

# CIMC ENRIC

CIMC Enric Holdings Limited

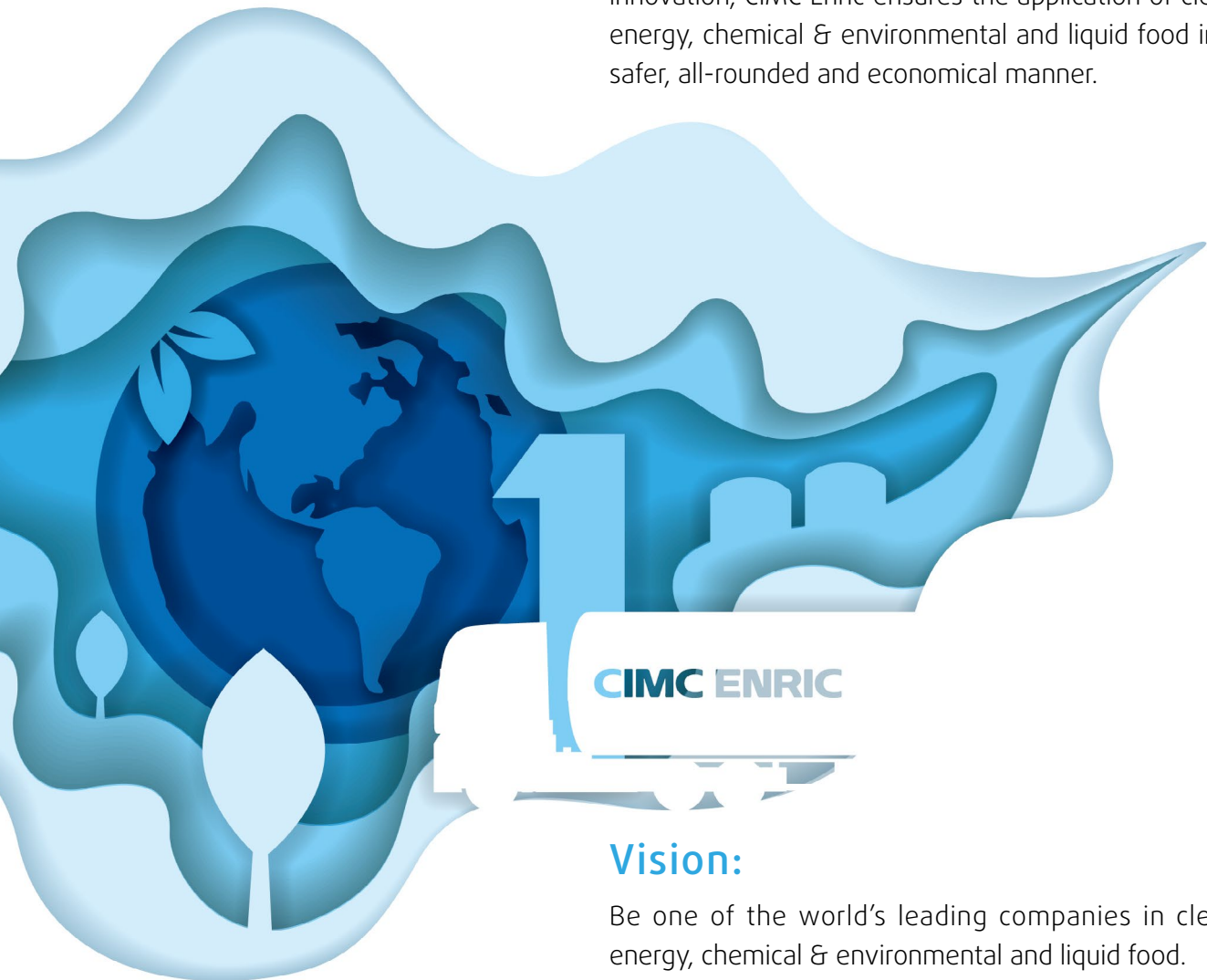
---

## 2019 Environmental, Social and Governance Report



## Our Operating Philosophy

By providing key equipment and technological innovation, CIMC Enric ensures the application of clean energy, chemical & environmental and liquid food in a safer, all-rounded and economical manner.



### Vision:

Be one of the world's leading companies in clean energy, chemical & environmental and liquid food.

## Content

<b>2</b> <b>About the report</b>	<b>3</b> <b>High Aspiration Shared Value</b>  Statement from the General Manager 4  Our Business 5	<b>7</b> <b>Management Excellence Dare to Commit</b>  Sustainability Strategy 8 Environment and Social Responsibility Management 8 Key Performance Highlights 10 Stakeholder Engagement 11 Responding to Material Topics 12	<b>16</b> <b>Compliance, Integrity and Honesty</b>  Control of Operational Risks 17 Promotion of Integrity Culture 19 Maintenance of Supply Chain Stability 20	<b>21</b> <b>Innovation-driven Green Development</b>  Green Industry Chain 22 Green Product 23 Green Factory 23	<b>24</b> <b>Managing Environmental Impact Embracing Blue Sky</b>  Strict Emissions Control 25  Resources Conservation 28  Environmental Emergency Management 29
-------------------------------------	--	--	--	--	---



## Mission:

Provides quality, reliable and smart equipment and services for customers, offers excellent returns to shareholders and employees, and creates sustainable value for society.

### 30 Safety and Health, Mitigating Risks

Maintain an effective Management System	31
Safety Measures Implementation	31
Develop Safety Skills	31
Improve Safety Level	32
Occupational Health	32

### 33 True Concern Grow together

Equal Opportunity and Diversity	33
Employees' Rights Protection	35
Welfare Management	35
Training and Development	36
Employment Engagement	37

### 39 Pursuit of Excellence Win-Win Collaboration

Product and Service Innovation	40
Improvement of Product Quality	42
Excellent Customer Relationship	43

### 44 Community Care Give Back to Society

Study Subsidy Program	45
Care for the Community	45
Targeted Poverty Alleviation	45
Fighting Against the Epidemic	46

### 47 Applicable Laws and Regulations

### 48 ESG Content Index

# About the Report

This is the fourth Environmental, Social and Governance (“ESG”) Report of CIMC Enric Holdings Limited (“CIMC Enric” or the “Company”), aiming at raising stakeholders’ awareness of environmental and social performance as well as sustainability strategy of the Company. The board of directors (the “Board”) has reviewed the Report and confirms that the content is accurate, true and complete.

## Reporting Guideline

This Report 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 (“Stock Exchange”) and according to the actual situation of the Company. This Report aims to meet the reporting principles of materiality, quantitative, consistency and balance. For the corporate governance section, please refer to the Corporate Governance Report in the Company’s 2019 Annual Report.

## Reporting Scope and Period

This Report presents the environmental and social performance of CIMC Enric and its subsidiaries (collectively, the “Group”), from 1 January 2019 to 31 December 2019 (with some content extending to early 2020). We disclose environmental data from 14 subsidiaries of the Group, covering 1 more overseas subsidiary compared to 2018. For an overview of performance indicators, please refer to the content index at the end of this Report.

## Feedback

We have taken into consideration the interests and concerns of different stakeholders when compiling the Report. The Company shall continue to improve the content and delivery of information disclosed in future reports. We welcome your feedback and any suggestions. Please contact us at:

**CIMC Enric Holdings Limited Address:**

Unit 908, 9/F, Fairmont House, No. 8 Cotton Tree Drive, Central, Hong Kong

Tel: +852 2528 9386

Fax: +852 2865 9877

Website: [www.enricgroup.com](http://www.enricgroup.com)

E-mail: [enric@enric.com.hk](mailto:enric@enric.com.hk)

**Headquarter in China**

CIMC R&D Center, No. 2, Gangwan Avenue, Shekou Industrial Park, Nanshan District, Shenzhen, Guangdong Province, China



## High Aspiration Shared Value

### Content of this section

---

Statement from the General Manager  
Our Business

## Statement from the General Manager

Dear Stakeholders,

As a global leader in the clean energy, chemical and environmental, and liquid food equipment industries, CIMC Enric bears the social responsibility for preserving a sustainable ecology and improving the well-being of the people. Embracing different global challenges, we continue to strengthen risk management, seize opportunities, implement the business philosophy of "Greener Energy, Cleaner Logistics, Better living", and cooperate with our stakeholders to create positive impacts by protecting the environment and promoting a low-carbon economy.

In order to meet stakeholders' expectations on the Company's environmental, social and governance (ESG) performance, CIMC Enric continuously optimises its ESG strategy and goals, formulating action plans on material issues such as emissions reduction, product safety, and green development projects. The Health, Safety and Environment (HSE) Committee is responsible to carry out these action plans which aims to improve our ESG performance and strengthen our competitive advantage.

To align with the national energy strategy, we actively promote green production and develop clean energy. During the year, we implemented numerous green development projects, introduced optimised green products, environmental equipment, etc., and further developed the hydrogen equipment business to provide more eco-friendly products to customers. In addition, we strengthened the tracking of environmental performance, clarified management objectives, adopted control measures based on risk levels, aiming to reduce emissions.

Striving for sustainable growth, CIMC Enric strongly supports technological innovation as well as research and development which aims to make the application of its product safer, broader and more economical. As the demand for smart technology rises, we have launched a one-stop solution for energy equipment, adopting the Internet of Things (IoT) technology as well as global positioning system, cloud technology, etc., to monitor product conditions in real time, contributing to a more efficient production management for our customers.

CIMC Enric strictly adheres to the highest standards of business ethics. Anti-corruption is our priority. The management takes the lead in establishing a corporate culture of integrity, self-discipline, honesty and righteousness, and strengthening the employees' awareness on anti-corruption. We ensure transparency in bidding processes and require suppliers to sign the Sunshine Cooperation Commitment to create a fair, just and efficient supply chain.

Sustainable development of CIMC Enric relies on participation and support of various stakeholders, including employees, investors, regulators, customers, and suppliers. By maintaining communication with stakeholders, and engaging them on material sustainability topics, we believe that CIMC Enric will progress along the path of sustainable development, making contributions to the environment and society.

General Manager  
Mr. Yang Xiaohu  
16 April, 2020



## Our Business

Founded in 2004, CIMC Enric has been listed on the Stock Exchange since 2005 and is a member of the CIMC Group. We are principally engaged in design, development, manufacturing, engineering, sales, operation, and provision of technical maintenance services for a wide spectrum of transportation, storage and processing equipment in clean energy, chemical & environmental, and liquid food industries. Our product portfolio is as follows:

### Energy Equipment and Engineering



- Liquefied natural gas ("LNG") trailers, storage tanks, tank containers and on-vehicle fuel tanks
- Compressed natural gas ("CNG") trailers, storage tanks, tank containers and on-vehicle fuel tanks
- Liquefied petroleum gas ("LPG") trailers, storage tanks and tank containers
- Natural gas refueling station systems
- Natural gas compressors
- Engineering, procurement and construction ("EPC") service for the natural gas liquefaction plant
- EPC service for the petrochemical products and natural gas cryogenic storage and transportation
- EPC service for the large-scale petrochemical tank farm
- Intelligent IoT platform
- Small and medium-sized liquefied multi-gas carriers, LNG bunkering vessels, LNG powered ships
- Marine liquefied-gas tanks and LNG marine fuel tanks

### Chemical Equipment



- Tank containers for chemical liquids, liquefied gas and powder products

### Liquid Food Equipment and Engineering



- Stainless steel processing equipment and storage tanks
- Project engineering services, e.g. turnkey projects for the processing and distribution of beer, fruit juice and other liquid food

We provide our customers with integrated solution of "Equipment + Engineering + Solution", ensuring the provision of service for the entire industry value chain.



#### Equipment Production

- Advanced technology from Europe and America
- Production advantages in China
- Capability of producing key equipment
- World's leading lean management



#### Engineering Service

- Consultation
- Design
- Construction
- EPC services



#### Solution

- Offshore liquefied-gas storage solutions
- Acquisition of unconventional sources of natural gas and operations solutions
- LNG multi-party collaboration solutions
- Solutions on natural gas storage for peak seasons
- Beer turnkey project solutions
- Finance solutions

Our production bases and R&D centres are located in different areas including China, the Netherlands, Germany, Belgium, Denmark and the United Kingdom, forming an interactive and interdependent business model across China and Europe. Maintaining a global sales network, we possess various products and services brands including "Enric", "Sanctum", "Hongtu", "Hashenleng", "YPDI", "SOE", "CIMC Tank", "Tankmiles", "Anjiehui", "Ziemann Holvrieka", "Briggs", "DME", "NSI", etc.

## Participation in Industry Organizations

Striving to unleash our competitive edges in production, CIMC Enric actively joins different industry and energy-related associations to contribute to the development of the industry. Industry organizations we have joined, and our corresponding positions therein are as follows.

