

CIMC ENRIC

CIMC Enric Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3899

Environmental, Social and Governance Report

2016





Vision

To be a world-leading manufacturer of specialised equipment and provider of project engineering services for energy, chemical and liquid food industries.

Mission

To contribute to the technological advancement and industrial development for the global energy, chemical and liquid food equipment markets; to maximise value for the company's stakeholders; to contribute to greener, cleaner and better living.

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ABOUT THE REPORT

This is CIMC Enric Holdings Limited's ("CIMC Enric" or the "Company") first Environmental, Social and Governance ("ESG") Report, for the year 2016. It is prepared in compliance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Board confirms that it has reviewed and approved the report which, to the best of its knowledge, addresses material issues and fairly presents the ESG management approach of the Company. For details on disclosure, please refer to Stock Exchange ESG content Index on pages 21-22.

CIMC Enric considers sustainability as a direction for its long-term development. The purpose of the report is not only to communicate our management approach to our stakeholders, but also to introduce ongoing sustainability initiatives directed towards the community and the environment where we operate. For the governance section, the Company has complied with Provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, please refer to page 29-45 of our Annual Report 2016 for the Corporate Governance Report.

Reporting Period and Scope

This report presents information relevant to ESG management approach of CIMC Enric Holdings Limited and its subsidiaries, including but not limited to Nantong CIMC Tank Equipment Co., Ltd. (南通中集罐式儲運設備製造有限公司)("CIMC Tank"), CIMC Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd. (荊門宏圖特種飛行器製造有限公司) ("Jingmen Hongtu"), and Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd. (張家港聖達因低溫裝備公司) ("CIMC Sanctum"). The related activities and information are for financial year 2016, from 1 January 2016 to 31 December 2016.

Feedback

We have taken into consideration the interests and requirements of different stakeholders as much as possible in the compilation of this report. The Company shall continue to improve the content and delivery of information disclosed in the future reports. Your feedback is valuable and can help us improve future reporting. Please direct your feedback and comments to:

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STATEMENT FROM GENERAL MANAGER

Dear Stakeholders,

It gives me great pleasure to present the first Environmental, Social and Governance Report of CIMC Enric. Embracing the growing expectations from stakeholders, focusing only on generating economic value is not an option any longer. As a leading manufacturer of specialised equipment and provider of project engineering services for energy, chemical and liquid food industries, we are aware of the impacts generated from our operations. By adhering to our operating philosophy of “Greener Energy, Cleaner Logistics, Better Living” (綠色能源 清潔物流 美好生活), we are committed to taking on the opportunities and challenges presented in the current global market where sustainable development has become one of the core corporate focuses. Prepared in compliance with the ESG Reporting Guide of the Stock Exchange, this Report is a milestone in our sustainability journey to reaffirm our commitment to create value for stakeholders, including investors.

Gradually integrating ESG factors into our strategy, we have been working hard to establish and optimise our management system in 2016, getting ourselves ready to measure and manage the impacts on the environment and community, including but not limited to safe production, customer service, employee engagement, resources conservation, etc. While we cannot achieve much by doing this ourselves, we are taking the lead and encourage our stakeholders to embrace sustainability as a collective responsibility.

We are committed to promoting the idea of low carbon economy, over the past few years, the Company has undertaken a series of environmental initiatives to save energy consumption and reduce emission, effluent and waste. Although there were some achievements made within the Company, we intend to consolidate our efforts in the coming years, creating a management framework that enables us to reach environmental sustainability.

“The ESG report is a milestone in our sustainability journey to reaffirm our commitment to create value for stakeholders, including investors.”

Employing nearly 9,000 employees, occupational health and safety is fundamentally important to CIMC Enric. In 2016, in addition to a surge in our inputs to ensure safe production, we have stepped up our efforts to conduct safety audits and rectify potential health hazards, as well as to raise the safety awareness among our employees.

I am grateful for the support and trust from all our stakeholders, including our employees, customers, business partners, shareholders, suppliers and community. On behalf of the management, I would like to convey my deepest gratitude to everyone involved in driving positive changes in the ESG arena. Looking ahead, the Company will continue to strengthen its sustainability policies and initiatives, incorporating such policies into research and development, marketing and production management practices and strategies. I look forward to sharing these progress with you in the next year.

Mr. Liu Chunfeng

General Manager

30 June 2017

ABOUT CIMC ENRIC

Founded in 2004, CIMC Enric Holdings Limited (3899.HK) has been listed on the Stock Exchange since 2005 and is one of the members of the CIMC Group (000039.SZ and 2039.HK). The Company together with its subsidiaries (collectively the "Group") is principally engaged in design, development, manufacturing, engineering, sales and provision of technical maintenance services for a wide spectrum of transportation, storage and processing equipment in energy, chemical and liquid food industries.

