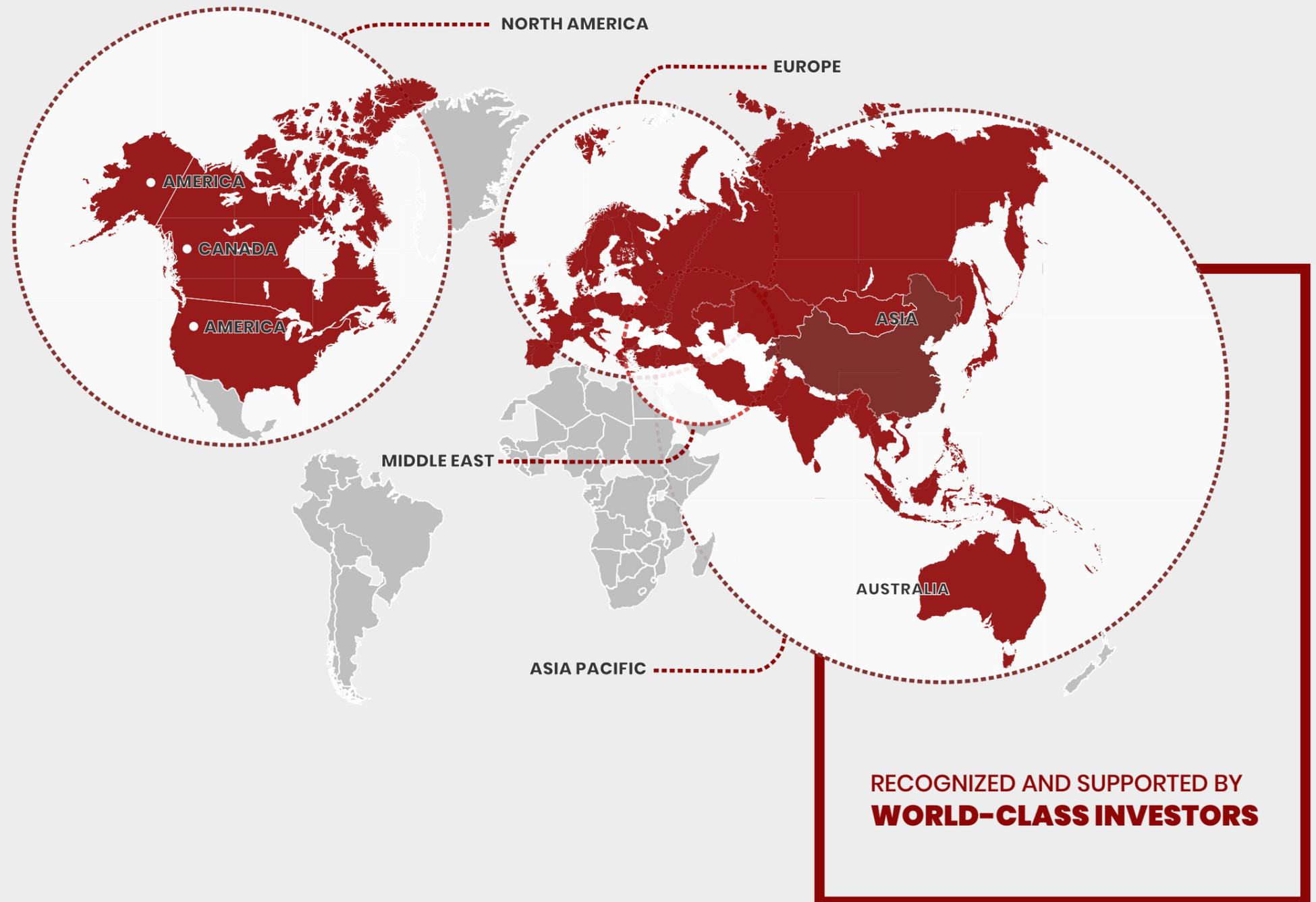
# INVESTOR ENGAGEMENT

Our world-class investor base provides us with a stable source of long-term capital, which is a critical foundation for the firm's ability to generate sustainable returns for all our partners. We value the long-term relationships that we have built with our investors and seek to deepen these partnerships while broadening our exposure to new institutional investors throughout the world.

We communicate with our investors throughout the lifecycle of each fund's evolution. Through regular meetings, emails, and conference calls, we seek to understand our investors' expectations, discuss our ESG initiatives, and report our ESG efforts and achievements. We provide our partners and stakeholders with periodic environmental and social performance reports to keep them informed of our due diligence and monitoring activities on a timely basis. We value the feedback and support from our investors in the process of optimizing our ESG management.

We look forward to working with you to ensure that we meet your highest standards for transparency and world-class ESG standards.

**200+** INSTITUTIONAL INVESTORS



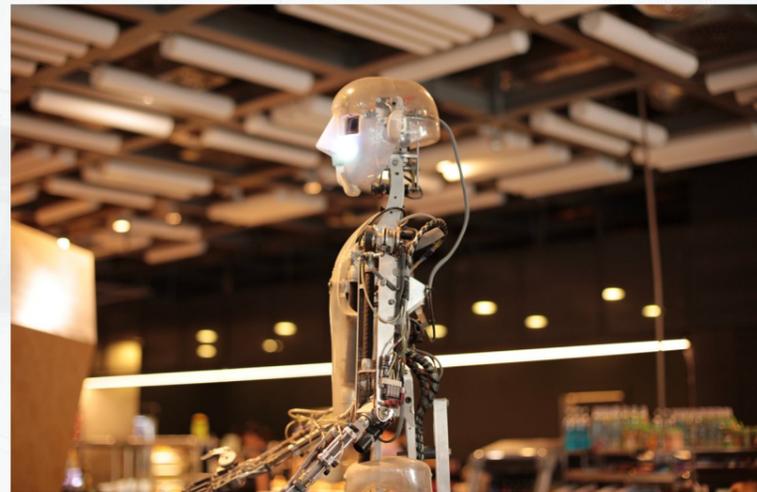
## OUR INVESTMENT AS OF 2022

While maintaining a strong, resilient, and profitable portfolio, CDH emphasizes the ESG potential inherent in each investment. From businesses that benefit people's daily life to the technology used to develop new products and services to meet national climate-related goals, CDH aims to create a positive impact on society.



### Investment for Green Transition

CDH has invested in renewable energy, information technology, and environmental protection businesses that provide products and services that support the national mission of carbon neutrality. These companies operate in a variety of ways to contribute to society's green transition. We have portfolio companies manufacturing high-quality solar modules, distributing green electricity, and optimizing energy production, transmission, and consumption. We also have portfolio companies committed to reducing pollution and carbon emissions.