Association	Position
International Tank Container Organization(ITCO)	Vice President of Production Division
ITCO Producer Branch	Vice President
China Gas Association	Managing Director
China Industrial Gases Industry Association (CIGIA)	Vice President
China LNG Branch	President
China Communications and Transportation Energy Branch	President
Natural Gas Vehicles/Ship ("NGVS") Branch-China Communications and Transportation Association	Vice President
China Association of Technology Supervision and Intelligence (CATSI) Technology and Informatization Working Committee of Hazardous Chemicals Storage and Transportation	Vice President
China Chemical Industrial Equipment Association	Managing Director
China Association of Technology Supervision and Intelligence (CATSI) Technology and Informatization Working Committee of Hazardous Chemicals Storage and Transportation	Committee Member
Petrochemical Construction Branch-China Construction Industry Association	Director
Survey and Design Committee -Petrochemical Construction Branch of China Construction Industry Association	Member
Engineering Project Management and Procurement Construction Branch - China Engineering and Consulting Association	Director
China Container Industry Association	Member
China Chemical Industrial Equipment Association	Director
China Promotion Association for Special Equipment Safety and Energy-saving	Director
China Chemical Industrial Equipment Association	Director
China Industrial Gases Industry Association (CIGIA)	Vice President
CIGIA Atmospheric Pressure Equipment Committee	Committee Member
CIGIA LNG Branch	Vice President
CIGIA Communications and Transportation Energy Branch	President
China Petroleum & Petrochemical Equipment Industry Association	Committee Member
Transmission and Distribution Committee- Fuel Gas Branch of China Civil Engineering Society	Member
Compressed Natural Gas Committee- Fuel Gas Branch of China Civil Engineering Society	Committee Member of the 2 <sup>nd</sup> term
China Promotion Association for Special Equipment Safety and Energy-saving	Managing Director
China Renewable Hydrogenic Energy Committee	Member
China Industrial Gases Industry Association (CIGIA)	Member
CIGIA LNG Branch	Member
Movable Pressure Vessels Branch- China Standardization Committee on Boilers and Pressure Vessels	Secretariat
Cryogenic Vessels Working Team- China Standardization Committee on Boilers and Pressure Vessels	Team Leader
National Standardization Technical Committees	Committee Member
Jiangsu Provincial Association of Engineering Consultants	Director
Jiangsu Provincial Association of Survey and Design	Grade A Member
Jiangsu Provincial Association of Mechanism	Director
Jiangsu Provincial Association of Industrial Gas	Director
Guangdong Provincial Association of Industrial Gas	Director
Guangdong Provincial Association of Industrial Gas	Member
Nanjing Association of Survey and Design	Director
Shanghai Association of Industrial Gas	Member
Listed Enterprises Association of Nanshan District	Member
Informatization Working Committee of Hazardous Chemicals Storage and Transportation	Committee Member
1 <sup>st</sup> Gas Cylinder Safety Guide Standardization and Informatization Working Committee-China Association for Technical Supervision Information	Director





# Management Excellence

## Dare to Commit

### Content of this section

---

Sustainability Strategy

Environmental and Social Responsibility Management

Key Performance Highlights

Stakeholder Engagement

Responding to Material Topics



## Environmental and Social Management

CIMC Enric has established an ESG Reporting Leadership Group (the "Leadership Group") and an ESG Report Preparation Group (the "Preparation Group") to promote the ESG management system. We have established a top-down governance structure which starts from the Board, and by coordinating the efforts from the leaders and representatives of departments responsible for sustainable development to deliver our sustainability strategy and annual targets.

The Leadership Group, led by Mr. Yang Xiaohu, the Company's General Manager and Executive Director, is composed of Mr. Cheong Siu Fai, Chief Financial

Officer and Board Secretary, as well as leaders of other several key functions, including Product Responsibility, Technology Innovation, Environmental Protection, Supply Chain Management, Employment, Community Investment, Anti-corruption, etc. The Leadership Group is responsible for establishing the ESG Reporting System, formulating strategy and goals concerning ESG based on the requirements of the regulators, and integrating ESG into the Company's overall development strategy. The Leadership Group reports to the board of directors (the "Board") regularly on ESG and raises material ESG issues for the attention of the Board for discussion and approval.



In order to support the Leadership Group, the Preparation Group is responsible for organizing and coordinating report preparation with clear guidelines and division of labor. The Preparation Group, headed by Mr. Cheong Siu Fai, is comprised of representatives from the Enterprise Management department, Strategic Development department, Human Resources and Administration department, Science and Technology Management department, Legal Affairs and Audit department, Finance department, Secretary Office and Information department. Every year, the Preparation Group concludes the data collection required as planned, striving to improve the levels of disclosure.

CIMC Enric not only sets HSE policy directions every year, but also establishes clear goals and plans for ESG related initiatives such as "three wastes" treatment, emissions reduction, energy saving, and work-related injury, etc. To supervise the progress in achieving ESG targets, CIMC Enric bears the responsibility to meet the targets of CIMC Group. By breaking down the relevant ESG targets and performance indicators, as well as establishing a well-rounded ESG target system, we plan to make ESG as part of the performance appraisals for core departments and the Company.

To ensure effective implementation of the goals, we focus on certain topics to seek improvement. In 2019, we focus on the improvement of lifting operations, reduction of hazard sources, pollutants mitigation, energy reduction and green development projects. Through the implementation of the above specific projects, we are able to progress towards achieving goals of sustainability projects.

We conduct ESG-related work training for Member enterprises. In September and October 2019, we organised two training programmes on ESG work requirements for functional departments and corporate HSE personnel. In November 2019, general managers of all subsidiaries were provided with training on responding to ESG related requirements and the current status.

In response to the Consultation Conclusion on ESG Reporting Guide" published by the Stock Exchange in December 2019, the Company aims to strengthen the Board's involvement in ESG risk management and decision-making, including the formulation of the Company's ESG strategy and action plans by taking into consideration our current development stage as well as industry attributes. We also engaged with a well-known consulting institution in China and discussed the shortcomings of our ESG work and future improvement directions referring to the latest requirements of the Stock Exchange for ESG work.

## Key Performance Highlights

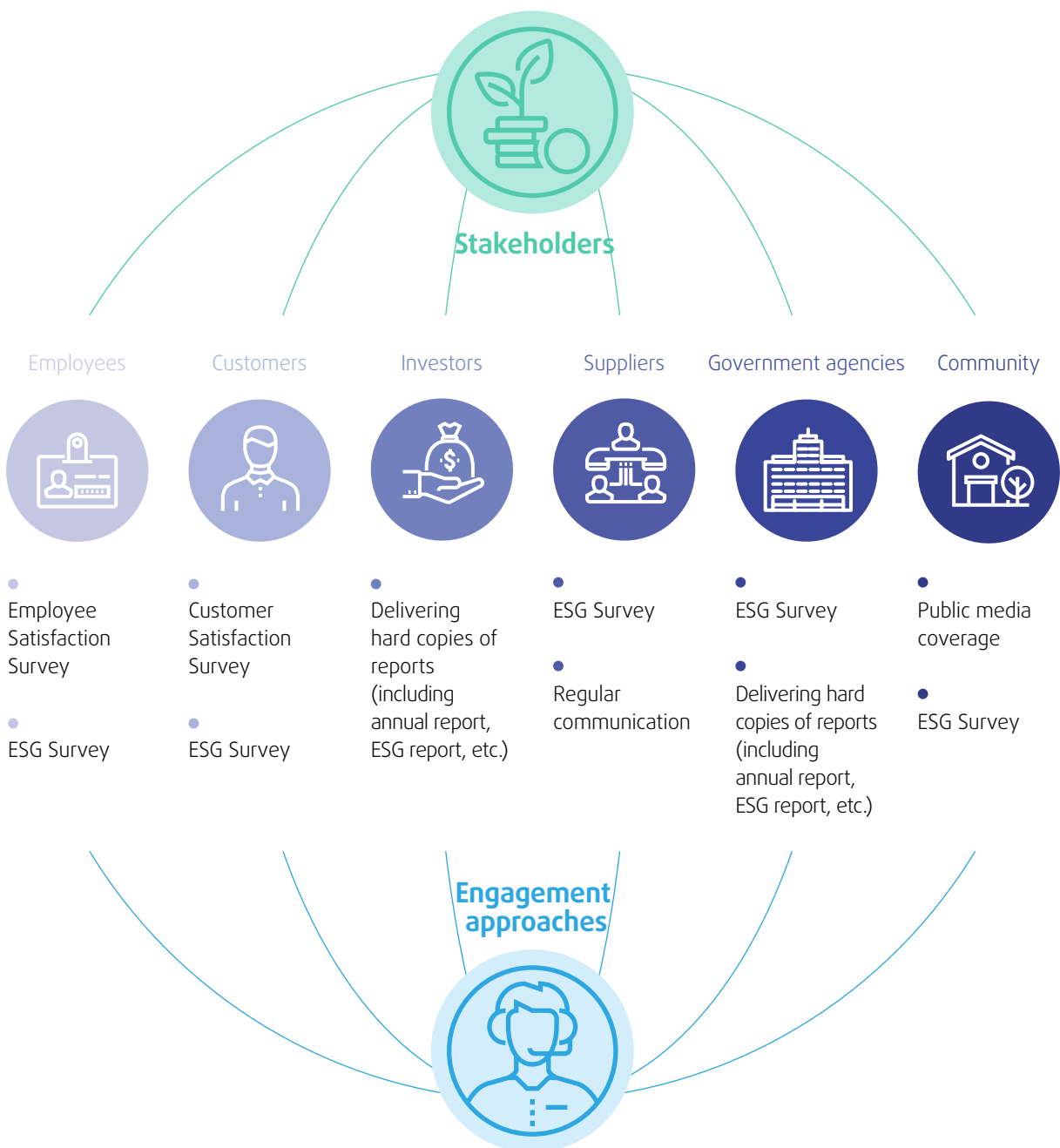
<b>Anti-corruption</b>	Set up "Employee Code of Conduct", forbid any corruption or bribery.	99% eligible suppliers signed Sunshine Cooperation Commitment, the remaining suppliers are liaising to sign it
<b>Green Product</b>	Develop Hydrogen Energy Storage Equipment Business	Develop eco-friendly chemical product business, launching marine desulphurization tower, complete marine waste gas treatment solution
<b>Environment</b>	Achieve 100% emission compliance, and establish targets on VOCs and hazardous waste	Set up energy and water resource usage efficiency targets: Consumption per unit output value declined 5% compared to that of the previous year
<b>Safety</b>	Safety management covers external subcontractors	Set up safety emergency plan, carrying out more than 100 times emergency drill
<b>Employees</b>	Establish "management" and "professional" career development channels to meet employees' needs of diverse development	Improve performance award scheme, foster the alignment of employees' and the company's goal

The Group has received recognition for sustainable development and environmental protection, employment, safety, product quality, and community investment. The following table lists some of the honours and awards that our Member enterprises received during the year.

	Award	Awardee
<b>Environmental</b>	<ul style="list-style-type: none"> <li>Green Enterprise-Enterprise Environmental Credit Evaluation by Department of Ecology and Environment of Jiangsu Province</li> <li>National Green Factory</li> </ul>	<p>Nantong CIMC Tank Equipment Co., Ltd.</p> <p>Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.</p>
<b>Employment and Safety</b>	<ul style="list-style-type: none"> <li>National Star Enterprise for Harmonious Labor Relationship</li> <li>Labor Protection and Integrity Demonstration Unit of Hubei Province</li> <li>Provincial Safety Culture Cultivation Demonstration unit</li> </ul>	<p>Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.</p> <p>Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.</p> <p>Shijiazhuang Enric Gas Equipment Co., Ltd.</p>
<b>Product and Technology</b>	<ul style="list-style-type: none"> <li>Nantong Leading Enterprise for Technology Talents</li> <li>Bengbu Advanced Unit of National High-Tech Industrial Development and Quality Zone</li> <li>Jingmen Outstanding Enterprise for Quality Development</li> <li>Outstanding Unit for Contribution to China Chemistry Equipment Industry</li> <li>Nantong Rising Star Technology and Innovation Enterprise 2019</li> <li>Shortlisted Candidate for the 2nd Round of High-tech Enterprises of Jiangsu 2019</li> <li>4-star Cloud Enterprise of Jiangsu 2019</li> <li>Jiangsu Star Technology and Innovation Enterprise Pilot Scheme 2019</li> <li>Silver Award-Technological Advancement Award by China Federation of Logistics &amp; Purchasing</li> <li>Jiangsu Industrial Design Centre</li> <li>Enterprise for High-tech Equipment R&amp;D Projects of Jiangsu 2019</li> </ul>	<p>Nantong CIMC Tank Equipment Co., Ltd.</p> <p>Enric (Bengbu) Compressor Co., Ltd.</p> <p>Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.</p> <p>Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.</p> <p>Nantong SinoPacific Offshore &amp; Engineering Co., Ltd</p> <p>Nantong SinoPacific Offshore &amp; Engineering Co., Ltd</p> <p>Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.</p> <p>Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.</p> <p>Nantong CIMC Energy Equipment Co., Ltd.</p> <p>Nantong CIMC Energy Equipment Co., Ltd.</p> <p>Nantong CIMC Energy Equipment Co., Ltd.</p> <p>Nantong CIMC Energy Equipment Co., Ltd.</p>
<b>Community Investment</b>	<ul style="list-style-type: none"> <li>Advanced Unit in Trade Union</li> </ul>	Nantong SinoPacific Offshore & Engineering Co., Ltd

## Stakeholder Engagement

The Group understands that the crux of sustainable development is to learn the concerns and expectations of our stakeholders regarding the impacts generated by our operation. With a wide range of stakeholders, including employees, customers, investors, suppliers, government agencies, communities, we maintain communication with them on a regular basis through annual reports, regular meetings, interviews and questionnaires, etc. After identifying material topics relevant to our stakeholders, we disclose our corresponding solutions.