CIMC Enric has grown into a sizeable entity with nearly 9,000 employees and is continuously expanding its brand and business. Our production bases and R&D centres are located in various countries including China, the Netherlands, Germany, Belgium, Denmark and United Kingdom, shaping an interactive and complementary business model across China and Europe. Our sales and marketing network spans across the world.

Key Figures for 2016



Our Core Businesses

Energy Equipment

- Specialises in the manufacture and sale of a wide range of equipment for the storage, transportation, processing and distribution of natural gas such as compressed natural gas trailers, seamless pressure cylinders, liquefied natural gas ("LNG") trailers, LNG storage tanks, liquefied petroleum gas ("LPG") tanks, LPG trailers, natural gas refuelling station systems and natural gas compressors; and the provision of engineering, procurement and construction services for the natural gas industry.

Chemical Equipment

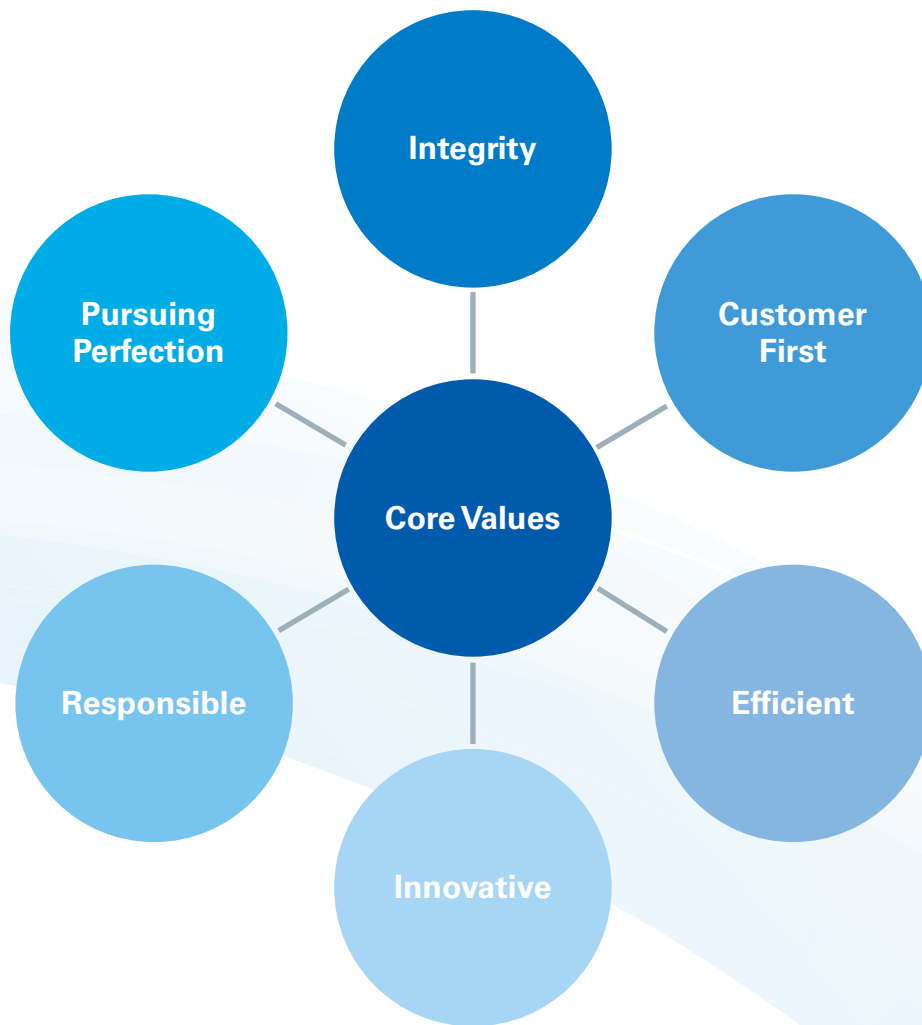
- Specialises in the manufacture and sale of a wide range of equipment, such as tank containers, for the storage and transportation of liquefied or gasified chemicals.

Liquid Food Equipment

- Specialises in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, fruit juice and milk and the provision of engineering, procurement and construction services for the brewery industry as well as other liquid food industries.

Energy and chemical products and services are delivered across the People’s Republic of China (“PRC”) and exported to Southeast Asia, Europe and North and South America. While the production bases of liquid food equipment segment are located in Europe and China, products and services are sold worldwide. The Group is committed to building a broad and solid customer network, especially with industry heavyweights and customers of great growth potentials. The Group’s broad customer base includes PetroChina, Sinopec, CNOOC,

ENN Energy, Shenzhen Gas, Towngas China, PT PLN (Persero), Cronos, EXSIF, TAL International, Bertschi, Eurotainer, Constellation Brands, Anheuser-Busch InBev, Heineken and Carlsberg etc. By investing in the development of healthy customer relationships, some customers have partnered with the Group to pursue new lines of business or develop new products.