### Investment for Daily Well-Being

As a value-driven investor, CDH is devoted to promoting people's daily well-being. Our investments are focused on key aspects of modern society that influence a wide range of populations. We have portfolio companies operating in sectors such as SaaS, household products, apparel and accessories, beauty clinics, and leisure products. Each of these companies strives to meet our population's demands for high-quality lifestyles by offering innovative and affordable products. We have also invested in companies dedicated to bringing smart solutions to create more clarity, flexibility, and efficiency for designers, students, journalists, and people from all walks of life.



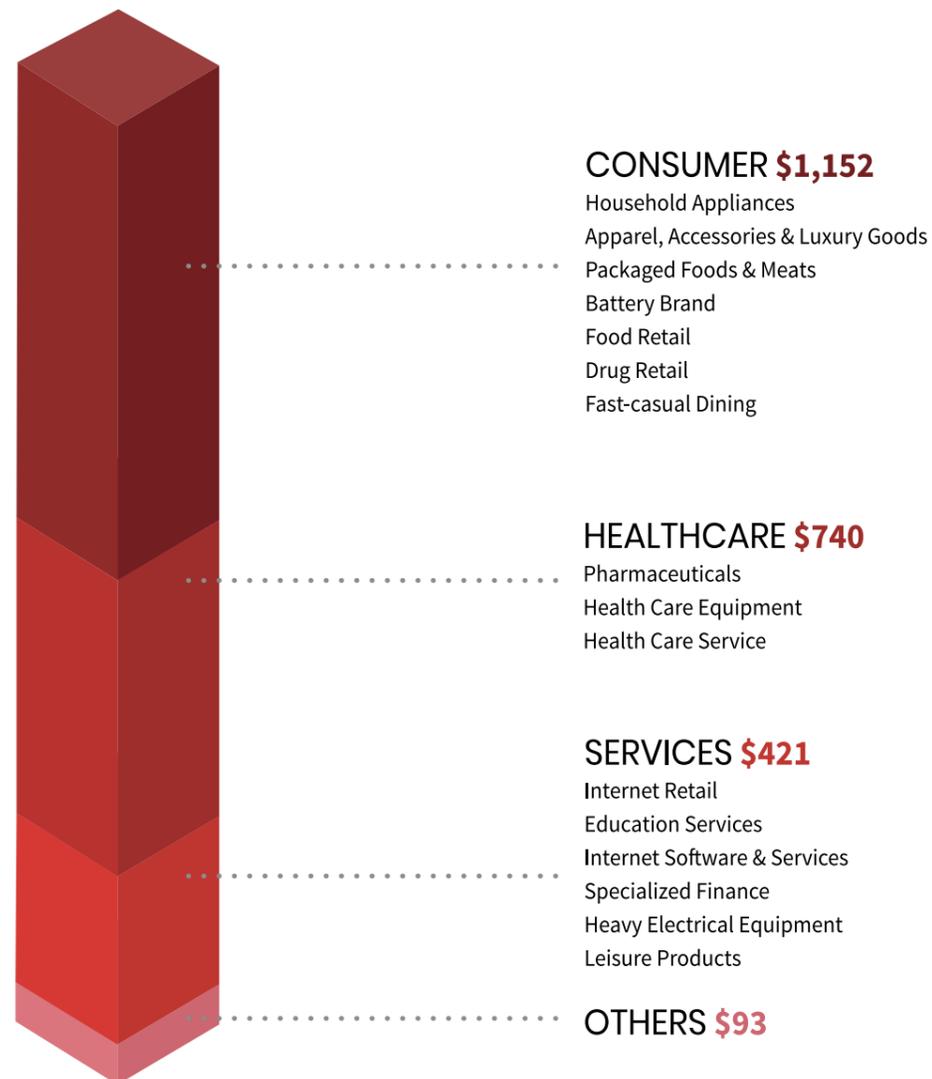
### Investment for Healthy Lives

A number of CDH's portfolio companies stand at the forefront of the battle against disease and illness. We have invested in innovative biotech companies that are developing CAR-T treatments for cancer, medicines for ophthalmic illnesses, and vaccines for infectious diseases. Other portfolio companies develop new and innovative medical equipment for liver cancer and external life support devices for cardiovascular patients. We also have portfolio companies in the information technology sector that produce innovative, high-efficiency support for diagnosis and therapy.

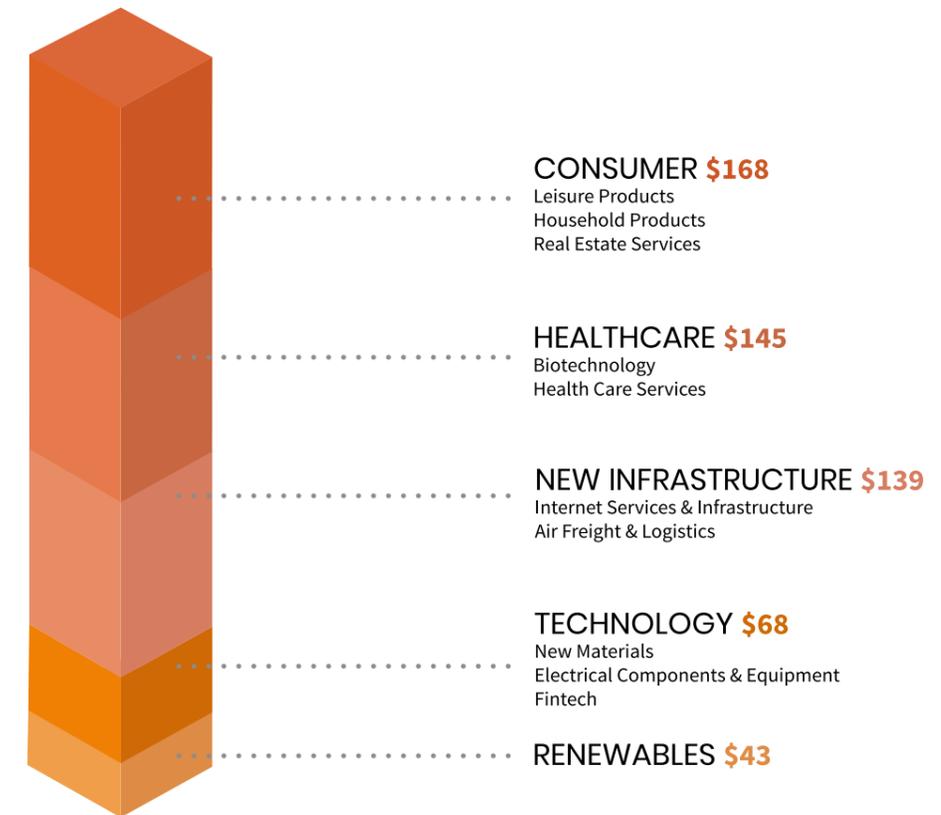
# PORTFOLIO OVERVIEW

CDH Fund V, L.P. (“Fund V”), CDH Fund VI, L.P. (“Fund VI”), and CDH VGC Fund II, L.P. (“VGC II”) have invested over US\$ 3.3 billion in 66 portfolio companies. The following charts provide a quick overview of each fund’s investment costs by industry. All figures are stated in US\$ millions as of December 31, 2022, unless otherwise stated.