## Responding to Material Topics

In 2019, CIMC Group conducted an assessment on material ESG topics covering itself, CIMC Enric and other major subsidiaries. By engaging with senior management and external stakeholders through dialogue and online surveys, material ESG topics that are intertwined with business operation were identified. Further evaluation and analysis on corresponding business segments were conducted. The Group has taken reference from the results of the analysis, and placed a strong focus on managing these material topics. The specific steps undertaken to identify material topics are as follows.

### Identifying Potential Material Topics

Adhering to the GRI Standards and other guidelines, CIMC Enric identified potential material issues.

In 2019, 41 potential material issues were identified by CIMC Enric. Among which, 6 are governance-related, 11 are market-related, 14 are environmental, and 10 social topics.

#### Environmental Topics

- Wastewater treatment
- Waste management
- Air pollutant emission management
- Water consumption and conservation
- Energy conservation and consumption reduction
- Noise management
- Green office and communicating environmental protection
- Climate change and greenhouse gas emission
- Green EPC engineering management
- Product lifecycle management
- Research and development on eco-friendly storage tanks
- Green factories
- Research and development on eco-friendly production technologies
- Conservation of ecological environment and biodiversity

#### Social Topics

- Employees' safety and health
- Employees' rights and interest protection
- Employee remunerations and benefits
- Employee training and team building
- Employee communication and grievance mechanism
- Diversity and equal opportunity
- Localized operation
- Community investment and reduction on impacts from operations
- Safe natural gas and food storage
- Community engagement

### Engaging with Stakeholders

During the year, CIMC Group engaged an independent consulting company to conduct interviews and online surveys with senior management and external stakeholders. Given our multiple communication channels covering internal and external stakeholders of the Group, we are able to collect deeper and broader feedback on potential material issues regarding the Group and its business segments.

#### Corporate Governance Topics

- Sustainability strategy
- Sustainability target management
- Compliance operation and risk control
- Operation with honesty and integrity
- Corporate social responsibility management
- Industrial development promotion

#### Marketing Topics

- Product quality and safety
- Technology innovation and intellectual property protection
- Customer privacy protection
- Customer service and satisfaction
- Green supply chain and green procurement
- Supply chain management
- Economic contribution by the Group in the area where the Group operates
- IoT smart operation
- Environmental brand publicity improvement
- Response to labor shortage by automated production
- Trade and shipping



Internal views and basic understanding about ESG management and ESG policies implementation

Key internal issues on ESG management and ESG policies implementation

Internal expectations on ESG management

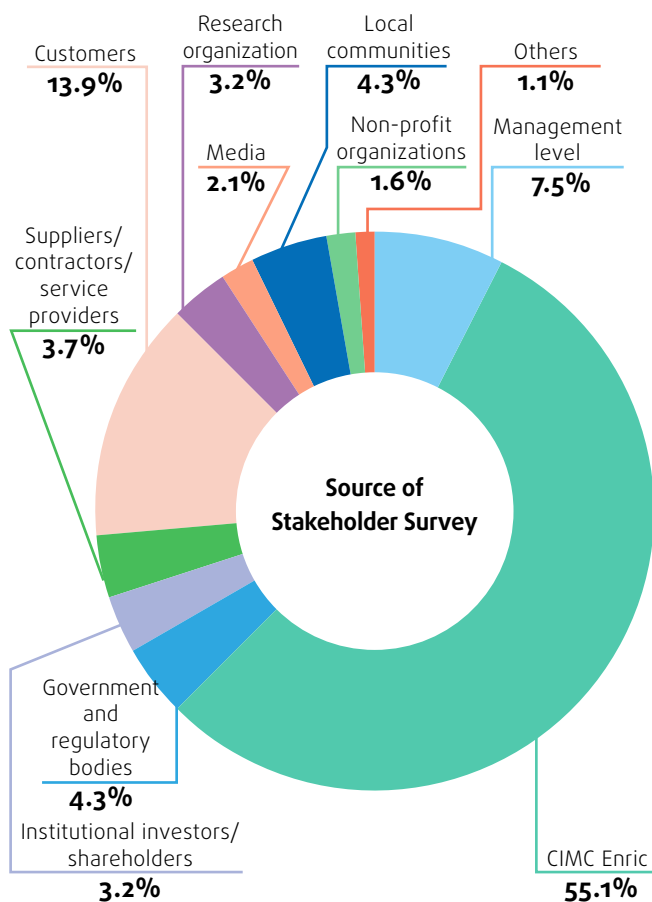
Internal focuses on ESG risk

Internal views and expectations on ESG governance framework

Internal understanding about stakeholder engagement approaches

## Communication with Senior Management

We conducted In-depth dialogue with senior management, focusing on six areas to ensure the depth of the stakeholder engagement exercise and integrating sustainability into the strategy of CIMC Enric.

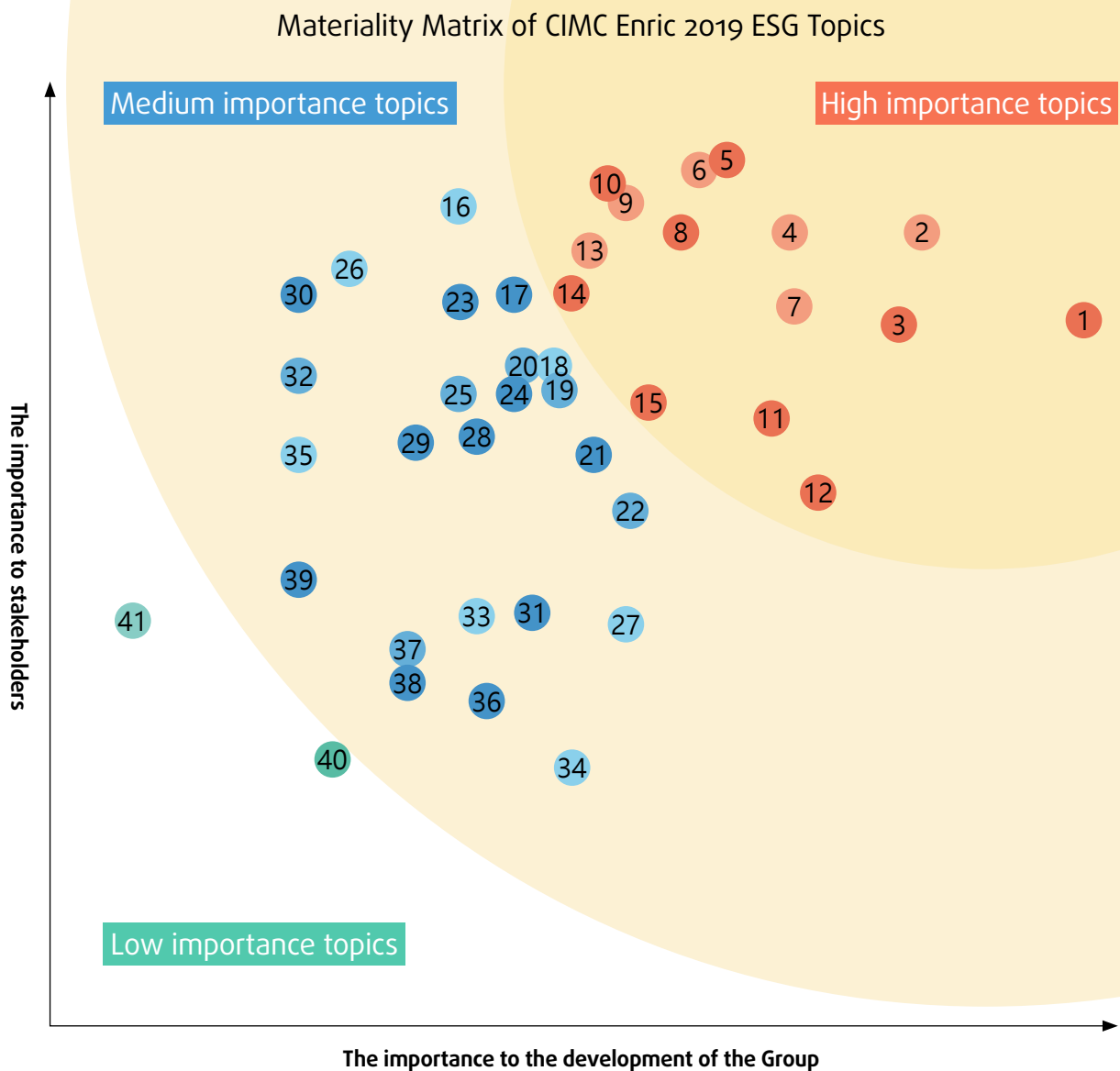


## Online Survey

We designed a questionnaire based on the interview results and the issue database. The survey questionnaire covers topics in four dimensions including corporate governance, market, environment, and society. We invited all stakeholders to give a score on the importance of the Company's sustainable development issues. A total of 222 questionnaires were collected, covering 10 types of internal and external stakeholders to ensure the breadth of communication.

## Materiality Assessment

Taking reference from the Stock Exchange's "ESG Reporting Guide" and "GRI Sustainability Reporting Standards", CIMC Enric combined the concerns from the management and results from the stakeholder research, prioritized 41 potential material topics according to two dimensions of "the importance of economic, environmental and social impacts" and "impact on stakeholder assessments and decisions". In 2019, CIMC Enric identified a total of 15 high-level material issues, 24 moderate-level material issues and 2 low-level material issues.



## 2019 ESG Material Topics of CIMC Enric

Materiality	Ranking	Topics	Category
High importance	1	Compliance operation and risk control	Corporate governance
	2	Sustainability strategy	Corporate governance
	3	Operation with honesty and integrity	Corporate governance
	4	Development of environmentally friendly production technology	Environment
	5	Sustainability target management	Corporate governance
	6	Sewage treatment	Environment
	7	Air pollutant emission management	Environment
	8	Corporate social responsibility management	Corporate governance
	9	Water consumption and conservation	Environment
	10	Industrial development promotion	Corporate governance
	11	Employee health and safety	Society
	12	Waste management	Environment
	13	Energy conservation	Environment
	14	Protection on ecological environmental and biodiversity	Environment
	15	Green supply chain and green procurement	Market
Medium importance	16	Safe storage and transportation of natural gas and food	Society
	17	Green EPC project management	Environment
	18	Employee compensation and benefits	Society
	19	Staff training and team building	Society
	20	Noise management	Environment
	21	Customer service and satisfaction	Market
	22	Investment on development of environmentally friendly storage tanks	Environment
	23	Customer privacy protection	Market
	24	Raise the Group's brand value on environmental protection	Market
	25	Green factory	Environment
	26	Green office and environmental protection promotion	Environment
	27	Technology innovation and intellectual property protection	Market
	28	Product lifecycle management	Environment
	29	Response to labor shortage by automated production	Market
	30	Public welfare events and reduction of operational impact on community	Society
	31	Supply chain management	Market
	32	Climate change and greenhouse gas emission	Environment
	33	Product quality and safety	Market
	34	Economic contribution by the Group in the area where the Group operates	Market
	35	Communication with local community	Society
Low importance	36	Employee rights protection	Society
	37	Localized operation	Society
	38	Employee communication and complaint mechanism	Society
	39	IoT smart operation	Market
	40	Trade and shipping	Market
	41	Diversity and equal opportunity	Society



## Compliance, Integrity and Honesty

### Content of this section

Control of Operational Risks  
Promotion of Integrity Culture  
Maintenance of Supply Chain Stability

Good corporate governance is the foundation for sustainable development. Under the CIMC Group's corporate governance system, we have established a comprehensive governance framework, maintaining a truthful corporate atmosphere to prevent any misconduct such as accepting or offering bribes.