CIMC Enric’s Core Values

Honours and Awards

Awards	Awarded to
Socio-Economic Contribution	
Included as eligible listed shares for Southbound trading under Shanghai-Hong Kong Stock Connect.	CIMC Enric Holdings Limited
Included as eligible listed shares for Southbound trading under Shenzhen-Hong Kong Stock Connect.	CIMC Enric Holdings Limited
Fourth place among the "2014 Top 50 Energy Enterprises with the Most Promising Growth Potential"	CIMC Enric Holdings Limited
Product Excellence	
Postdoctoral Innovation Practice Base	Shijiazhuang Enric Gas Equipment Co., Ltd. 石家莊安瑞科氣體機械有限公司
The National Enterprise Management Modernization Innovation Achievement — Second Prize	Nantong CIMC Tank Equipment Co., Ltd. 南通中集罐式儲運設備製造有限公司
Pilot Demonstration Enterprise of China Food Industry Intelligent Manufacturing	Ziemann Holvrieka Asia Co., Ltd 南通中集安瑞科食品裝備有限公司
Quantitative Pilot Enterprise for technical innovation in Jiangsu Province	Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd 張家港中集聖達因低溫裝備有限公司
Chief Executive Quality Award in Nantong Gangzha District	Nantong CIMC Tank Equipment Co., Ltd. 南通中集罐式儲運設備製造有限公司



Promote Industry Development

CIMC Enric has led and involved in revising a series of national industry standard over the years, enhancing the overall industry competitiveness and optimising product specifications regulation. The Company is actively involved in a number of industry associations promoting sustainable development in the industry and is a corporate member of industry associations listed below.

Organisation	Membership Status
China Gas Association 中國城市燃氣協會	Standing Member
China Chemical Industrial Equipment Association 中國化工裝備協會	Standing Member
Guangdong Oil & Gas Association 廣東油氣商會	Vice Chairman
China Industrial Gases Industry Association 中國工業氣體協會	Vice Chairman
China LNG Association 中國液化天然氣協會	Vice Chairman
China Gas Station Association 中國加氣站分會	Chairman
China Promotion Association for Special Equipment Safety and Energy-Saving 中國特種設備安全與節能促進會	Standing Member
International Tank Container Organisation 國際罐箱組織	Standing Member
China Civil Engineering Society China Gas Society CNG Professional Committee 中國土木工程學會燃氣分會壓縮天然氣專業委員會	Associate Member

ESG MANAGEMENT APPROACH

CIMC Enric approaches sustainable development by constructing a safe production system with advanced technologies to develop an economically, environmentally, and socially responsible business. We value sustainability as much as economic growth, as we develop our business.

The Company has set up a Health, Safety and Environment (“HSE”) Committee to manage the environmental and safety aspects of our operations. Led by the human resources department, each department of the Company contributes to the HSE Committee by setting up clear and comprehensive policies to manage the corresponding issues. The Company adheres to the six fundamental principles below in managing sustainability.

Ethical	Uphold ethical business practices and review corporate decisions are ethically sound on a regular basis
Compliance	Ensure all relevant laws and regulations in locations of operation are strictly complied
People-oriented	Motivate our employees to be proactive and innovative and grow together based on core corporate values
Transparent	Strive for corporate transparency which enables stakeholders to understand our business operations
Scientific development	Create shared value through our product innovation and advanced technologies
Care for stakeholders' concern	Seek not only for business expansion, but also to respond to the concerns from our stakeholders including employees, business partners, community, government, etc.

CIMC Enric adopts a steadfast approach towards ESG risk management, ensuring the Company is ready to respond and meeting upcoming challenges concerning sustainability. The Company will continue to review and refine its risk management methodology, systems and processes to ensure they are adequate and effective.