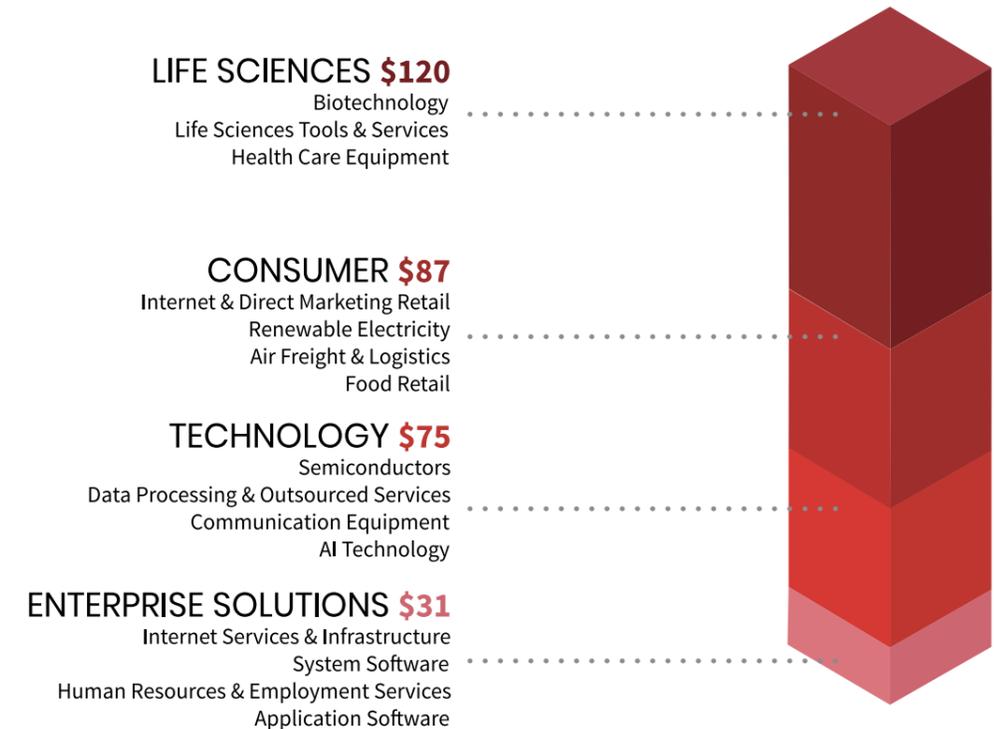
## Fund V Investments by Industry



## Fund VI Investments by Industry



## VGC II Investments by Industry



# OUR ESG APPROACH

“

We have established a robust Environment & Social Management System (ESMS) to create both financial and sustainable long-term value in our investments. The CDH ESMS defines the policy, procedures, organization, and responsibilities to guide and ensure that CDH investment professionals make responsible investments. CDH ESMS also incorporates corporate governance principles based on transparency and compliance-intensive scrutiny. CDH's different asset classes share resources and benefit from each other's unique market perspectives. CDH also advises and consults with our limited partners regarding their ESG management expectations and makes relevant updates on ESMS.

Signatory of:



## UN PRI SIGNATORY

To further the ongoing efforts and deepen the commitment to responsible investment, CDH has officially signed the United Nations-supported Principles for Responsible Investment (PRI). By joining the global network for investors, asset owners, and service providers, we are better positioned to implement stronger ESG practices.

The PRI is the world's leading proponent of responsible investment, acting as the network and resource for global investors to understand the investment implications of ESG factors and incorporate these factors into investment and ownership decisions.

As a UN PRI signatory, we have incorporated the following six Principles for Responsible Investment into our ESG commitments, and commit to adopt and implement them where consistent with our fiduciary responsibilities:

### PRINCIPLE 01

We will incorporate ESG issues into investment analysis and decision-making processes.

### PRINCIPLE 02

We will be active owners and incorporate ESG issues into our ownership policies and practices.

### PRINCIPLE 03

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

### PRINCIPLE 04

We will promote acceptance and implementation of the Principles within the investment industry.

### PRINCIPLE 05

We will work together to enhance our effectiveness in implementing the Principles.

### PRINCIPLE 06

We will each report on our activities and progress toward implementing the Principles.

# CDH ESG MISSION STATEMENT

CDH seeks to generate both financial and sustainable results in our investments through long-term value creation, which is measured in both profitability and gains in ESG improvements and compliance.



CDH adheres to the following principles for its ESMS implementation:



I.

Incorporating ESG risk management into investment analysis and decision-making processes, ownership policies, and practices.



II.

Providing transparency and rigorous discipline.



III.

Building lasting relationships through partnering with superior management teams who aspire to grow their companies into world-class, industry leaders.

To this end, CDH invests in companies that:

-  Operate in a manner consistent with the IFC Performance Standards on Environmental and Social Sustainability;
-  Comply in all material respects with all applicable environmental, health, safety and social laws and regulations of the host country in which each portfolio company is located and operates;
-  Are not to be found on Asian Development Bank's (ADB's) Prohibited Investment Activities;
-  Are not on the IFC's and DEG's Exclusion List.