## Control of Operational Risks

The Group emphasizes on effective governance system by the Board and takes risk control measures cautiously. We adhere to local and international standards, strictly abide by the requirements under “Anti-Unfair Competition Law of the People's Republic of China” and “Interim Provisions on Banning Commercial Bribery” and also “Code of Corporate Governance” by the Hong Kong Stock Exchange, which are adopted by us as the principal guidance. With our headquarters located in Shenzhen, we strictly comply with the standardized technical guidance on “Anti-Bribery Management System”.

The Board is the highest decision-making body for risk management within CIMC Enric. Members of the Board have different professional backgrounds including Law, Accountancy and Corporate Finance, Economy, and Academic Administration. Among the nine members, four are independent non-executive directors. There is a clear distinction between operations of the Board and daily management of business. Chairmen and General Managers of different business lines are responsible for day-to-day business operations.

Under the leadership of the Board, the Audit Committee assists the Board to formulate CIMC Enric’s risk management plan, establish the organizational structure and obligations. The Audit Committee is also responsible for identifying and managing each significant risk faced by CIMC Enric and its current management status, as well as reviewing the annual risk assessment report.

As part of the CIMC Group’s anti-corruption system, we comply with CIMC Group’s relevant management regulations which include “Management Measure on Supervision, Complaint and Report of CIMC Group”, “Accountability Measure on Responsibility Incidents of CIMC Group”, etc., investigating on incidents relating to responsibility within the Company. Integrity compliance management responsibility is one of the key focuses according to the Accountability Measure. We regulate 9 accountability methods including notification, criticism, resignation, economic compensation, judicial investigation, etc., based on the seriousness of the incident.

Led by the Board, CIMC Enric and its subsidiaries have established an overall anti-corruption system. There are 11 management regulations in this system, including “Internal Whistleblowing Policy”, “Cadre Management Measure”, “Code of Conduct for Procurement Personnel”, “Code of Conduct and Business Ethics Regulation”, etc. “Internal Whistleblowing Policy” is prepared by the Audit Committee and is reviewed regularly. It stipulates that employees can report the following incidents in writing or by email to our Audit Committee.

- 1 Misconduct relating to the financial reporting, accounting and audit, and internal control
- 2 Non-compliance of laws and regulations
- 3 Criminal offences, breaches of civil law, and injustices of judgement
- 4 Harm to personal health and safety
- 5 Adverse environmental and social impacts which exceed the ones that the Group has under normal circumstances
- 6 Misconduct or wrongdoing which may damage the Group’s reputation
- 7 Deliberate concealment of any of the aforementioned incidents

The Audit Committee strictly deals with whistleblowing, including the identity of the whistle-blower and the employees involved. If a legal action is needed due to the investigation, and the identity of the whistle-blower may be required to be disclosed in accordance with the law, we promptly notify him/her.

In order to provide employees with guidance on how to conduct their work with honesty and integrity, CIMC Group has established a “Employee Code of Conduct” (The “Code”) which is applicable to all staff. The Code states that CIMC Enric prohibits any form of corruption or bribery:

Do not solicit or accept benefits from others as a reward or inducement for any act concerning company affairs or offering preferential treatment to others in the affairs of the Company.

Do not provide advantages to staff or agents of another company or institution in order to affect that person’s decision on his/her business, either directly or indirectly

When doing business with government departments or institutions, do not provide advantages to its members or staff.

Do refuse requests from government officials for an advantage in return for any business or commercial favours for the Company.

CIMC Enric’s Legal and Audit Department together with Human Resources Department streamline the list of employees holding key sensitive positions, requiring them to disclose their phone and email in their email signatures. We also publicize the channel for making complaints and reporting on CIMC Enric’s WeChat official account. Stakeholders can provide feedback or report irregularities relating to CIMC Enric that they are aware of, such as infringement or leak of trade secrets, bribery, solicitation of bribes, acceptance of bribes, stake purchase in suppliers or competitors, abuse of power, nepotism, etc. Legal and Audit Department track and deal with the complaints, keeping the identity of the reporting units and the whistle-blower strictly confidential.

According to the guidelines and requirements of the Group, our subsidiaries have established their own report and complaint systems and whistle-blower protection systems. They have formed an anti-corruption safety net from enterprise to the Group. In addition, CIMC Enric has set up an Internal Audit Department to take charge of risk management, internal control, internal audit and supervision and inspection on cadres, so as to ensure effective corporate risk management.

#### Risk Management and Internal Control

- To plan and construct the risk management system, including improving the standardized system and the risk database
- To establish the risk tolerance index, for ensuring an early warning and monitoring platform
- To promote cultivation of risk control talents

#### Internal Audit

- To conduct specific audits according to the focus of the management
- To implement the rectification of internal control defects and audit findings

#### Supervision and Inspection on Cadres

- To conduct off-office audits and economic responsibility audits of three-year term on general managers and financial officers
- To investigate complaints and reports



## Promotion of Integrity Culture

CIMC Enric sticks to the Ten Principles of the United Nations Global Compact, including Principle 10: "Businesses should work against corruption in all its forms, including extortion and bribery." Our business covers multiple countries around the world. During the operations, we adhere to laws and regulations including "The United Nations Convention against Corruption" by the United Nations, "Convention on the Fight Against Corruption Involving Officials of the European Communities or Officials of Member States", "Criminal Law Convention Against Corruption", "Civil Law Convention Against Corruption" by the European Union, "Foreign Corrupt Practices Act" by the United States, and "The Bribery Act 2010" by the United Kingdom which are all representative. Aiming to create a level playing field, we protect ourselves against corruption in accordance with ISO 37001 Anti-Bribery Management System. Besides, CIMC Enric has joined "Chinese Enterprises Anti-Fraud Alliance". We share the list of dishonest employees and rally the social power against bribery.

In 2019, we ran a campaign on pledge for integrity and self-discipline and continuously strengthened our culture of integrity. A total of 346 core management cadres from the Company and our Member enterprises took the pledge of integrity and solemnly signed "CIMC Enric Cadres Pledge for Integrity and Self-Discipline". According to its own business attributes, each member enterprise made and published relevant internal guidelines and conducted training and advocacy.

The Company also takes active part in external anti-corruption activities, including 2019 Into Vanke "One Heart, One Road, Building a Clean Ecosphere Together", 2019 Anti-Fraud Alliance Qingdao Annual Meeting, 2019 Theme Exchange Meeting of "Internal Audit Transformation Under the Planning of Guangdong-Hong Kong-Macao Greater Bay Area" and other activities. By joining these, we strengthened the communication with external companies and institutions, learned and mastered more anti-corruption cases and measures.



*The Centralized Pledge of Integrity by CIMC Enric's Management Cadres*

In 2019, CIMC Enric organized all its management cadres to take the centralized pledge of integrity and sign <CIMC Enric Cadres Pledge for Integrity and Self-Discipline>



*The Advocacy and Pledge of Integrity and Self-Discipline by Shijiazhuang Enric Gas Equipment Company Limited*

Shijiazhuang Enric Gas Equipment Company Limited, a member enterprise of CIMC Enric, held the advocacy and pledge event in 2019 and published <Responsibility List of Events in Categories A and B under Function Management Red Line> so as to better implement the integrity management regulations of CIMC Group and CIMC Enric.

## Maintenance of Supply Chain Stability

Stable supply chain serves as a foundation for CIMC Enric to create value for its customers. We have established 31 relevant management regulations, including "Procurement Management Regulation", "Supplier Management Procedure", "Bidding and Procurement Management Regulation", "Supplier Performance Appraisal Regulation", etc. We clarify the obligations of internal procurement personnel and avoid risks relating to supply chains.

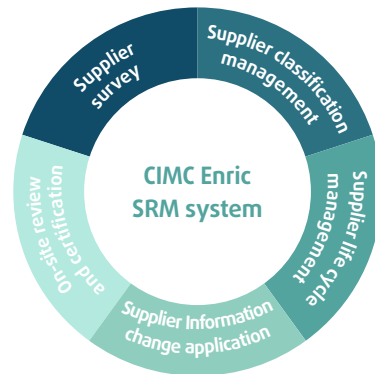
Honest business culture is an important factor to ensure a stable supply chain. We always emphasize on "Sunshine Procurement" and prevent procurement fraud. In 2019, Legal and Audit Department issued Sunshine Corporation Commitment and all types of procurements are required to be conducted simultaneously. This commitment must be signed by all the domestic suppliers whose single procurement amount exceeds RMB 200,000 or annual procurement amount exceeds RMB 500,000. In 2019, there were in total 2,175 eligible suppliers, among which 2,153 suppliers have signed the commitment, which means a 99% completion rate. The remaining suppliers continue the communication and are in the signing process.

### The content of "Sunshine Corporation Commitment"

It is strictly prohibited for the buyer's personnel to accept or solicit property from the supplier's personnel	It is strictly prohibited for the buyer's personnel to incite the supplier to assist in colluding in the process of bidding or other illegal procurement behaviors.
It is strictly prohibited for the buyer's personnel to ask the supplier or the supplier's personnel to cooperate or assist in various illegal activities, including bribery and soliciting improper commercial gratification.	The supplier is supposed to ensure that its personnel understand the aforementioned regulations and adhere to them
It is strictly prohibited for the buyer's personnel to become a shareholder or work for the supplier or its associated units in his/her own name or in the name of his/her relatives without the permission of the buyer, either directly or in disguised form.	The supplier takes the responsibility to accept the supervision and inspection conducted by the buyer on the supplier's or its personnel's implementation of the commitment during the cooperation and report the violations of the buyer's personnel to the buyer in a timely manner.

CIMC Enric strives for mutual development with the supplier. Stainless steel plates, container plates, and other steel materials are our main raw materials. By establishing a strategic partnership, we cooperate with the supplier to develop new materials and enhance the quality of our products. In 2019, CIMC Enric exchanged visits and communicated with the strategic supplier. The two sides had in-depth communication on technology, order delivery, and research and development of new materials so as to maintain a two-side strategic partnership and to ensure the advantages of the supply chain.

CIMC Enric strictly inspects management regulations and review procedures of its suppliers. Essential requirements of supplier assessment include production conditions, quality control, and environmental and safety requirements. Some of the suppliers are requested to provide necessary environmental impact assessment reports so as to ensure that its management is in line with national policies.



In order to improve the management efficiency of suppliers, CIMC Enric cooperates with the New Silk Road project of CIMC Group. We provide supplier relationship management systems ("SRM") to our Member enterprises Nantong CIMC Tank Equipment Co., Ltd., Nantong CIMC Energy Equipment Co., Ltd., and CIMC Sanctum Cryogenic Equipment Nantong Co., Ltd. SRM assists in life cycle management of our information suppliers, including review management, quality management, procurement contract management, etc. The aforementioned requirements of integrity, environmental protection, and security are also included in SRM. In addition, we promote the transformation of the procurement team, strive to achieve professional development of the procurement personnel, and improve their professional competence.





## Innovation-driven Green Development

### Content of this section

Green Industry Chain

Green Product

Green Factory

By leveraging the technological advantages in production from member enterprises, CIMC Enric is able to meet the market demand, providing green products such as clean energy equipment, chemical and environmental equipment to achieve business development and progress along the path of cleaner and environmentally friendly production.

## Green Industry Chain

Building upon our capabilities for production of clean energy equipment, CIMC Enric actively participates in green environmental protection industries, including environmentally friendly building materials and equipment manufacturing, hazardous waste treatment, and landfill leachate disposal equipment, etc., leading the industry's green development. Furthermore, we respond to the national carbon emission reduction related plans and goals to promote the use of clean energy. In addition, we encourage the industry to move downstream and make full use of the Group's domestic influence in the field of energy equipment to realize the green value chain management.

By establishing an innovation model jointly with other institutions, CIMC Enric focuses on improving its technological innovation capabilities through cooperation in production, learning and research. Leading the industrial green transformation, we actively promoting the development and implementation of green manufacturing system standards for liquefied gas storage and transportation equipment in the industry, including energy, resources and environmental assessment indicators.

Our manufacturing of clean energy transportation equipment is at the forefront in China. The domestic market share of our LNG, CNG, and LPG vehicles has reached more than 60%. In 2019, our member enterprise Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd (SOE) delivered two 22,000m<sup>3</sup> LEG ships and one 36,000m<sup>3</sup> LEG ship; in January 2020, one 22,000m<sup>3</sup> LEG ship was delivered. Our clean energy transportation equipment has made great contributions to the reduction of domestic air pollutants and greenhouse gases.

In recent years, CIMC Enric has achieved outstanding results in hydrogen equipment technology and product manufacturing. From hydrogen storage, transportation, and hydrogen refueling, we can manufacture products at a matured stage, and by strengthening the application of digital information, we can offer comprehensive solutions for hydrogen refuelling stations.



### Green design tool platform interface

Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd., a member company of CIMC Enric, actively responded to National [2016] 797 "Notice on Organizing and Implementing Green Manufacturing System Integration" and launched a green manufacturing project with a construction period of 3 years in 2018. The main construction contents cover five areas including green development strategy and management system construction, and green design platform construction projects. At present, Jingmen Hongtu has initially completed the creation of a green design tool platform.