Risk	Our Response
<p>Policy Risk</p> <p>The energy and chemical industry faces a tougher challenge due to implementation of the new policies.</p>	<ol style="list-style-type: none"> 1. Keep abreast of the latest policy development, the Company is committed to aligning the goal of creating value for our shareholders and stakeholders. 2. In preparation for the upcoming Environmental Protection Tax Law of PRC, the Company has actively undertaken initiatives to manage effluent and waste generation.
<p>Market Risk</p> <p>Competitive pressure is growing due to the emergence of competitors.</p>	<ol style="list-style-type: none"> 1. Allocate more resources on research and development and optimise production facilities, aiming to achieve sustainable competitive advantages.
<p>Human Resources Risk</p> <p>The Company is facing the risk of talent drought, especially in the mid-to-high end technical level. Maintaining a strong talent pool is critical to realising future's strategic objectives.</p>	<ol style="list-style-type: none"> 1. The training system was further strengthened in 2016, focusing on three areas, namely, managerial, professional skills and operational skills. These training programmes are tailored to different levels and different skillsets of different individuals. 2. A new bridging course for managerial staff was developed, providing knowledge on leadership to ensure smooth transition on promotion.
<p>Safety Management</p> <p>Safety management system and its relevant experience have to be strengthened in some of our subsidiaries.</p>	<ol style="list-style-type: none"> 1. Subsidiaries are required to incorporate and implement group-level safety management system. 2. Each business segment has established its own HSE committees to optimise the segment-specific safety requirements. 3. Monthly HSE meetings are held to monitor and review the key developments. 4. "Emergency Response Guideline for General Manager" has been issued to raise the effectiveness of response (總經理緊急情況應急處置指引). 5. Raise the safety awareness by conducting more trainings.

Stakeholder Engagement

CIMC Enric has a wide range of stakeholders, including customers, employees, investors, communities, suppliers, government agencies, etc. We communicate with our stakeholders on an ongoing basis through different channels and platforms, including annual reports, surveys, dialogues, one-on-one meetings, etc.

Stakeholders	Engagement Approach
Customers	<ul style="list-style-type: none"> Improve quality of products and services through customer satisfaction surveys and online communications platforms
Employees	<ul style="list-style-type: none"> Ensure employees' rights, benefits and safety at workplace through surveys, interviews, email and training sessions
Suppliers	<ul style="list-style-type: none"> Ensure suppliers' quality and ethics through trainings, onsite visits and audits
Communities	<ul style="list-style-type: none"> Contribute to the community through actively participation in volunteer opportunities and supporting the education, cultural and public health development
Government	<ul style="list-style-type: none"> Ensure compliance by responding to government or regulatory policies
Shareholders and Investors	<ul style="list-style-type: none"> Engage shareholders and investors through general meetings and sustainability reports

OUR PEOPLE

Technologies can be replicated, but it is employees who enable a company to thrive. Our workforce of highly talented individuals is pivotal to our success and we have built robust talent management system for recruitment, development and retention.

CIMC Enric treasures every employee and continuously invests in building a harmonious working environment. Our human resources strategy and policies are aligned with the Labour Contract Law of PRC, ensuring the protection of employees' right. The Company does not tolerate any form of child and forced labour. Our employment policies clearly state that such practices are prohibited. During the year, there were no reported incidents concerning violation of labour rights, recruitment of child labour or forced labour. We are committed to providing a workplace free of discrimination and harassment. All employees are treated equally, regardless of gender, race, marital status, religion, etc. There were no reports regarding any form of discrimination in 2016.

The Company manages its remuneration system by the principle of "Competitive Efficiency, Competitive Talents, Competitive Remuneration", adjusting employees' salaries according to the position held, performance and ability. In addition to provide employees benefits such as social insurance and housing allowance, the Company also provides benefits on special occasions such as traditional festivals, employee's weddings, new baby gifts, annual health check-ups, etc.

Trade Union

CIMC Enric has established a trade union of its own to engage employees of the Company and its subsidiaries, where all committee members of the trade union are elected by the employees. The trade union ensures the voice of employees is heard and is responsible to liaise with the Company management, safeguarding the employees' rights in respect of working hours, rest and holidays, remuneration and benefits. The trade union is also responsible for offering assistance to employees in need and organising leisure activities.

Employee Engagement

The Company has built a diversified communication platform for the employees to voice their concern, which includes email, surveys, complaint forms and interviews. Our human resources department is responsible for monitoring these feedbacks, aiming to collect opinion from employees and make appropriate improvements.

Over the years, the Company has been commencing on the satisfaction surveys of the employees, covering areas including career development, remuneration, organisational support, performance management, resources, employees' growth, company structure, working procedures, etc. In general, the response rate is satisfactory, providing reference points for the Company to engage with its employees and make appropriate improvements on an ongoing basis.

Our People

Training and Development

CIMC Enric believes that investment on employees facilitates long-term sustainable development of its business. The Company has a multi-pronged approach to training, targeting to enhance employees' knowledge and skills. Trainings were organised for professional skills, leadership, international talent development, etc.

In 2016, we have further strengthened our training system, focusing on three areas, namely, managerial talents, technical talents and operational talents. These training programmes are tailored to different levels and different skillsets of different individuals. We also expanded our training team and improved the quality of

the trainers, so as to ensure the quality of these training programmes. During the year, we developed a new bridging course for the new managerial staff, providing knowledge on leadership to ensure smooth transition on promotion. The courses engaged participants by holding seminars and case studies discussion.