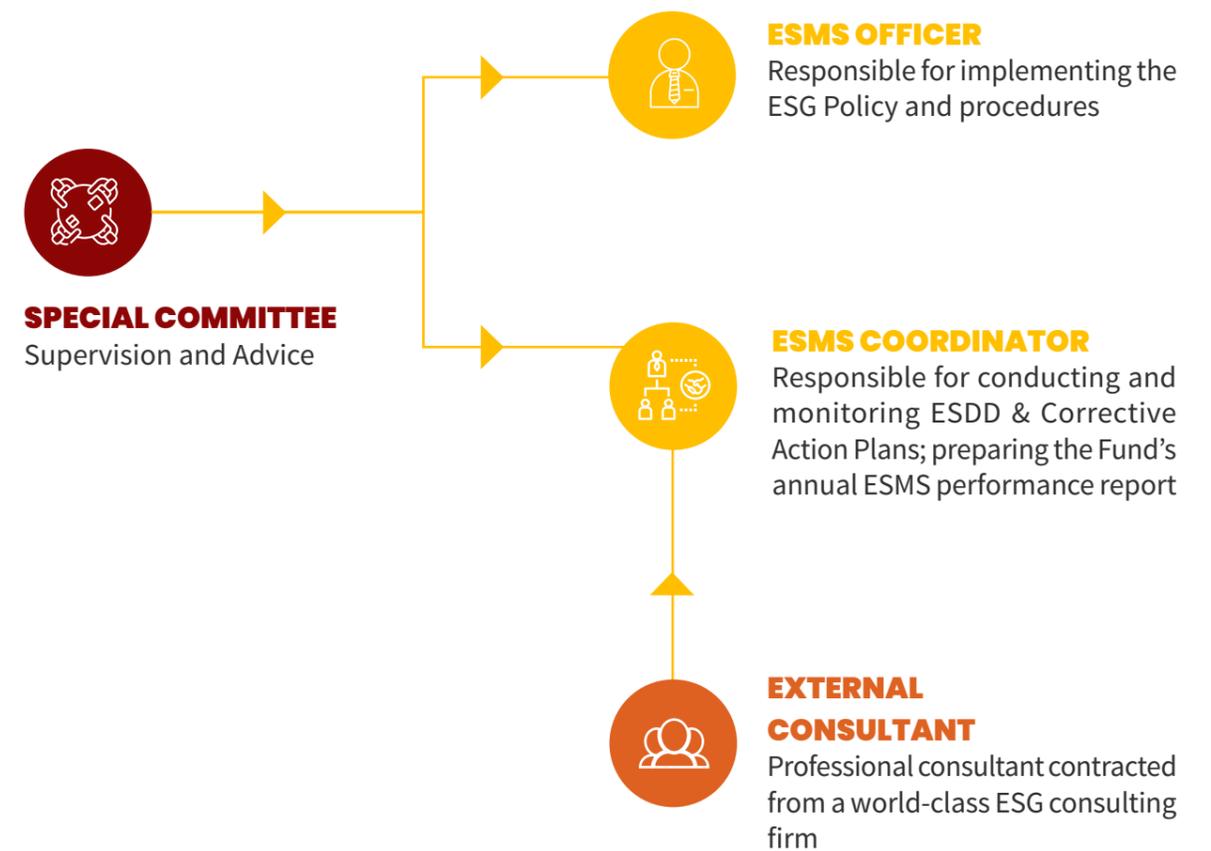
# LEADERSHIP AND ORGANIZATION

To ensure proper implementation of our ESMS, CDH has appointed a member of CDH senior management to be the ESMS Officer. The ESMS Officer has overall responsibility for implementing the ESMS and ensuring that sufficient resources are made available for the effective management of environmental and social performance. The ESMS Officer’s responsibilities and duties include:

-  Preparing and issuing CDH’s annual environmental and social performance report for investors and stakeholders;
-  Reviewing ESG related issues with project teams and receiving copies of key project documentation from project teams, including but not limited to project briefs, initiating memoranda, and investment decision memoranda;
-  Overseeing CDH’s investment teams and legal counsels to ensure that we provide training on the ESG policy and procedures, which may require fund-wide meetings to discuss policy or investment-related issues;
-  Attending regular business meetings and limited partner advisory committee meetings.

The ESMS Officer is supported by a technically qualified ESMS Coordinator who implements ESG due diligence for new investments and portfolio monitoring activities for existing portfolio companies. The ESMS Officer, ESMS Coordinator, and other analysts or associates assigned to work on ESG matters shall be known as the “ESG Team.”

Our ESG Team provides tailored training sessions for all investment professionals, ensuring that CDH’s latest ESG policies and initiatives are communicated and integrated into the investment life cycle.



# CONSCIENTIOUS APPRAISAL



## ESDD COMPLETED FOR ALL NEW PROJECTS IN 2022

We are well-versed in the importance of ESG factors in risk assessment. At the initial stage of inquiry and deal sourcing, we screen all projects according to:

- CDH ESG policy and procedures
- IFC Performance Standards on Social and Environmental Sustainability
- World Bank Group’s Environmental, Health, and Safety Guidelines
- Asian Development Bank (ADB) Safeguard Policy Statement
- DEG Exclusion List
- Local regulations and standards



CDH has developed an Environmental and Social Risk Checklist composed of the following 4 categories for CDH ESG Team to conduct limited risk evaluation at the investment project development stage.

<b>01</b> Management of E&S Performance		<b>03</b> Environment & Public Health	
<b>02</b> Labor & Working Conditions		<b>04</b> Social & Cultural	

After the preliminary risk evaluation and categorization, external experts are usually engaged to perform comprehensive environmental and social due diligence (ESDD) for investment opportunities with major or moderate ESG risks. Based on the ESG issues concluded upon completion of the due diligence, we will formulate corrective action plans and align with investee companies on taking the mitigation measures in compliance with the CDH’s ESG Policy.

# ACTIVE OWNERSHIP



 **45+ ESG DATA QUESTIONNAIRES COLLECTED IN 2022**

Post-investment, we actively supervise and monitor the ESG performance of our portfolio companies, as well as the completion status of the corrective action plans. While implementing CDH’s ESG initiatives and fulfilling the expectations of our investors and stakeholders, CDH assists and engages portfolio companies with ESG-related issues and best practices.

We conduct annual ESG reviews of our portfolio companies through a tailored ESG data collection questionnaire. Based on the questionnaire, we evaluate past achievements and identify forward-looking opportunities for value creation. Catering to the reporting considerations of our stakeholders and evolving ESG-related regulations and frameworks, we have amplified the scope of ESG metrics and refined the metrics for energy consumption. Several of the key ESG themes included in the questionnaire are listed as shown on the right.

		
Environmental	Social	Governance
Greenhouse Gas Emissions Energy Consumption Water & Waste Biodiversity	Diversity & Inclusion Employment Practices Health & Safety Community Welfare	Business Ethics ESG Policy and Goals Supply Chain Management Internal & External Grievance System

This year, we took a step further to empower our portfolio companies on climate. By engaging third-party professionals to provide support in energy data collection and carbon emission estimates, we aim to help our portfolio companies navigate the emerging challenges and opportunities related to climate transition.

## ESG MANAGEMENT IN CDH INVESTMENT PROCESS

PRE-INVESTMENT	INVESTMENT DECISION	POST-INVESTMENT
<ul style="list-style-type: none"> <li>Initial Screening on IFC’s internal exclusion list.</li> <li>E&amp;S Risk Categorization.</li> <li>In-house assessment or professional ESG due diligence.</li> </ul>	<ul style="list-style-type: none"> <li>Include ESG due diligence findings in the investment decision report.</li> <li>Investment committee discussion on ESG issues.</li> <li>Sign ESG improvement commitment with portfolio companies.</li> </ul>	<ul style="list-style-type: none"> <li>Develop an ESG management and monitoring plan.</li> <li>Monitor ESG performances of portfolio companies.</li> <li>Provide resources where necessary.</li> </ul>

# PEOPLE-ORIENTED CORPORATE CITIZENS



## OUR PEOPLE, OUR STRENGTH

CDH fully understands the importance of talent management. While we emphasize teamwork, individuality is equally respected and valued. As of 2022, more than 50% of our employees are female. We respect, trust and desire to nurture diverse viewpoints. We advocate an equal, inclusive, and sharing culture by developing a fair and transparent work environment. CDH encourages employees to voice their opinions and freely contribute their unique talents to investment decision-making.