Regarding environmentally-friendly building materials, CIMC Lvjian Environmental Protection Technology Co., Ltd., a subsidiary of the Group, uses innovative technologies to produce high-quality eco-friendly stone wall panels using waste residues generated from the mining and stone quarrying industry. The characteristics of this new green building material include light-weight, high-strength, energy saving and stable performance. It is suitable for applications in real estate and railway transportation, promoting the green development of downstream industries.

CIMC Enric actively develops hazardous waste treatment business. Our subsidiary, CIMC Environmental Technology Co., Ltd., focuses on comprehensive utilization of renewable resources and provides services such as environmental protection technology research, equipment manufacturing, pollution control, and environmental protection project management through two business levels of resource utilization, harmless treatment and ecological environmental services. We strive to become an influential comprehensive environmental services provider in the industry.



Enric (Bengbu) Compressor Co., Ltd., a subsidiary of CIMC Enric, produces container-type landfill leachate treatment devices for treating landfill leachate. The business has been put into operation in Jiangsu, Yunnan, Jiangxi, Zhejiang, and Anhui, and the quality of produced water is significantly better than the Table 2 standard requirements in "Standard for Pollution Control of Domestic Waste Landfill Sites" (GB16889-2008) issued by the Ministry of Environmental Protection and the General Administration of Quality Supervision and Quarantine.

CIMC Enric has also extended itself to the downstream industry, getting into the unconventional natural gas business. Through its subsidiaries, Ningxia Changming Natural Gas Development Co., Ltd. and Shanghai CIMC Tianzhao Clean Energy Co., Ltd., we conduct wellhead gas collection, natural gas liquefaction plant production, and operation of gas filling stations.

## Green Product

CIMC Enric has taken steps to promote green product development and production. The energy industry involves a huge quantity of carbon dioxide emissions during product transportation stage. Therefore, we have designed abatement for liquefied gas transport semi-trailers to reduce carbon emissions from the source. Through the following eight green design transformations, each LPG transport semi-trailer can save 1,920 liters of fuel annually, lowering the carbon emissions by approximately 20%.

Structure optimization of wave shield	Development and application of DN100 safety valve
V-beam structure optimization	Optimization of the structure of running gear
Improvement of piping layout of loading and unloading system	Improvement of thermometer nozzle structure
Manhole improvement	Improvement of interlock alarm

Nantong CIMC Energy Equipment Co., Ltd. (Nantong Energy), a subsidiary of CIMC Enric, has an ample technological background in desulfurization and denitrification technology, and has developed marine desulfurization towers and a complete set of marine exhaust gas treatment solutions that are being widely used. In 2019, Nantong Energy delivered more than 70 desulfurization towers and installed them on ships with

mainframe power ranging from 8MW to 65MW. It is expected that sulfur dioxide emissions will be reduced by up to about 20,000 tonnes per year.

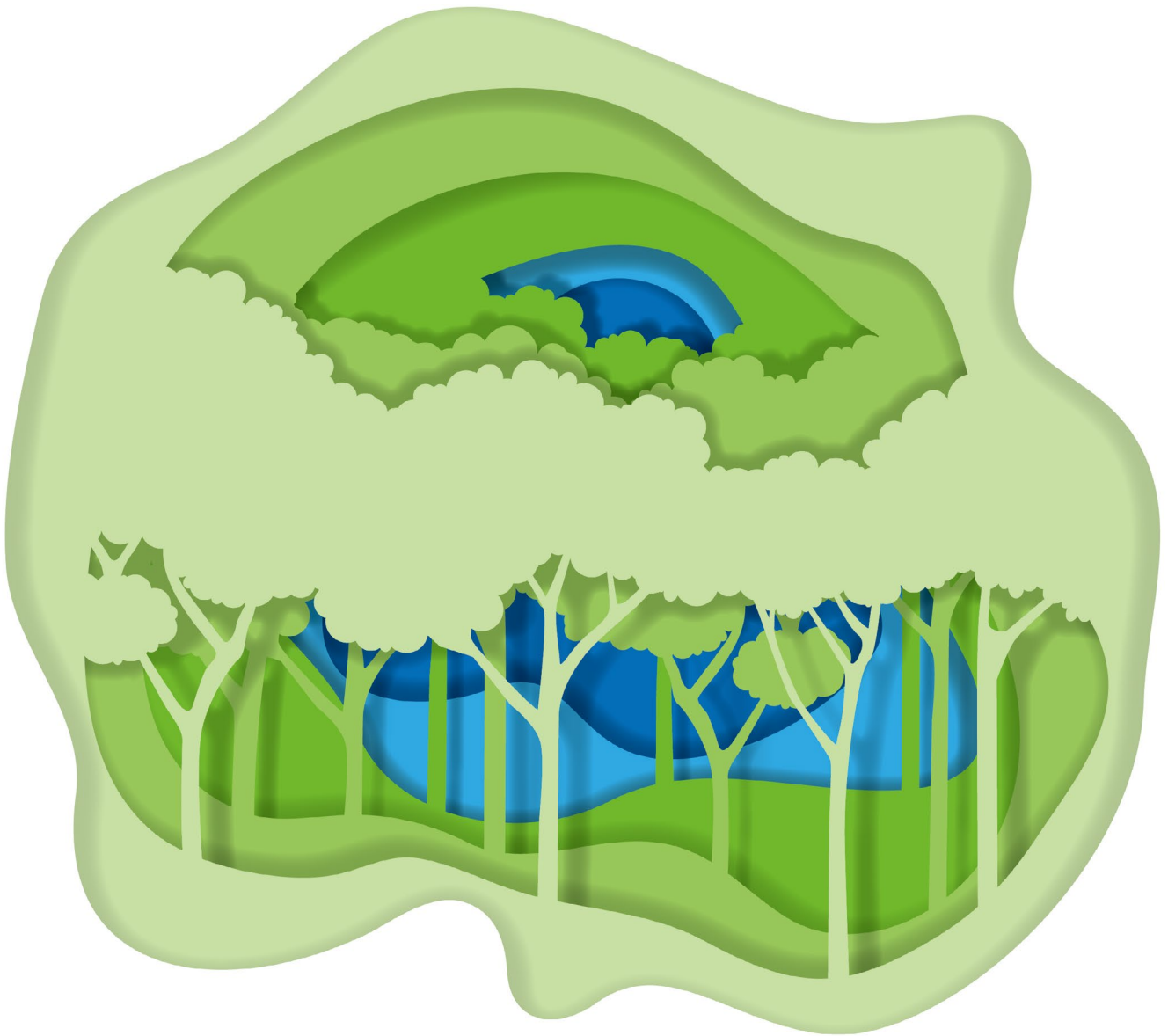


CIMC Enric has completed the development of LNG gas tanks of various specifications and low- and high-pressure gas supply systems, and is able to provide customers with accurate dual-fuel and single-fuel engine ECU control systems. We are able to provide "oil-to-gas" gas and power system equipment for fishing vessels to reduce emissions from ship exhausts. In 2019, the Group completed the sale of 12 marine tanks, which is expected to reduce carbon emissions by 1,200 tonnes per year.

## Green Factory

In 2019, Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd., a member enterprise of CIMC Enric, obtained the national-level "Green Factory" certification, taking "intensive land use, harmless raw materials, clean production, waste recycling, and low-carbon energy" as the goal, and incorporate the concept of green development into daily production and management practices. We prioritize the use of advanced clean production technology and efficient end-of-line treatment equipment to reduce noise, vibration and emissions from the factory environment.





## Managing Environmental Impact Embracing Blue Sky

### Content of this section

Strict Emissions Control  
Resources Conservation  
Emergency Management

CIMC Enric is committed to implementing eco-efficient operations, strengthening the management of pollutants treatment, and making every effort to reduce the environmental impacts of its business operations.



## Strict Emissions Control

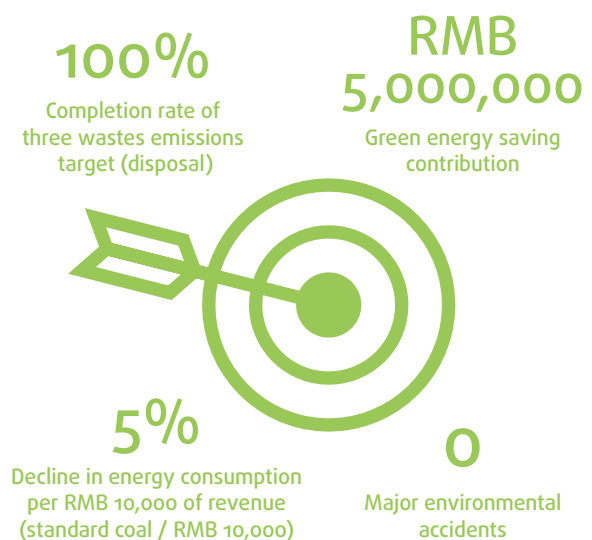
The Group has formulated and implemented a number of internal environmental management procedures, including the "Hazardous Waste Pollution Prevention Management Policy" and "Related Stakeholders Management Policy", aiming to strengthen the Company's environmental management, improve its environmental performance, and ensure that the Company can effectively manage emissions control, resources conservation and other works in various aspects. At present, a total of 9 member enterprises of the Group have received ISO 14001 environmental management system certification. In 2019, CIMC Environmental Technology Co., Ltd., a subsidiary of the Group, successfully obtained the design competence and water pollution treatment capacity qualification certificates for environmental pollution treatment projects (water, air, solid waste disposal) in Nantong.

Recently, we have increased allocation of resources for "green smart manufacturing" technological transformation. All technological transformation and research and development are in accordance with national green environmental protection standards. We have successively implemented projects such as pickling exhaust gas treatment, air compressor energy saving renovation, and paint spraying workshop renovation. The Group is in the forefront of the industry in terms of energy consumption intensity and emissions. During the year, the Group's total investment in environmental protection and emission reduction reached RMB 39,441,500.

## Emissions Management System

The management, implementation and updating of internal procedures related to environmental protection work are responsibility of the Health, Safety and Environment (HSE) Committee. Various departments of the Company are responsible for cooperating with the Committee to implement environmental protection measures. The HSE Committee keeps abreast with the latest national or regional environmental management policies in a timely manner, and regularly organizes sharing sessions for the latest information related to environmental protection. These sessions allow employees to accurately grasp environmental protection related updates and raise their environmental awareness.

The Group regularly conducts exercises for identification and evaluation of environment related factors. In 2019, we identified a total of 108 important environmental factors, and adopted measures in three aspects: people, resources and management, to effectively control the potential environmental pollution and ensure that our daily operations are complied with relevant laws and regulations. At the beginning of 2019, we set a target of 100% compliance of emission treatment standards by member enterprises to ensure that the "three wastes" emissions and treatments are complied with national and local environmental laws and regulations. Through regular monitoring, we confirmed that each member enterprise of CIMC Enric achieved 100% emission treatment compliance rate. During the year, we also set targets for environmental performance indicators for the coming year:





We use exhaust gas collection devices to centrally treat exhaust gases generated from hazardous waste storage warehouses and reduce volatile organic compound emissions.



We set up a separate sealed operating room for the painting process, which collected and treated technology by filtration, activated carbon adsorption and catalytic combustion. VOC emissions from the painting process are significantly reduced.

## Air Emissions Management

The Group's production process involves sandblasting, painting and welding, as well as the use of production equipments such as combustion furnaces, polishing machines and grinders. The main air pollutants emitted include dust, soot and volatile organic compounds. We have an exhaust gas management programme to ensure effective control of air emissions. The collected exhaust gas must be filtered and meet the "Integrated Air Pollutant Emission Standards" before it can be emitted.

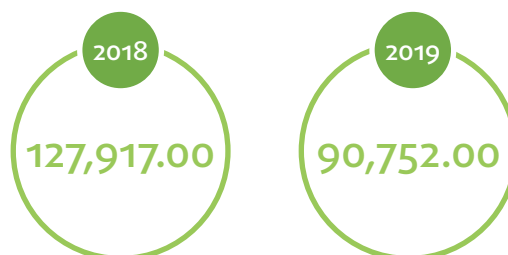
We regularly monitor and evaluate emission levels in accordance with the "People's Republic of China Law on Prevention and Control of Atmospheric Pollution" to ensure compliance with air pollutant emission standards. At the same time, we are committed to reducing exhaust pollutant emissions through various emission reduction measures. In 2019, the total amount of VOCs emitted by the Group was 37.79 tonnes, representing a significant decline of 54.8% compared to 2018.



We use activated carbon adsorption, online desorption and catalytic combustion treatment equipment in the standard tank workshop and carbon tank workshop to strengthen the exhaust gas treatment in the workshop and improve the working environment.