It is critical for CIMC Enric to recruit young talents from reputable universities. In 2016, one of our subsidiaries hired 32 outstanding fresh graduates. Under the guidance from human resources department, trainings were provided in the areas of company introduction, core skillsets, sales technique and business etiquette, enabling them to immerse in our corporate culture.



Bridging course for new managerial staff



Training for graduates

Health and Safety

Management commitment and rigorous application of safety systems, combined with ongoing training, have driven our progress in health and safety.

CIMC Enric embraces employees' health and safety as a personal and collective responsibility. We are committed to providing a "safe, healthy, decent and harmonious" workplace, ensuring the compliance with "Code of Occupational Disease Prevention" (《職業健康防治法》), "Measures for the Administration of Occupational Health Examination" (《職業健康檢查管理辦法》) and other applicable laws and regulations. The Company has obtained certifications from the National Safe Production Standardization and seven of our subsidiaries have obtained OHSAS 18001 standard on occupational health and safety.

During the year, we were not aware of any non-compliance with laws and regulations having a significant impact on the Company relating to occupational health and safety.

The Company has developed a safety management system based on product characteristics, which is able to monitor and manage any potential hazards on a more precise basis. Driving CIMC Enric's safety efforts is the HSE committee, which formulates and oversees the implementation of the safety policies and programmes. The committee organised meetings bi-monthly to better understand the health and safety measures of the Company. Specialised safety managers are responsible to monitor potential hazards at all stages of production to mitigate the safety risks to the employees.

Every year, the Company provides a complimentary body check for the employees, especially for the frontline workers who are exposed to noise, dust, paints, chemicals, etc. Strictly complying with the Company's "Rules on the Administration of Industrial Safety Equipment" (《勞動防護用品管理規定》) and other applicable production safety rules and regulations, the Company requires all site personnel are provided with appropriate safety gear. Employees are trained on the proper use and maintenance of the equipment to ensure they are effective in preventing safety incidents and occupational disease.

CIMC Enric is committed to improving the safety management system by conducting inspections of safety standards and rectifying potential hazards. During the year, the Company has conducted more than 230 general safety inspections and 130 special safety inspections on fire and chemical hazards.



Mr. Liu Chunfeng, General Manager of CIMC Enric, participated in a safety inspection

Our People

Safety Training

CIMC Enric actively engages its employees through safety trainings to instill the importance of occupational health and safety. The Company has been increasing its input on health and safety. In 2016, we have organised workshops and trainings to educate our employees on preventing occupational diseases and hazards, covering the entire workforce. For positions which require specialised skills, we demand our employees to obtain certification to ensure proficiency and ability for operating in such positions.

The Company is committed to achieving “safety first, zero non-compliance, zero accident” and reviewing past experiences to seek improvement in safety management system. The Company also encourages management to act as role models when demonstrating safety standards and safe working procedures. In 2016, we organised a “Safety Awareness Month”, enabling employees to share their experience on occupational safety. The initiative has successfully strengthened the safety culture in the Company, raising the safety awareness among our employees.

In addition, each business division is required to comply with the Group’s Rules on Production Accident Response, focusing on tackling chemical spill, flood, fire, explosion, typhoon, etc., and organising specific drills. In 2016, the Company conducted over 80 emergency drills.



Workshop conducted by the Fire Department



Fire drill

OPERATIONAL EXCELLENCE

CIMC Enric is committed to providing world-class products and services to satisfy our customers on a consistent basis.

The Company has stringent processes and systems to ensure that all products and services are in compliance with relevant regulatory requirements and internal regulations, including but not limited to the “Product Quality Law of the PRC” (《產品質量法》). In addition, all our subsidiaries have obtained ISO 9001 quality management systems certifications.

We ensure that only the best quality of products are delivered. Our sales volume of ISO liquid tank container remains the world number one. The Company has maintained the largest market share in the cryogenic containers and transportation market, and the third largest market share in the LNG and CNG refuelling station markets.

The Company is committed to rectifying any defective products without delay; in the unlikely case of a product recall, all products recalled will be processed according to the “Product Quality Safety Control Procedure”. There has been no incident of product recall due to safety or health issues since the inception of the Company.

During the year, we were not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Company concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Project Study: Application of Mechanical Welding Machines

One of our subsidiaries in Nantong has introduced robot welding machines, which offers a huge advantage over the traditional method. The traditional method requires two workers to perform the welding, whereas the new machine assisted method requires only one worker to operate. The efficiency of the welding procedure has been doubled after replacing of the old machines.