CDH is committed to fostering employees' professional development. We periodically offer systematic on-job training such as product briefing and knowledge sharing sessions for internal capacity building and idea exchange. We value our employees as our greatest strength and their wellness is of utmost importance to building a healthy working environment. We organize various team-building activities to invigorate our people across different teams. As COVID-19 travel restrictions have ended, CDH will revive trips for employees to different cities, beaches, and mountains, to reconnect with nature and participate in team building exercises.



CDH's Team-Building Activities in Changsha, Hunan Province



## OUR COMMUNITY, OUR RESPONSIBILITY

As a corporate citizen, CDH is deeply aware of social responsibility and actively seeks opportunities to utilize our resources to give back to society.

In 2022, CDH made an “Anti-Pandemic” donation to Hong Kong Family Welfare Society (HKFWS) to help people in need to overcome health and life challenges. HKFWS is a non-governmental social welfare organization established in Hong Kong with over 70 years' history. Taking a family-centric perspective, HKFWS is dedicated to providing meaningful support to people to improve their living quality and family well-being. In 2022, many citizens in Hong Kong were negatively affected by the COVID pandemic which caused a tremendous increase in physical, psychological, and economic burden and further deepened the plight of low-income families.



# COMPANY ACHIEVEMENTS – 2022\*



This year, we received annual ESG data feedback from 48 of our portfolio companies. With the support from CDH investment professionals and our ESG Team, our portfolio companies accomplished the following environmental and social results in 2022.



\*Numbers in this section are summarized based on reported data from portfolio companies and publicly available information.

## ENVIRONMENTAL



Renewable energy generation  
**370,000,000+** kWh



Natural gas saving  
**2,700,000+** m<sup>3</sup>  
(vs. 2021)



Electricity saving  
**180,000,000+** kWh  
(vs. 2021)



**50%+**  
of reported portfolio companies reduced hazardous waste amount



**30%+**  
of reported portfolio companies have set resource conservation goals

## SOCIAL



Total full-time employees  
**190,000+**



Total training hours completed  
**8,000,000+**



Average gender pay gap  
**2%**



Charity donation  
**360,000,000+** RMB



Fatalities  
**0**



## REDUCED ENVIRONMENTAL FOOTPRINT

In 2022, our portfolio companies continued to strive for better environmental performance by means of resource conservation and emission reduction.



~50%

43%+

### RESOURCE CONSUMPTION

In 2022, over 30% of the reported portfolio companies have set specific resource conservation targets. Compared to 2021:

- ~50% of the reported portfolio companies reduced **electricity consumption intensity**
- 43%+ of the reported portfolio companies reduced **water consumption intensity**



~20%

### WASTEWATER:

Compared to 2021, nearly 20% of the reported portfolio companies reduced **wastewater discharge intensity**.



30%+

### WASTE:

Compared to 2021, over 30% of the reported portfolio companies reduced **total waste amount**.

## CASE 1 (CHIP COMPANY) – ECO HIKING

To practice the belief of “every step will bring change”, Chip Company organized two eco-friendly hikes in 2022 to clean up garbage. The volunteer activities also inspired other hikers to join in and contribute their efforts to environmental protection.



7,500,000 TONS

### CARBON EMISSION

In addition to collecting carbon emission data from the portfolio companies, this year we started estimating carbon emissions based on the reported energy consumption data for companies who had yet to start carbon accounting by themselves.

In 2022, the total carbon emission from portfolio companies that we collected energy consumption data is about 7,500,000 tons, of which:

- **Scope 1: ~3,700,000 tons**
- **Scope 2: ~3,800,000 tons**



## EMPLOYEE PROTECTION AND INVESTMENT

Talent builds the core competence of a company. We are delighted to see our portfolio companies' commitments to protecting and investing in their employees.



Total training hours completed  
**8,000,000+**



**60%+** conducted employee surveys



**~80%** expanded talent recruitment

### CASE 2 (WELLNESS COMPANY) – MODERN SLAVERY PROHIBITION

Wellness Company issued a *Modern Slavery Statement* committing to a zero tolerance policy for slavery and human trafficking in the supply chain. Since 2021, Wellness Company has launched a series of supplier audits to identify relevant risks. Wellness Company also commissioned tailored training on modern slavery prohibition for employees of different job roles.





## EFFORTS ON DIVERSITY, EQUITY, AND INCLUSION (DEI)

In 2022, our portfolio companies continued to build diverse, equitable, and inclusive work environments where each individual is accepted, inspired, and belonged.



Average female representation  
**40%+**



**~70%** appointed female leadership



Average gender pay gap  
**2%**

### CASE 3 (TRANSCRIPTION COMPANY) – ACCEPTANCE AND CARING IN ACTION

In an effort to promote workplace inclusion and empower employees, Transcription Company issued a policy on the inclusion of the LGBTQ+ community and recognizes same-sex partnerships. In addition, Transcription Company established a care leave policy for female employees, providing extra one day of paid time off per month.





## MEANINGFUL COMMUNITY CONTRIBUTION

Our portfolio companies have consistently made efforts to support the communities they operate, 2022 was another year in which they actively practiced social responsibility by making meaningful contributions, totaling over 36 million RMB.



**~RMB 10.6 MILLION**  
Elders and Minority Caring



**~RMB 10.4 MILLION**  
Education Sponsorship



**~RMB 8.0 MILLION**  
COVID Pandemic Control



**~RMB 2.6 MILLION**  
Rural Revitalization



**~RMB 2.5 MILLION**  
Medical Support



**~RMB 2.4 MILLION**  
Other Public Welfare Donations

### CASE 4 (EDUCATION COMPANY) – AI EDUCATION IN THE RURAL CHINA

In collaboration with Amazon Web Services and Beijing Yuanshan Public Welfare Foundation, Education Company has actively participated in the “AI in the Future” program since 2021. This program aims to provide AI education to over 10,000 primary and secondary school students in Midwest China, contributing to inclusive and equitable quality education in rural areas.



## ESG EXAMPLES

### CASE STUDY 1

#### A SMART-HOME SOLUTION PROVIDER

CDH Fund V invested in a global leader (“Appliance Company”) in the household appliance industry in 2019. Through its consumer problem-solving design and innovative products, Appliance Company aspires to level up the daily life quality of every home and create positive impact around the world.

#### POSITIVE IMPACT ON SOCIETY

As a company targeting to bring more happiness to each home, Appliance Company has established a multi-dimensional charity brand dedicated to rural revitalization, healthcare, charity collaboration, education support and disaster relief. The company launched a non-public fundraising charitable foundation in 2020, with the purpose of “uniting the power of kindness and creating a healthy and better life”. The foundation has two core public welfare projects, Charity Kitchen and Food and Education Workshop.

Due to the lack of kitchen equipment and nutrition knowledge at schools in rural areas, the diet and health of rural children have been the major concern for the Charity Kitchen project. The mission of Charity Kitchen project is to support the construction of professional, efficient, and environmentally friendly electrified kitchens in rural schools and to promote the establishment of a science-based school meal mechanism. The project built 140 kitchens in 2022. While ensuring food safety by providing proper culinary equipment, the project also offers knowledge training in nutrition and meal preparation. By the end of 2022, a total of 1,357 kitchens have been built, and over 500,000 students and teachers across rural areas in Hubei, Hunan, and Shandong have access to nutritious and healthy school meals every day.