The Group's greenhouse gas emission sources include direct emissions from use of fuel and refrigerants (Scope 1), and indirect emissions from the use of purchased electricity and pipeline gases (Scope 2). In 2019, the Group's total greenhouse gas emissions were 90,752.00 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), a 29.1% drop from that of 2018. The intensity was 645.16 tCO<sub>2</sub>e/RMB100 million revenue.

## Total greenhouse gas emissions (Tonne of carbon dioxide equivalent)



## Water Pollution Management

The Group strictly complies with the Water Pollution Prevention and Control Law of the People's Republic of China and is committed to strengthening water pollution prevention and control. We strictly prohibit direct discharge of hazardous wastes such as high freezing point oily products, oil solvent waste, acid waste and acetone waste into the drainage system. Sewage containing hazardous substances must be properly treated before being discharged into the municipal pipeline network. In 2019, the total volume of sewage generated by the Group was 761.97 thousand cubic meters, decreasing 11.1% from that of 2018. The intensity was 5.42 thousand cubic meters/RMB100 million revenue.

The Group has established sewage treatment facilities in accordance with environmental protection laws and regulations, and has adopted appropriate treatment procedures for different production processes and the types of sewage produced (pickling sewage, paint sewage, etc.) to ensure that the treated water quality meets the "Water Quality Standard for Sewage Discharged into Urban Sewers", "Taihu Basin Emission Standards" and other national and local standards. We use two sets of independent pipelines for industrial water and test water for shunt treatment. We treat pickling sewage in alkaline wash basins, and reuse test water in the hydraulic pressure test process to reduce the amount of sewage treatment and discharge.

## Waste Management

The Group is committed to improving its waste management system further, strengthening source classification and recycling, and reducing waste generation. The hazardous wastes we generated in the production process include sludge and paint residues. Non-hazardous wastes are domestic waste and raw material packaging generated in daily operations. We strictly abide by Solid Waste Pollution Prevention and Control Law of the People's Republic of China, classify waste according to the internal policy of "Solid Waste Management Measures", and properly collect, store, and dispose of waste according to its type and attributes.

We have built hazardous waste storage warehouses in accordance with the internal "Hazardous Waste Pollution Prevention and Management Policy" and implemented a number of measures to improve hazardous waste treatment procedures and methods. We take appropriate measures at hazardous waste

### Total sewage discharge (thousand cubic meters)



### Pickling wastewater and paint wastewater treatment

During the year, Nantong Tank retrofitted the sewage treatment system, separating the sedimentation tank and sludge pressure filtration system which is shared by the biochemical system of the original paint wastewater and the physical and chemical treatment system of the pickled sewage. Nantong Tank has also constructed a new sedimentation tank dedicated to the treatment of paint and sewage, equipped with a small sludge dewatering machine and a sludge tank to ensure that the quality of the treated sewage water is up to standard.



### Sludge drying

During the year, Nantong Tank Box improved the pickling sludge filter press system, using a high-pressure plate and frame filter press, with a filtering area that is twice that of the original filter press. It also has the functions of diaphragm secondary pressing, automatic pulling plate for unloading mud, automatic turning plate (water connection during filter press) and other functions. Consequently, water content of sludge has been greatly reduced to less than 50%, and the annual sludge generation has been reduced by about 360 tonnes, which has lowered the amount of hazardous waste generated.



collection and storage warehouses to prevent leakage of harmful gases or substances that pollute the environment. We entrust the task of disposal of hazardous waste to professional agencies and declare emissions to the environmental protection department.

With regard to non-hazardous waste, we collect recyclable and non-recyclable waste separately, and send non-recyclable waste to the Sanitation Department for disposal. We also recycle and reuse metal scraps and steel pipes produced during the production process to reduce resource consumption and environmental impact. In 2019, hazardous waste and non-hazardous waste were amounted to 2,067.00 tonnes and 24,848.00 tonnes respectively, a decline of 2.6% and 16.3% compared to those in 2018. The intensities of hazardous waste and non-hazardous waste were 14.69 tonnes/RMB100 million revenue and 176.65 tonnes/RMB100 million revenue respectively.

## Resources Conservation

CIMC Enric is dedicated to optimising its operational efficiency to ensure the effective use of resources. We compile and publish details of a number of environmental protection and energy management systems, policies including "Management Regulations for Dynamic Energy", "Management Regulation on Use of Water, Electricity and Gas", "Equipment and Energy Awards and Punishment Regulation", "Detailed Rules of Equipment and Facilities Management". There are a total of 21 management systems related to resources conservation. We also carry out regular checks to evaluate and monitor resource usage to reduce consumption of water, electricity, fuel and other resources.

The Group understands the importance of managing the use of resources effectively and has actively implemented various energy saving and consumption reduction measures during the year to build a green production culture. We also conduct on-site inspections and communication on the implementation of energy-saving projects of member enterprises, and they share excellent energy-saving cases at the HSE regular meetings to further deepen energy conservation and consumption reduction. In 2019, member enterprises of the Group launched a total of 32 energy transformation projects and 14 green development projects. The actual contribution in green energy savings was RMB 7.83 million in the year. The following are the main energy saving and consumption reduction measures taken in 2019:



Optimization of the vacuum extraction process, use of the telescopic drying room with better insulation and improvement of the heating method



Retrofitting of air compressor with frequency conversion equipment and use of LED energy-saving lighting, adoption of automatic time control for road lighting



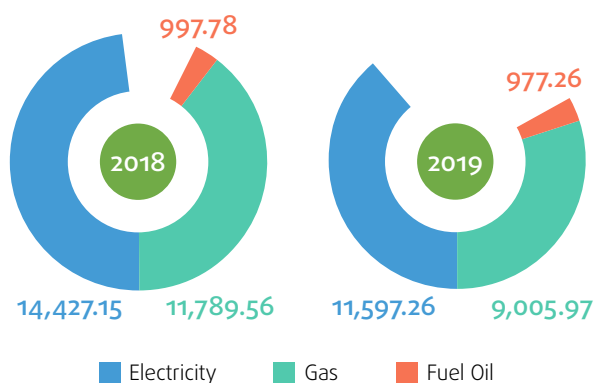
Installation of a cascading air compressor station model, and cut in and out of different models based on the actual production load



Replacement of high energy-consuming equipment, With new energy saving equipment and use the remainder heat of the air compressor for heating and bathing

The total energy consumption of the Group in 2019 was 21,580.00 tonnes of standard coal ("tonne standard coal, TCE"), a 20.7% decline from 2018. Among them, electricity, gas and fuel oil accounted for about 53.8%, 41.7% and 4.5% respectively. The total energy intensity was 153.41 tonne standard coal/RMB100 million revenue.

Total energy consumption  
(tonne standard coal)



In managing water resources, renovation of the water supply system for cleaning equipment was completed during the year, and sewage treatment equipment was installed on site to facilitate reuse of wastewater after treatment, which can help save 120 cubic meters of water per year. The total water consumption in 2019 was 1,509.95 thousand cubic meters, including industrial and domestic water consumption, which was 3.6% lower than that of 2018. The intensity was 10.73 thousand cubic meters/RMB100 million revenue. During the year, the Group did not have any issues in sourcing water.

Total water consumption  
(thousand cubic meters)



The Group saves raw materials by improving production equipment. During the year, we strengthened the use of automation technology and equipment in the welding process and integrated mechanical, electronic and electrical automation technologies to ensure welding quality and improve production efficiency.

#### Robot automatic welding station

CIMC Enric's member enterprise, Nantong Tank, developed and installed a robotic welding workstation. The welding process is now automatically completed by the robotic workstation. The original station staff is responsible only for assembling and transporting the boxes. In addition to completely resolving the issue of high-intensity welding operations by employees, the welding grate between the production parts is formed at one time, reducing the intermediate welding joints, effectively guaranteeing the welding quality, improving the production efficiency by more than 40%, and an efficiency gain of more than 80,000 yuan each year.

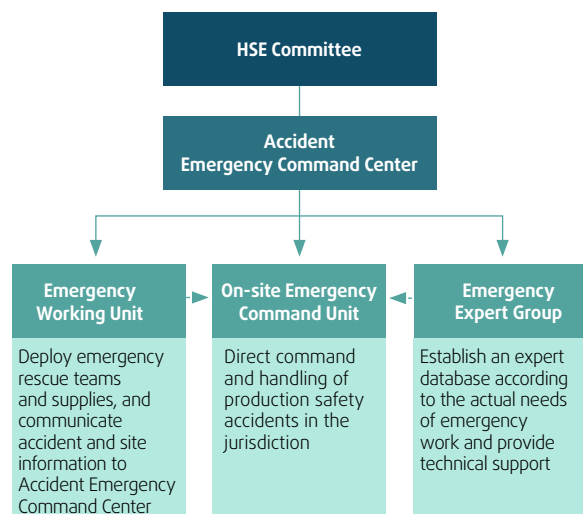


Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd., a member enterprise of CIMC Enric, has achieved phenomenal results on the project for "green platform construction of liquefied gas storage and transportation equipment based on reduced design". The main construction content includes key technologies for green manufacturing of liquefied gas storage and transportation equipment, as well as green retrofitting, innovation and integration of green equipment, raw materials and auxiliary materials. We are committed to implementing green retrofitting through technological breakthroughs, green equipment and green raw material applications to create a new model of green design and integrated manufacturing of liquefied gas storage and transportation equipment.

Our operations do not involve consumption of a large amount of packaging materials, and its proportion in total costs is extremely low. Therefore, the amount of packaging materials used is not being disclosed in this report. We will consider including the data of packaging materials in ESG reports in the future if the amount of consumption rises.

## Environmental Emergency Management

The Group has formulated "Enric Health, Safety and Environmental Accident Reporting and Investigation and Handling Methods" and "CIMC Enric Holding Co., Ltd. Safety, Environmental Protection, Occupational Health Accident Emergency Plan" to ensure that emergency incidents are handled promptly and properly. We also regularly review and update internal policies to improve potential crisis management. When an environmental accident occurs, an early warning programme is triggered in accordance with the "Enric Health, Safety and Environment (HSE) Accident Report and Investigation and Treatment Methods". This includes accident investigations, rectification measures implementation, and formulation of improvement plans to minimize the impact of the accident on the environment. We also require relevant departments to conduct regular emergency drills on the generation and storage of hazardous waste to ensure that relevant employees have a full understanding of emergency precautions.



				2018	2019	2019/2018 Data Comparison	2019 Intensity ( per RMB100 million revenue)
Total Resource Consumption		Total Energy Consumption	TCE	27,215.00	21,580.00	-20.7%	153.41
		Electricity	TCE	14,427.15	11,597.00	-19.6%	82.44
		Gas	thousand cubic meters	8,864.57	6,771.61	-23.6%	48.14
		Fuel oil	kiloliter	918.86	899.72	-2.1%	6.40
		Water Consumption	thousand cubic meters	1,567.00	1,509.95	-3.6%	10.73
Emission	Air Pollutant	VOCs	tonnes	83.65	37.79	-54.8%	0.27
	Solid Waste	Hazardous Waste	tonnes	2,122.00	2,067.00	-2.6%	14.69
		Non-hazardous Waste	tonnes	29,696.00	24,848.00	-16.3%	176.65
		Sewage	thousand cubic meters	856.87	761.97	-11.1%	5.42
	Greenhouse Gas (GHG) Emission	GHG Emissions	tCO2e	127,917.00	90,752.00	-29.1%	645.16
		Direct GHG Emissions	tCO2e	Not applicable	17,685.41	Not applicable	125.73
		Indirect GHG Emissions	tCO2e	Not applicable	73,067.25	Not applicable	519.44





## Safety and Health Mitigating Risk

### Content of this section

Maintaining an Effective Safety  
Management System

Safety Measures Implementation

Develop Safety Skill

Improve Safety Level

Occupational Health

The Group values the safety and health of its own employees and contractors, and adheres to the safety commitment of “people-oriented and safe development”. We are committed to reducing occupational safety risks in the operational processes and offering a safe and comfortable working environment.



## Maintain an Effective Safety Management System

We have formulated 487 occupational health and safety related internal documents in accordance with international standards and national laws and regulations, which detail the Company's management policies and clarify departmental responsibilities. We have also standardized responsibilities of the management and subordinate employees to implement measures to effectively mitigate risks and protect employees safety.

The Lean Management Department and the HSE Department conduct an internal audit of quality and environmental occupational health and safety system at least once a year to ensure that the current operations meet the system requirements and are effective. In 2019, a total of 8 member enterprises of the Group obtained OHSAS 18001: 2007 Occupational Health and Safety Management System certification, and 10 companies passed the Group's health, safety and environmental compliance certification audit.

With the expansion of business, we have established the HSE Professional Committee for unconventional natural gas business and environmental business, and invited senior safety management experts to supervise the safety work of our unconventional natural gas business and to promote continuous improvement of the system. We also conduct studies to benchmark our performance against other domestic natural gas production companies to continuously improve safety management.