Robot Welding Machine

Intellectual Property Rights

Protecting and respecting intellectual property rights (“IPRs”) has become a core value of the Company. We have identified a clear management direction, from patent applications, prevention of violation of IPRs to use of our patented technologies. We are committed to complying with laws and respect all intellectual property rights. Such practices not only ensure innovations are appreciated, but also enhance the originality and uniqueness of our products. The Group possesses certain patented technologies in different countries to protect its invention and knowhow. As at 31 December 2016, the Group held exclusive rights to a portfolio of over 630 patents in China and overseas, of which over 70 patents were newly obtained during the year.

Outstanding Customer Service

The Group values long-standing relationship with customers and endeavours to maintain safe and efficient operation of the products for customers. Customer service centres have been established in various cities in the PRC and timely delivery of after-sales customer service and technical support is pledged.

Since 2007, the Group has been collaborating with the Chinese Institute of Specialty Equipment Inspection and Testing (中國特種設備檢測研究院), and established nine examination and service centres for CNG trailers and other high pressure cylinder trailers in Xi'an, Shenyang, Haikou, Xinjiang, Yangzhou, Hengyang, Shijiazhuang, Chengdu and Daqing, in the PRC. The centres provide services including examinations, alternations, repairs and replacement parts to customers. According to the relevant safety regulations of the PRC, inspections of high pressure cylinder trailers in use should be carried out periodically. These examination and service centres provide inspections and other services to customers in accordance with relevant regulations, to ensure the safe operation of customers' vehicles.

Customer Complaint Handling

CIMC Enric engages its customers at every stage of the product life cycle. During the year, the Company continued to improve its customer service system by setting up online communication platforms. Our customer service network covered approximately 80% of the customers and we have expanded the network this year by setting up over a hundred service locations. Continuous training is also provided to the after-sales service officers, so that they could have a better understanding of our policies and products.

CIMC Enric has also set up a complaint management system, enabling our employees to handle complaints promptly. The Company's "Measures for Customer Service and Complaint Management" stipulates the standard procedures for processing complaints and requires all responsible personnel to respond to complaints as soon as possible. In 2016, the number of complaints dropped by 23% as compared with 2015 which reflects the effectiveness of the measures implemented by the Company.

Case Study: Zhuhai City Bus Co., Ltd

Zhuhai City Bus Co., Ltd ("Zhuhai City Bus") is a major customer of CIMC Sanctum. In August 2016, it requested a maintenance service. A delay in the maintenance work was expected due to insufficient production capacity during the peak season, which would lead to temporary shutdown of relevant bus operation. After the customer service centre received the complaint, our representative did a site visit, proposed the solutions. A Wechat group was formed with staff from Zhuhai City Bus, where they could check the repair status from time to time. The maintenance work only took half the time than originally expected and we have effectively resolved the customer's problems.



Maintenance service for Zhuhai City Bus

Achieve win-win cooperation with suppliers

In 2016, our subsidiary in Nantong introduced the "Just-in-time" production management approach which estimates the upcoming trend of resources consumption and orders from the suppliers. Both the Company and the supplier maintain a certain level of final product and semi-finished products, enabling us to meet the demand of flexible production and urgent order request.

Supply Chain Management

Sound relationships with suppliers are important in the supply chain, which can drive cost effectiveness and foster long term business benefits. The Group has formulated criteria for selection of strategic suppliers, in terms of their product offers, operational scale, development strategies, and their performance on environmental and social aspects. For example, CIMC Tank established a working group to manage, assess and provide qualified certification to existing suppliers, to identify and develop and maintain new suppliers. The Company also conducts supplier annual audits to ensure the quality of suppliers. Those who fail to meet the criteria, which are in accordance with the supplier selection principles, would face a reduction in business or even removal from the suppliers' list.

Adhering to the "CIMC Enric Procurement Management System", which clearly states the supply chain management principles and procedures of the Company, we are committed to creating a fair, open and transparent supply chain platform. We treat all potential and current suppliers fairly and prohibit any interruption of the tendering process. As of the end of 2016, the Company had a total of over 1,622 suppliers, mainly distributed in Jiangsu, Shanghai, Hebei, Anhui, Zhejiang, Beijing, Hubei, Shandong and Sichuan.

Anti-corruption

Bribery not only violates the principle of a fair market economy, but also severely damages the business ethics of the Company. CIMC Enric has complied with all relevant laws and regulations relating to bribery, extortion, fraud and money laundering, and we strictly prohibit any form of such activities in the Company. During the year, there were no reported instances of non-compliance with laws and regulations relating to anti-corruption.