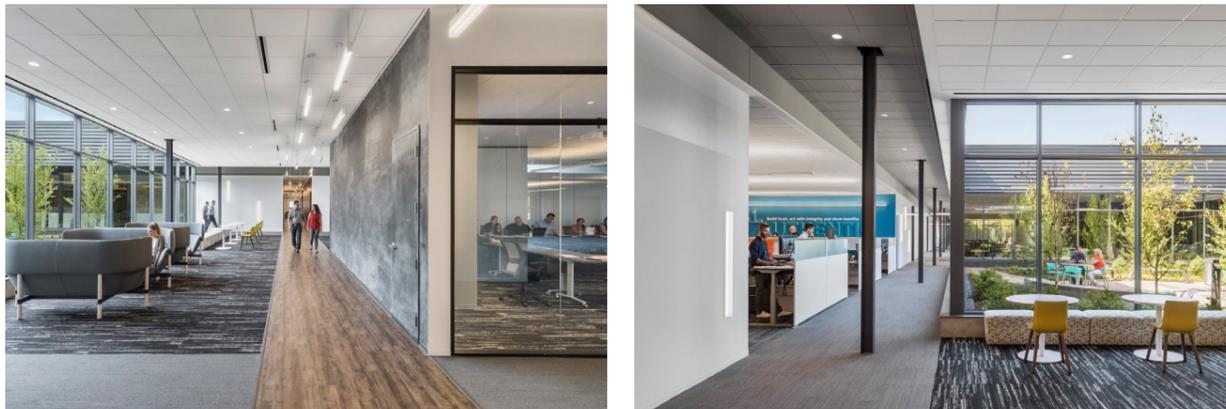
The Food and Education Workshop project envisions empowering every child with the ability to maintain lifelong health and enjoy a healthy life. In 2022, the Chinese Ministry of Education set work education as an independent subject with teaching contents including culinary and nutrition. By providing support on design guidance, teaching equipment, food education curriculum, and teacher empowerment, the project has been funding schools to create kitchen spaces for education purposes. Utilizing cooking curriculums as a carrier, this project educates children on nutrition and health knowledge, cultivates good eating habits, and also promotes traditional food culture. In 2022, the project built 66 education workshops and cumulatively over 200 schools have been funded to carry out food education workshops.



## POSITIVE IMPACT ON THE PLANET

Appliance Company is dedicated to reducing its environmental footprint and actively practices green production and operation, green supply chain, green products, and biodiversity protection. By implementing the concept of reduce, reuse, and recycle plus offset, Appliance Company aims to create positive impact for the planet.

Appliance Company's brand headquarters is located in Massachusetts, U.S. and is LEED (Leadership in Energy and Environmental Design) Silver certified. The consideration of energy saving has been fully integrated into the design of the headquarter office building. The design enables sufficient harvesting of natural light, therefore reducing the demand and usage of electric power. Smart lighting sensors are equipped to adjust lighting according to the occupancy status of different office areas, avoid unnecessary energy consumption in idle areas. Reflective coloring is applied on the architectural glazing to achieve sound insulation effect and effective indoor temperature control, therefore reducing the usage load of air conditioning and saving energy.



recycled  
**2,600,000+**  
pieces electronic waste,  
increased by  
**170+% (vs. 2021)**



planted  
**390,000** trees  
worldwide

To reduce the environmental impact caused by packaging waste, Appliance Company has made the following improvements: replacement of plastic tape, Styrofoam trays, petroleum-based ink, and two cardboard boxes per product with recyclable paper tape, recyclable paper pulp trays, soy-based oil ink, and one cardboard box per product. Also, through collaboration with e-commerce companies on exploring new model of standardized transit warehouse, Appliance Company further improves logistics efficiency while avoiding unnecessary packaging.

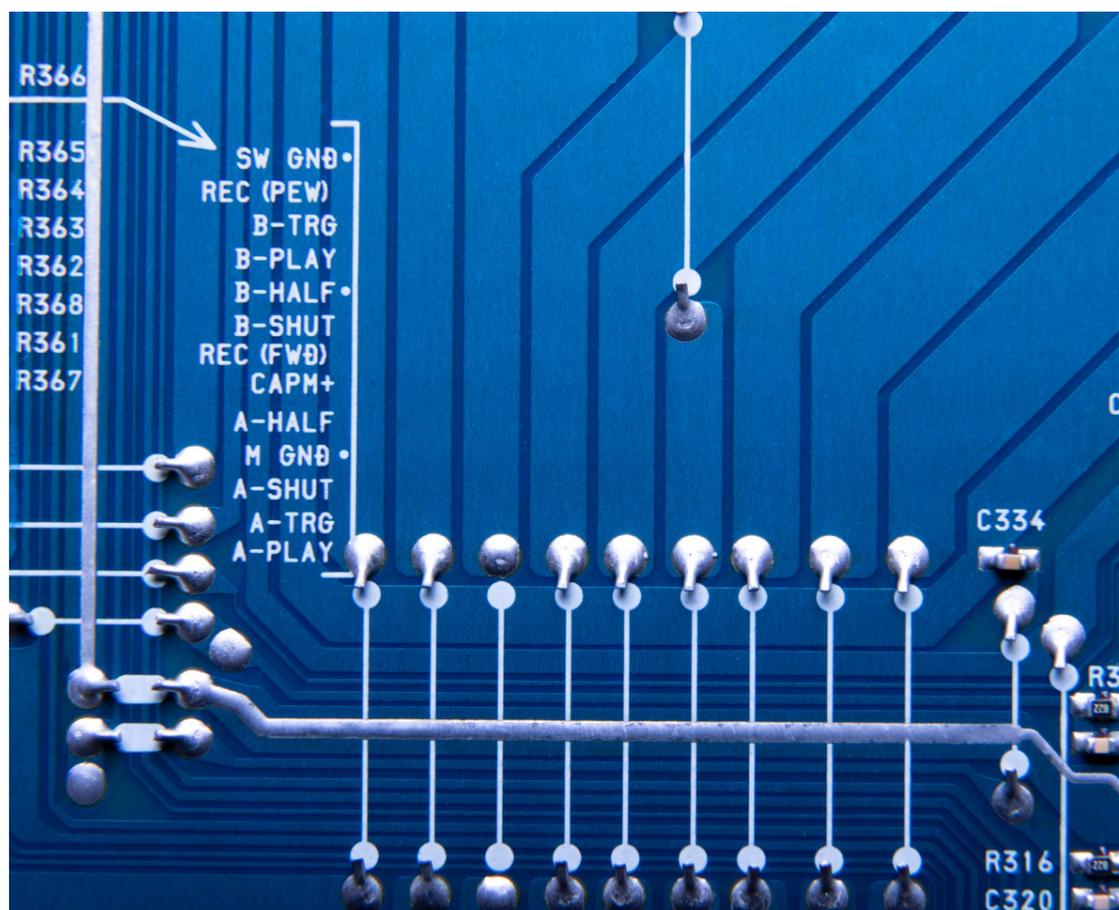
In addition to reducing and replacing packaging materials, Appliance Company has been actively taking actions to reduce e-waste pollution and reuse resources in waste products. "Trade-in" service is provided for customers to return their used small household appliances of any brand to Appliance Company for recycling. Discount, subsidies, and free maintenance services are offered to the customers for new purchases. Recycled products will all be transferred to qualified recycling agencies for proper disposal. In 2022, Appliance Company recycled over 2.6 million pieces of electronic waste, which increased by over 170% compared to 2021.