## Safety Measures Implementation

The Group values occupational safety of the internal engineering construction team and employees of contractors. We have formal management documents that clarify safety commitments and responsibilities, and have set up an Enterprise Safety

Production Committee to oversee safety matters. When selecting a new contractor, the Construction Management Department conducts a review of qualifications of the proposed contractor in accordance with the EPC Construction Subcontractor Evaluation Regulations, including its safety certificate, performance in execution of similar projects in the past 3 years, and safety and quality records. Before commencing work on the project, we sign an HSE management agreement with the external contractor stipulating that both parties must commit to their respective responsibilities. The Group assists external contractors in educating and assessing safety knowledge of the on-site construction personnel, and incorporates the Company's safety management system into the safety management and prevention plans of external contractors.

## Develop Safety Skills

The Group regards safety training as an important measure to prevent occupational diseases, and actively organizes educational activities related to legal knowledge, daily operations and fire prevention management to improve staff safety alertness and skills.



During the course of operation, dangerous procedures such as high-altitude work and use of large-scale lifting equipment are involved. In view of this, we have conducted a number of special training activities to cultivate employees' safety awareness and avoid occupational accidents. The contents include the "9 + 8" system, HSE knowledge, special precautions for special operations, and emergency measures.

In 2019, our member enterprise Zhangjiagang CIMC Sundyne Cryogenic Equipment Co., Ltd. invited the Safety Education and Training Center to conduct safety training and examinations for all employees of the Company in May. Those who fail to pass the exams are suspended restudy.

Another member enterprise, Nantong CIMC Enric Food Equipment Co., Ltd. organized two courses on safety production laws and regulations for more than 30 department heads, HSE trainers and other management-level employees based on the Company's actual situation and HSE annual key work plan. We strengthen their knowledge of security laws and ensure that they effectively guide their subordinates to work in accordance with the law.

## Improve Safety Level

In response to occupational safety emergencies, the Group has established an emergency response plan. During the year, emergency response plans have been formulated covering safety, fire protection organization occupational health. The policies clearly define the responsibilities of each department and the action plan in the case of an accident. We regularly carry out drills so that employees are familiarized with the response approach to reduce safety risks. In 2019, we conducted a total of 100 emergency drills.

In 2019, CIMC Enric analyzed safety accidents that had occurred in the past five years, carried out key inspections and enhanced operator training for lifting operations. From the perspective of intrinsic safety, we studied the layout of the hoisting process and implemented improvement measures. During the year, we executed 43 improvement projects and completed 33 of them. The injury rate per million working hours in hoisting accidents dropped 56% compared with 2018.



## Occupational Health

Employees are exposed to different degrees of occupational health risks during operations. We arrange medical examinations for high-risk positions every year to ensure early identification of problems. Among employees who were provided with physical examination in 2019, no occupational disease were found. The Group launched improvement projects for noise, dust and high temperature work to reduce related risks.



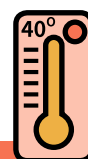
### Noise

- Noise reduction or soundproof rooms for noise-producing equipment
- Distribute personal protective equipment such as ear protectors and earplugs to operators
- The holding company management department inspected the noise situation at operational sites and rectified 16 projects exceeding the standard noise during the year
- Check equipment regularly to avoid noise from abnormal operations



### Dust

- Set up about 480 sets of ventilation systems, exhaust systems, welding smoke collectors, activated carbon adsorption devices
- Collect and process dust and welding fumes from different processes
- Distribute personal protective equipment such as masks to operators



### Work at high temperature

- Ventilated skylights and open windows are provided in the plant to enhance air circulation
- Air-conditioning in the lounge for a comfortable environment
- Dedicated high-power cooling fan is used to deliver cold air into the tank during operation to reduce the working environment temperature



# True Concern Grow Together

## Content of this section

Equal Opportunity and Diversity  
Employees' Rights Protection  
Welfare Management  
Training and Development  
Employment Engagement

Talent is the source of our competitive advantage. We respect all employees and appreciate their contribution to the Group. By developing the skills and expertise of employees regularly, the Group helps employees achieve self-actualization, co-creating a future that shares between the Group and the employees.

We are committed to improving the governance structure of human resources. In 2019, CIMC Enric revised 10 management approach documents related to human resources to propel the Group's development and growth.

## Equal Opportunity and Diversity

Human resources planning is fundamental to our recruitment policy. The Group defines the targets of headcount, structure optimization, and employees' capability improvement to provide the basis for human resources planning.

### Diversified Recruitment Platform

Adhering to its recruitment principle of "openness and fairness, equal opportunities and fair competition", the Group recruits personnel from within, campus and the market in accordance with its annual human resources plan. If a position is needed to be filled urgently due to employee changes, business changes, etc., relevant departments can propose recruitments after evaluation and review.

#### Internal Recruitment

- Promotion from within: Pick the right talents from the talent pool
- Internal Open Recruitment: Release information on the intranet and email, post internal recruitment notices, and send messages to employees

#### External Recruitment

- Campus Recruitment: Contact schools to recruit fresh graduates
- Recruitment: Post recruitment information through websites, publications, etc.
- Market Recruitment: Recruit in the labor market and job fairs
- Headhunting : Invite headhunters to recruit scarce talents
- Referral: Referral made by employees to recommend suitable candidates

## Review and Optimization

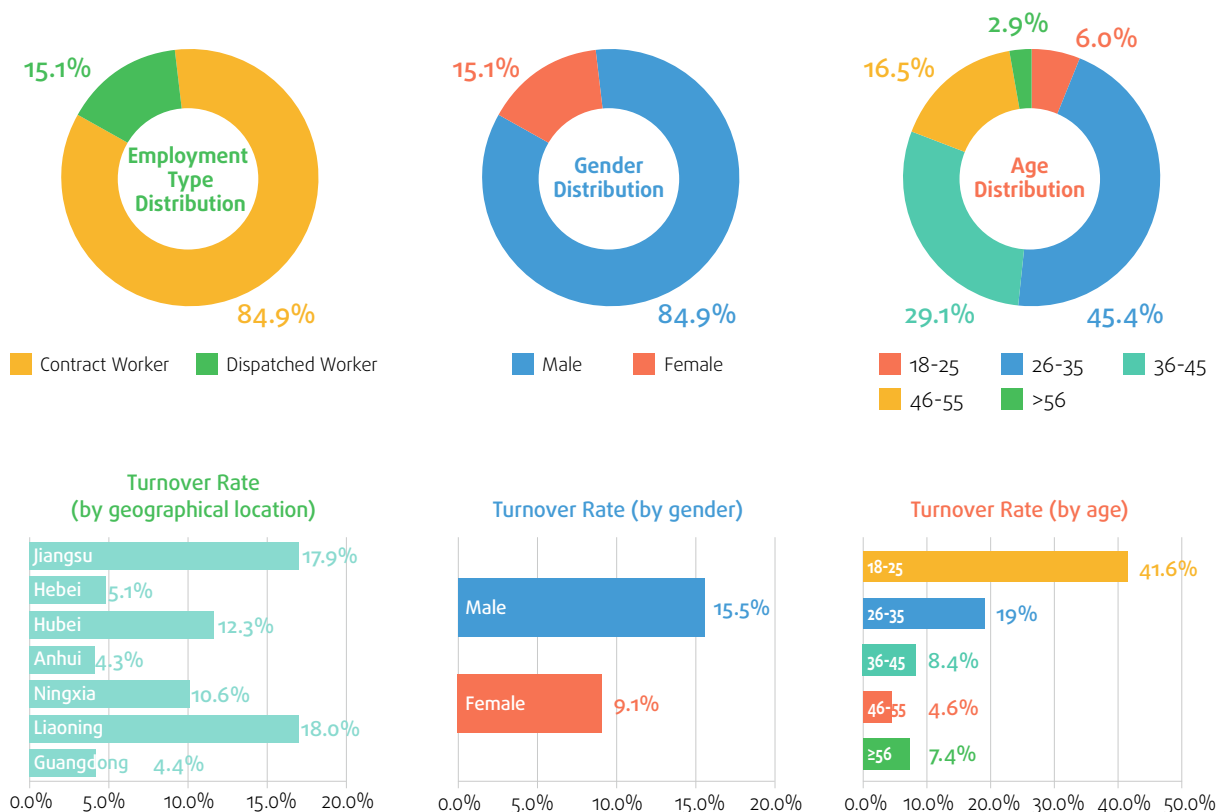
Regularly reviewing the implementation of the recruitment plan is vital to the Group so as to improve human resources in a timely manner and understand the allocation of employees. CIMC Enric has the right to inspect the recruitment work of its subsidiaries, including whether the introduction of talents meets the job needs or violates the principles of recruitment, and request subsidiaries to review any status with unfinished work. Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd. incorporates the evaluation of recruitment work into its recruitment management, requiring Personnel and Administration Department to verify the annual plan and staffing requirement quarterly. The Personnel and Administration Department evaluates and analyzes the plan in terms of employment rate, recruitment completion rate and application rate, adjusting the recruitment plan appropriately.

## Child and Forced Labor

The Group strictly prohibits the use of child or forced labor in any form and implements stringent rules on employees' age limit. When recruiting, we inspect documents submitted by the applicants to verify age and prevent child labor. There were no cases of child or forced labor during the year. For relevant laws and regulations, please refer to Page 47.

## Employee Composition

As of December 31, 2019, the Group had 9,919 employees, including 8,565 contract workers and 1,354 dispatched workers, with a male to female ratio of 17: 3. Our employees were mainly in the age group 26-35, accounting for about 45.4% of all employees. In 2019, employee turnover of the Group was 1,335, with an overall turnover rate of 13.4%.



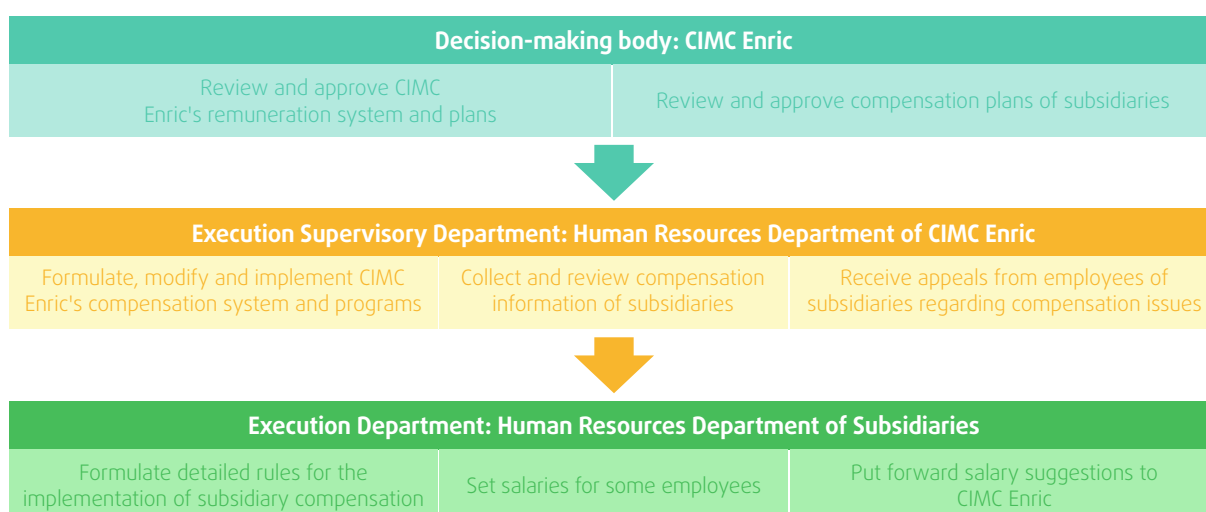
## Employees' Rights Protection

We protect our employees' basic welfare and benefits by providing a comprehensive welfare system, aiming to improve employees' work satisfaction. To ensure employees' health, the Group has a strict control on employees' working hours, overtime hours and frequencies, and we compensate them with reasonable number of holidays, overtime payment, etc. In compliance with laws and regulations, the Group provides insurance for its employees and other welfare items such as annual paid leave, high temperature allowance and midnight working allowance, so as to assure employees of basic welfares. Moreover, we offer our employees extra welfares such as free lunch, physical examination, festive allowance, one-child allowance, etc., to provide them with convenience in life and welfares.

## Welfare Management

"People oriented and shared values" defines the Group's vision on talent management. We emphasize respect for employees, offer fair rewards, and share Group's success in development with them through multi-level remuneration and performance evaluation systems. CIMC Enric has proposed "Wage Management System of CIMC Enric" which clarifies the authority to take decision on wage management and ensures the implementation of a two-level management system between CIMC Enric and its subsidiaries. To motivate employees, the Group divides their remuneration into monthly salaries, annual bonus, allowances and special rewards. We adjust remuneration according to industry standards or regional average salary to make them competitive, ensuring the contribution from our employees are well-rewarded.