The Company has established a series of policies for preventing corruption and promoting ethical business practices, including but not limited to "Key Management Monitoring System" and "Whistleblowing Management Regulation". To cultivate an anti-bribery culture, the Company organises workshops and training sessions to reinforce the employees' knowledge on applicable laws and the Company's policies. In addition, we request all management, employees from marketing, sales, procurement, engineering, audit and risk management to make a commitment to maintain integrity in their official duties.

The Company's whistleblowing policy enables our employees to report any case of corruption when it is identified. Audit committee or senior management of the Company will conduct further investigation. The outcome of any investigation and follow-up action of all legitimate allegations will be reported to the board of directors of the Company.

Data Privacy

The Company is committed to safeguarding customers' privacy. A "Market Information Management Policy" and "Supplier Confidentiality Agreement" were established to ensure the privacy matters are protected. The Company has also implemented a comprehensive range of data security procedures to protect our business and customers from data leaks and hacks. Data collected are managed under a framework established according to confidential policies with only authorised personnel have access. In addition, we aim to strengthen employees' understanding of privacy rights and ethical business practices through education.

ENVIRONMENTAL SUSTAINABILITY

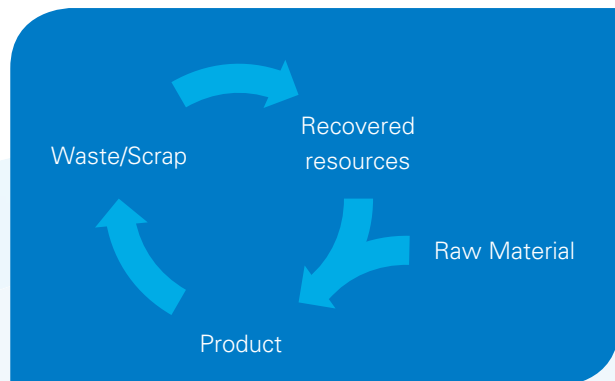
The Company is committed to promoting green operation and has implemented relevant environmental protection measures, aiming to achieve energy saving and emission reduction.

CIMC Enric has set up an environmental management system that complies with relevant laws and regulations in the PRC, including but not limited to the Environmental Protection Law of the PRC 《中華人民共和國環境保護法》, Law of the PRC on Prevention and Control of Air Pollution 《中華人民共和國大氣污染防治法》, Law of the PRC on Prevention and Control of Water Pollution 《中華人民共和國水污染防治法》, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes 《中華人民共和國固體廢物污染環境防治法》. During the year, there were no significant fines and no non-monetary sanctions for non-compliance with environmental laws and regulations.

The Company follows the “Environmental Protection Policy” (集團環境保護制度) and “Environmental accidents classification” 《集團環境事故等級劃分》 from Group. Led by the HSE Committee of the Company, the subsidiaries have been proactively undertaking HSE improvement activities and projects, aiming to further optimise the governance structure. Regular monitoring and performance assessment are established to strengthen the management system.

Resources Conservation

The Company considers reduction at source as one of the most effective approaches for protecting the environment and we strive to conserve energy in both our manufacturing sites and offices, to achieve low consumption, low emission and high efficiency in all facilities. Some of our subsidiaries have obtained the certifications of ISO 14001 environmental management systems to formulate resources efficient policies and strengthen the implementation of such policies. CIMC Enric encourages recovery of raw materials. The factories collect trim scrap, steel scrap, leftover raw material and residual heat for recycling and reuse in the production process.



When developing new projects, we strictly follow the principle of “three simultaneities”, ensuring emission treatment system meets the requirements set by the government. For our current facilities, the Company has invested in enhancing the efficiency of the equipment and improving the measures for treating different kinds of pollutions such as exhaust gas, noise, effluent and solid waste.

The Company is devoted to the use of renewable energy and has installed solar panels on rooftops of production facilities. In addition, we are working on replacement of diesel with natural gas, and traditional lighting with LED lighting, where feasible. The Company has reduced waste generation by improving product design, which effectively reduces the emission of volatile organic compounds and hazardous waste.

Waste and Effluent Management

The Company ensures all waste and emissions are discharged according to the laws and regulations in the PRC. For air emissions, the Company complies with the Environmental Protection Law of the PRC 《中華人民共和國環境保護法》, Atmospheric Pollution Prevention and Control Law of the PRC 《中華人民共和國大氣污染防治法》, and the Integrated Emission Standard of Air Pollutants 《大氣污染物綜合排放標準》.

For wastewater, we ensure compliance with the Water Pollution Prevention and Control Law of the PRC 《中華人民共和國水污染防治法》, Integrated Wastewater Discharge Standard 《污水綜合排放標準》, Wastewater Quality Standards for Discharge into Municipal Sewers 《污水排入城鎮下水道水質標準》 and the Detailed Rules for the Implementation of the Water Pollution Prevention and Control Law of the PRC 《中華人民共和國水污染防治法實施細則》, and other relevant laws and regulations. The Company has built a system for recycling of treated effluent as flushing water, saving approximately 40,000 tonnes of water consumption per year. Water used for pressure testing and washing of products is also recycled to maximise utilisation of water resources.