To further offset its environmental impact, Appliance Company is committed to planting trees. Since 2018, over 390,000 trees have been planted worldwide, providing vital support to critically vulnerable natural habitats and wildlife.

## CASE STUDY 2

### A PROFESSIONAL HIGH-SPEED OPTICAL TRANSCEIVER SOLUTION PROVIDER

CDH Fund VI invested in an industry-leading optical communication module company (“Optical Company”). Adhering to the corporate philosophy of “enthusiastic in public good, giving back to society”, Optical Company not only strives for technology innovation, but also focuses on fulfilling social responsibilities to achieve greater mutual goods.



### RESPONSIBLE SOURCING FOR SUSTAINABLE SUPPLY CHAIN

While continuously advancing the ESG standards and practices for the company’s own operations, Optical Company also places greater emphasis on the environmental and social responsibilities of suppliers. By formulating a series of procurement policies and procedure documents, Optical Company has fully integrated environmental and social responsibility into the evaluation criteria for both new and existing suppliers, ensuring fair and responsible management of over 400 suppliers.

Optical Company implements strict and comprehensive assessment procedures while recruiting new suppliers. In addition to the required certificates of environmental, occupational health, and safety management systems, Optical Company conducts assessment on production safety, occupational health, and resource conservation to identify potential risks of candidate suppliers and performs further risk evaluation and prevention.

For existing suppliers, Optical Company conducts semi-annual and annual supplier evaluations in terms of business ethics, environmental and social performance. According to the evaluation results, suppliers will be classified into five categories: strategic, preferred, accepted, constrained, and eliminated. For different categories of suppliers, Optical Company adopts targeted management measures.

1. **Strategic: comprehensive cooperation + pilot projects**
2. **Preferred: selection and procurement policy preference**
3. **Accepted: maintain cooperation + improvement guidance**
4. **Constrained: constrained cooperation + required correction action plan**
5. **Eliminated: cooperation termination**

As many of the company’s products contain tantalum, tin, tungsten and gold (commonly referred to as “3TG”), Optical Company has established a *Conflict Minerals Policy* to ensure its mineral materials are sourced in a conflict-free and environmentally and socially responsible way.

## EMPLOYEE EMPOWERMENT AND RIGHT PROTECTION

Optical Company values employees' growth and well-being as the critical foundation for the company's success. According to the current employee composition and professional lines, Optical Company builds tailored career development paths and provides abundant growth opportunities for each employee. To support employees in acquiring professional skills and achieving personal goals, Optical Company designed diverse and personalized training programs including onboarding orientation for new employees, comprehensive case training for graduates, technical training for R&D positions, hands-on training for production positions, management and legal training for functional departments, and software and analytic training. In 2022, Optical Company conducted **377 training sessions** and the total training hours exceeded **35,800 hours**.



Understanding that employees are the core engines of a company's healthy and harmonious development, Optical Company listens to and values individual opinions. To ensure an open and inclusive working environment, Optical Company has established the *Procedures for Employee Complaints and Reports* and maintained diverse communication channels including official anonymous complaint platform, complaint box, email, hotline, WeChat account, and in-person talks. In 2022, the company organized multiple one-stop employee service center activities to collect, answer, and address any kinds of concerns that employees have regarding life and work.

To further enhance workplace equality and protect employee rights, Optical Company established policies on female rights protection, anti-discrimination, anti-harassment, and anti-abuse. Meanwhile, Optical Company attaches great importance to employee's physical and mental health. The company has organized periodical doctor consultation and health workshops. Special seminars on newborn knowledge were also organized for female employees during pregnancy.

## CASE STUDY 2

### AN INTEGRATED PERIPHERAL AND NEURO-VASCULAR MEDICAL DEVICE COMPANY



CDH VGC Fund II invested in a leading company (“Medical Company”) that provides comprehensive product solutions for the peripheral and neurovascular medical device market in China. Upholding the core mission of “innovation for quality life”, Medical Company is committed to developing high-quality medical device products for all patients regardless of their race, age, and affluence.

### INDUSTRY EMPOWERMENT AND INTELLECTUAL PROPERTY PROTECTION

As strong in-house research and development (R&D) capability plays an essential pillar in the company’s long-term development, Medical Company actively cooperates with external academic research institutes to exchange and share innovative insights with industry peers, which contributes to the win-win development of the industry. In 2022, Medical Company partnered with Zhejiang University on multiple projects including medical coating materials and cardiovascular & cerebrovascular implantation & intervention. The university-industry collaboration provides practical R&D opportunities for students while also facilitating the integration of academic research and product development.

In accordance with its mission to provide patients around the world with high quality and affordable medical products, Medical Company never withholds from contributing to empower industry development. While participating in multiple academic forums and conferences to share R&D achievements and exchange forefront insights, Medical Company also leverages its professions and resources to establish a communication platform for researchers, professionals, and all peers in the industry. In 2022, Medical Company held over 10 online communication activities with over 500 participants to share R&D experiences and clinical applications.

On the other hand, Medical Company endeavors to protect intellectual property by strictly abiding by applicable patent and trademark laws and regulations and constantly upgrading internal intellectual property management system. To protect the company’s efforts and accomplishments, Medical Company has implemented a series of management procedures including formulating intellectual property manual, formalizing records of management activities, and trainings on intellectual property protection. The Medical Company obtained the Certificate of *Enterprise Intellectual Property Management (GB/T 29490-2013)* in 2022 and has acquired over 60 patents and 140 trademarks as of 2022.

## GREEN OPERATIONS TO REDUCE ENVIRONMENTAL IMPACT



While striving to guard human health, Medical Company also places great emphasis on environmental protection. Emission management has been one of the major thrusts for the company to minimize negative environmental impact. Medical Company closely monitors and manages its exhaust gas, wastewater, and solid waste generated from production processes and constantly upgrades relevant pollution prevention and control measures while ensuring compliance. In 2022, Medical Company appointed dedicated staff to further enhance environmental management. Professional third parties were also engaged to assure legal compliance.

Several of the pollution prevention and control measures include:

- 
**High-efficiency particulate air filter for waste air emission treatment**
- 
**Reuse the cooling water instead of discharging**
- 
**Pre-treat wastewater before discharging into the municipal sewage pipeline network**
- 
**Commission qualified disposal company for hazardous waste treatment**
- 
**Implement waste classification system**

Resource conservation has been another focus of Medical Company to reduce its environmental footprint and improve resource efficiency. To conserve energy and reduce carbon emissions, the company has implemented a series of initiatives including establishing a centralized energy allocation system that **saves energy by about 30% per year**, adopting smart lighting and air conditioning controllers that avoid power waste, and optimizing material cleaning processes to reduce water consumption.

In addition to minimizing environmental impact, Medical Company has proactively identified climate-related risks and developed response plans. Due to the coastal locations of the main operation sites of the company, extreme weather such as typhoons and torrential rain are identified as the physical risks that may negatively affect normal operations. To address the potential risks imposed by extreme weather, Medical Company has developed response initiatives and formulated the *Emergency Plan for Production Safety Accidents and the Safety Precautions Against Disaster Weather* to increase the company's resilience.

# INTERNATIONAL RECOGNITION

Since its establishment in 2002, CDH has continually provided innovative solutions with tangible values for all of our partners. Our dedication and discipline in building a transparent, compliance-intensive investment platform are recognized internationally.

## CHINAVENTURE

- 20-Year Achievement Award for Venture Capital & Private Equity Institutions 2022
- Top 10 Best M&A Funds 2022
- Top 3 Most Popular Private Equity Firms by LPs 2022
- Top 10 Private Equity Firms 2022
- Top 5 Foreign Private Equity Firms 2022
- Top 20 Investment Institutions in Medical Device 2022
- Top 30 Investment Institutions in Biomedical 2022
- Top 50 Private Equity Investors 2022 (Hu Xiaoling, Wang Lin)
- Top 10 New Consumer Industry Investors 2022 (Hu Xiaoling)
- Top 10 Healthcare Industry Investors (Wang Lin)
- Top 5 Best Performing Private Equity 2021
- Top 20 Investment Institutions in Biomedical 2021
- Top 20 Investment Institutions in Medical Device 2021
- Top 20 Investment Institutions in AMT 2021
- Top 50 PE Capitalists of the Year 2021 (Wu Shangzhi, Hu Xiaoling)
- Top 10 Investors in Healthcare 2021 (Wang Lin)
- Top 10 Investors in Consumption 2021 (Hu Xiaoling)
- Top 20 Private Equity in China 2019
- Top 10 Best Performing Private Equity 2016
- Top 100 Leading Investors 2016 (Wu Shangzhi)

## FORBES CHINA

- China's Top Private Equity Firm 2018
- China's Best PE Institutions 2017
- China's Top Private Equity Firm 2015
- China's Top Private Equity Firm 2014
- China's Top Private Equity Firm 2012

## AVCJ

- Deal of the Year – Small Cap 2022: Well-Link
- Deal of the Year 2017 (Early Stage): AI Company
- Deal of the Year 2014 (Large Cap): Nanfu Battery
- AVCJ Special Achievement Award of 2013 (Wu Shangzhi)
- Best IPO of the Year 2007 (Belle International)

## ZERO2IPO

- Top 20 Private Equity 2022
- Top 100 Investors 2022 (Hu Xiaoling, Wang Lin)
- Top 10 Private Equity 2021
- Top 30 Investment Institutions in Healthcare 2021
- Top 30 Investment Institutions in Consumption 2021
- Top 10 PE Capitalists of the Year 2021 (Jiao Shuge)
- Top 40 Influential Young Investors 2021 (Liu Dan)
- Top 50 Private Equity in China 2018
- PE Capitalist of the Year 2017 (Wu Shangzhi)
- Top 10 PE Capitalists of the Year 2017 (Hu Xiaoling)
- #1 of Top 100 PE Firms of the Year 2017
- #1 of Top 10 Private Equity 2016
- Top 10 Private Equity 2015
- Top 10 PE Capitalists of the Year 2011 (Wu Shangzhi)
- PE/VC Lifetime Contribution Award of the Year 2011 (Wu Shangzhi)
- Active PE Fund of the year 2008

## PRIVATE EQUITY INTERNATIONAL

- Deal of the Year 2013 in Asia: Shuanghui International
- China's Best Private Equity Fund of 2012 – 2nd Place
- China's Best Private Equity Fund of 2010
- Best Private Equity Firm in China of 2009

## 36KR

- Best Private Equity Voted by Entrepreneurs 2022
- Most Influential Private Equity 2022

## FOFWEEKLY

- Top 20 Popular Investment Institutions Voted by LPs 2022
- Top 20 Unicorn Investment Institutions 2022

## 21ST CENTURY ECONOMIC REPORT

- Top 30 Private Equity & Venture Capital 2022
- Top 30 Private Equity & Venture Capital in Healthcare 2022
- Top 30 Most Influential Elite Investors 2022 (Wang Lin)
- Top 30 Most Influential Yong Investors 2022 (Yu Hechen)
- Top 30 Private Equity & Venture Capital 2021
- Top 30 Influential Young Investors 2021 (Gao Jieliang)

## BEIJING PRIVATE EQUITY ASSOCIATION

- Top 20 PE Firms 2022
- Best Exit PE Firm 2022
- Outstanding Young Investors in Equity Investment 2022 (Wang Mingyu)

## CHINA SECURITIES JOURNAL

- Five-Year Golden Bull PE Firms of Excellence 2022
- Golden Bull Best M&A Case 2022 (Shark Ninja)
- Golden Bull Equity Investment Elite 2022 (Ye Tao)

## CHINESE VENTURE

- Best M&A Investment Institution 2022
- TOP 20 New Consumer Investment Institutions 2022
- Best Biomedical Investment Institution 2022
- Top 30 Healthcare Investment Institutions 2022
- Best Healthcare Investor 2022 (Gao Jieliang)

## JAZZYEAR

- Top 10 Private Equity in Hard Technology 2022
- Top 50 Investors in Technology 2022 (Wang Lin)

## VBDATA.CN

- Best-Performing VC/PE Firms in Biomedicine 2022
- Elite Venture Capitalist in Healthcare 2022 (Liu Dan)

## OTHERS

- F40 Investors 2022 (Gao Jieliang), PEdaily
- Top 50 Investment Institutions in Equity Investment Value 2022, YICAI
- Best Private Equity Firm 2022, NewFortune
- Top 10 Private Equity 2021, CVCA
- Top 10 VC/PE Firms in Biomedicine 2020-2021, VCBeat
- Belle Case - HKVCA ESG Award of Excellence 2019, HKVCA
- Most Consistent Performing Buyout Fund Managers 2017, Preqin
- #1 of Top 30 influential investors 2016 (Jiao Shuge), Fortune
- Asia's 25 most influential people in private equity 2013 (Wu Shangzhi), Asian Investor



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