In 2016, the Company has invested RMB650,000 in building a spray paint effluent treatment facility (油漆廢水處理設施) for container production. The treated water is being recycled and reused in production.

For all hazardous and non-hazardous waste, we comply with the Solid Waste Prevention and Control Law of the PRC 《中華人民共和國固體廢物污染環境防治法》 and Notice on Interim Measures on the management of Hazardous Waste in Jiangsu Province 《江蘇省危險廢物管理暫行辦法》, where we commissioned the qualified third party to collect all hazardous waste and report to the Ministry of Environmental Protection (環保局). Non-hazardous waste is handed over to the Environmental Hygiene Department (環衛處) for further treatment.



Spray paint effluent treatment facility

Case Study: exhaust gas purification tank

Exhaust gas has been considered as one of the major air pollutants. CIMC Enric is committed to minimising exhaust gas emissions during the logistics process. One of our subsidiaries in Nantong has co-developed an exhaust gas purification tank used in the shipment of large containers, where most of the emissions are produced.

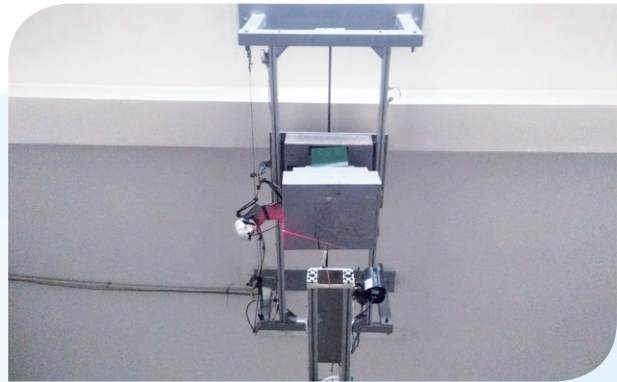
Case Study: Application of Digital Screening

In the past, the Company used to monitor product quality using x-ray technologies, which required a considerable amount of photographic developer, fixer and plastic films. Moreover, the whole monitoring process was time consuming and required a lot of manpower, resulting in low efficiency.

In 2016, the Company upgraded the quality assurance system to a digital system. The monitoring process was connected to computers, mitigating the consumption of developer, fixer and plastic films. This not only improved the efficiency of quality assurance but also greatly reduced the environmental impact.



Exhaust gas purification tank



Upper: Camera which can take photos of the inner structure of the product

Lower: The image is then display on the computer for inspection

COMMUNITY CARE

CIMC Enric is committed to making a positive contribution to society, with a focus on educational, cultural and environmental initiatives.

The Company organises volunteering events in which employees participate actively to help the people in need, both in terms of providing financial support and participating to build a better neighbourhood.

Tree Planting

On 11 March 2016, the Company organised a tree planting event, in which about 300 employees joined. The Company hopes to educate its employees to live an environmental friendly and healthy lifestyle and put sustainability values into practice.



Shuangshan Island Charity Walk (雙山環島暴走公益行)

On 4 May 2016, the Company formed a team of five members to join the Free Trade Zone (Jingangzhen) Shuangshan Island Charity Walk. The charity walk promoted team spirit among employees of the Company.



STOCK EXCHANGE ESG CONTENT INDEX

KPIs	Stock Exchange ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
Aspect A1	Emissions	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Sustainability, P.17
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Waste and Effluent Management, P.18
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste and Effluent Management, P.18
Aspect A2	Use of resources	
General disclosure	Policies on efficient use of resources including energy, water and raw materials.	Resources Conservation, P.17
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resources Conservation, P.17
Aspect A3	The environment and natural resources	
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Sustainability, P.17-19
B. Social		
Aspect B1	Working conditions	
General disclosure	Information on: (c) the policies; and (d) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our People, P.10
Aspect B2	Health and safety	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety, P.12

KPIs	Stock Exchange ESG Reporting Guide Requirements	Section/Remarks
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Health and Safety, Safety Training, P.12-13
Aspect B3	Development and training	
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development, P.11
Aspect B4	Labour standards	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Our People, P.10
Aspect B5	Supply chain management	
General disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management, P.16
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management, P.16
Aspect B6	Product responsibility	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operational Excellence, P.14
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights, P.14
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Privacy, P.16
Aspect B7	Anti-Corruption	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption, P.16
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-Corruption, P.16
Aspect B8	Community investment	
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Care, P.20

CIMC ENRIC

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