### *Organizational and departmental remuneration management responsibilities*



CIMC Enric has adopted a restricted share award scheme since 2018 in which selected employees could participate in the scheme. This scheme aims to incentivise senior managers and key personnel of the Group, sharing the growth of business of the Group.



## Training and Development

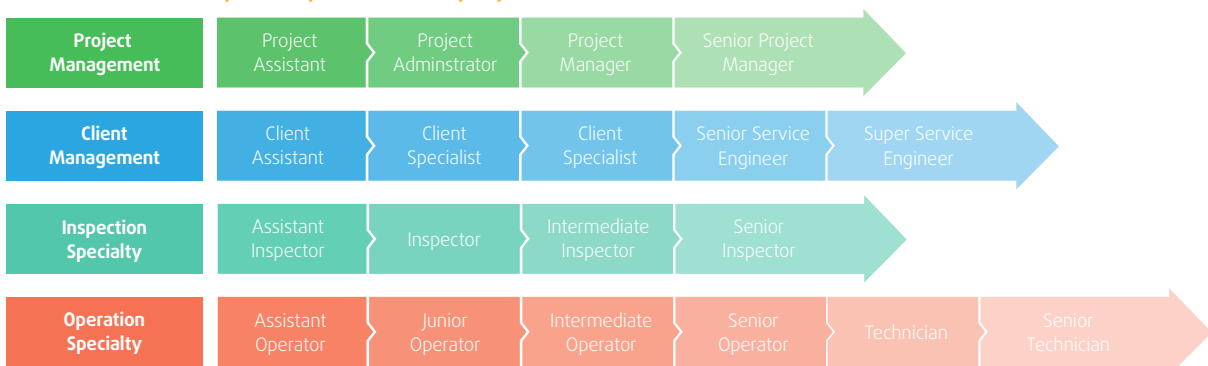
CIMC Enric understands product excellence comes from superior teams, and regards talents as an important part to enhance the Company's competitiveness. We pay attention to employee training and actively develop their core skills and expertise. Every December, the Personnel and Administration Department formulates a training plan for the next year according to the Company's direction, the latest industry standards and knowledge, management goals, etc., and follows up on the implementation and evaluates the outcome of the training monthly. The training is conducted in different ways, including internal and external training, as well as online platforms to continuously improve the professional and general skills of employees.

Induction Training	General Training	Professional Skills Training	Leadership Development Programme	International Talent Development Programme
Understand Group's culture and policies to help integrate new employees	Enhance general skills of employees to meet work needs	Department heads train employees based on job requirements	Focus on training and improving the leadership of senior management	Provide employees with overseas work and learning opportunities to broaden their horizons

2019 key training activities		
<ul style="list-style-type: none"> <li>The first "English Practical Training Camp"</li> </ul>	<ul style="list-style-type: none"> <li>Customs expertise</li> <li>Human resources expertise</li> <li>Financial auditing expertise</li> <li>Design expertise</li> <li>Professional post and special operation forensics training</li> </ul>	<ul style="list-style-type: none"> <li>Leadership improvement seminar for middle and senior managers</li> <li>New manager training in CIMC Institute</li> <li>Professional knowledge and management training</li> <li>Leadership Development Plan E</li> </ul>

We develop suitable career paths for employees by planning their careers. Employees can choose "management" or "professional" route according to their capabilities and interests, and grow together with the Company.

### Dual career development paths for employees





## Employment Engagement

Listening to employees, understanding their needs, and adopting their suggestions are the main purposes of employee engagement. We have built an interactive platform to allow employees to communicate with senior managers, promote two-way communication, and encourage employees to participate in the development of the Group.

Our member enterprise, Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd., has allowed its employees to set up a labor union, which conducts elections every five years. Nantong CIMC Energy Equipment Co., Ltd. and Nantong CIMC Tank Equipment Co., Ltd. have built communication channels that include general manager mailboxes, employee congresses, and employee interviews to encourage employees to make suggestions and appeals. They also communicate the Company's strategic plan and values with employees through internal publications, conferences and strategic discussions, strengthening the construction of both one-way and two-way communication platforms.



### Excellent employee sharing - Luochuang

In the eleven years since Mr. Luo joined the group, he has submitted over a thousand production improvement plans for cost-saving. He has actively participated in events and received multiple awards. In 2014, he was fully funded by the Company to pass the adult college entrance examination and completed his bachelor's degree.

### Employee Engagement Channel

Communication Modes	Communication Channels	Frequency
One-way	Internal Publications Bulletin Board Employee Handbook Frontier Selection and Recognition Lean Presentation Management & Technology Innovation Review	Monthly, Quarterly Anytime Anytime Annually Quarterly Annually
Two-way	Induction Training General Manager Mailbox Employee Satisfaction Survey and Feedback	Anytime Anytime Annually

### Employee Satisfaction Survey

The employee satisfaction survey is one of the effective ways for the Group to communicate with employees. In 2019, Nantong CIMC Sinopacific Offshore & Engineering Co., Ltd ("SOE") asked 2-3 departments to complete questionnaires each month on an anonymous basis to collect their suggestions regarding the department management, the Company as a whole and other departments, and back-office support. The Company provides feedbacks to employees and takes corresponding measures in a timely fashion.

A number of subsidiaries conduct employee satisfaction surveys regularly to get their opinions and make improvements based on their feedback. In 2019, more than 1,900 employees of Nantong CIMC Tank Equipment Co., Ltd. took a satisfaction survey, and received feedback from 13 aspects including performance management and employee growth. The employee satisfaction index in 2019 increased by 1.08 compared with 2018. Suggestions collected in the survey were used as the basis for the Company's 2020 projects to benefit the employees.



## Employee Events

The Group is committed to caring for employees, strengthening their sense of belonging, and balancing their work and life. In 2019, each subsidiary organized a variety of employee events to enhance employees' value recognition and cohesion of the Group.

### Nantong CIMC Energy Equipment Co., Ltd.

held the third "Happy Family Day". More than 20 families from various departments of the company gathered together to experience the joy of children's growth and harvest childlike fun.



#### Enhance Family Interaction

Organizing "Happy Family Day" event to care for employees and their families.

### CIMC companies in Nantong and Surrounding areas.

In order to promote friendship among brother companies, CIMC Enric organized basketball matches which unite CIMC companies in Nantong and surrounding areas.



#### Enhance Physical Health

Organizing basketball matches, hiking, etc. to exercise and promote friendship.

### Care For Female Employees

Celebrating Woman's Day on March 8 and preparing elegant gifts for female employees.



### Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.

We held a forum for female workers and awarded outstanding female workers the "March 8 Red Flag Bearer". Holiday greetings and cordial condolences were expressed to them.

### Promote Culture Exchange

Organizing cultural integration events and skill competition for new employees to promote consensus.



### Nantong CIMC Tank Equipment Co., Ltd.

Organized cultural integration events for newly recruited employees, including experience sharing, homemade barbecues, and team games.



## Pursuit of Excellence Win-Win Collaboration

### Content of this section

Product and Service Innovation  
Improvement of Product Quality  
Excellent Customer Relationship

CIMC Enric is committed to providing outstanding products which not only create economic value for customers but also promote the realization of environmental and social benefits.

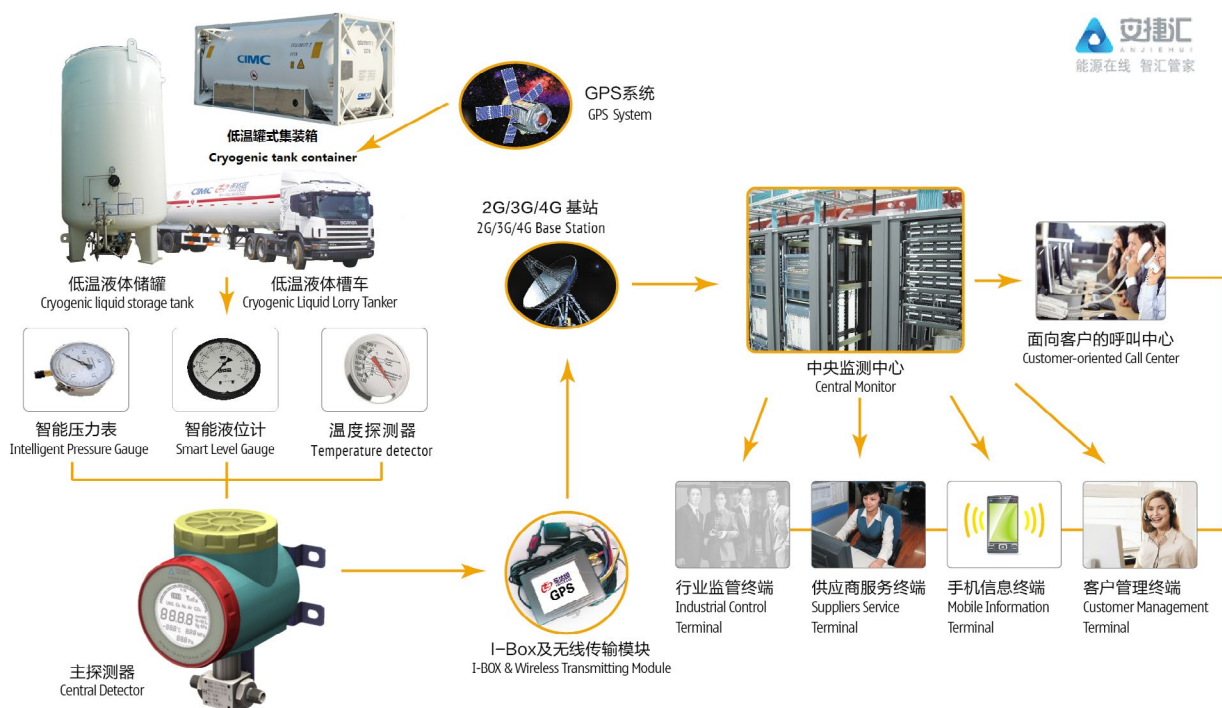
## Product and Service Innovation

With abundant experience, CIMC Enric vigorously carries out innovation research covering the entire industry chain of natural gas liquefaction, storage, transportation, refuelling, and marine/automotive natural gas fuel systems, as well as the field of chemical industry and liquid food equipment. We have 19 R&D centres, including 7 located in overseas. We have established a value growth-oriented innovation mechanism, aiming to achieve fruitful scientific and technological innovation results. By the end of 2019, we had more than 850 authorized patents, 104 of which are for inventions. Besides, we have won the Chinese Patent Excellence Award twice.

CIMC Enric attaches great importance to intellectual property right protection and strives to establish a lawful order of competition so as to promote sound and healthy development of the market. We conduct patent searches to avoid infringement of intellectual property rights. Besides, we promptly apply for patent protection for scientific and technological innovations created internally, and take proactive legal measures depending on the situation to protect the Group's

intellectual property from the negative impacts of infringement. In addition to patents, we also manage and protect proprietary technologies and utility model patents for production processes and design, improving the corporate competitiveness. In 2019, our research & development (R&D) spending was RMB 310,595,109, representing a R&D spending rate at 2.0%, an increment of 25% from 1.6% in 2018.

CIMC Enric emphasizes on applying the results of scientific and technological innovation to product and service. We seize the development opportunities by providing an IoT solution on energy and chemical equipment for our customers. By installing smart integrated equipment in storage tanks, tank containers, tank trucks, and other containers, we allow customers to monitor the on-site situation remotely, improving the early safety warning capability and management efficiency. By combining the information of storage tank, tank truck, and source point, we simulate the process of the tank truck from loading to unloading and then to diverging, so as to optimize the transportation path and unloading point, achieving efficient logistics management.







### One-Stop Solution for Energy Equipment IoT by member enterprise Anjiehui

In 2019, the standard tank factory under Nantong CIMC Tank Equipment Co., Ltd developed an advanced system to automate its wash solutions and elevator control. The new system enhances the quality of washing process inside the tank, ensuring the fulfillment of water standards, and meeting the timing requirement for washing.

### Application of technological innovation by member enterprises

Shijiazhuang Enric Gas Equipment Co., Ltd. started its R&D and evaluation work of HCL jumbo tube skid, and obtained an official approval from State Administration for Market Regulation for trial production in July 2018. In December 2019, the first purchase order of of HCL jumbo tube skid was successfully transacted with a worth of RMB 8.4million, relieving the limited domestic supply of HCL jumbo tube skid in China.



### "Easy Gas" Terminal Service System



In 2019, we used this technology to provide our customers with more accurate energy storage and transportation services, including "Large-scale LNG tank container shipping" which is a pilot project of innovative LNG transportation method jointly approved by National Development and Reform Commission, the Bureau of Energy, and the Ministry of Transport. In cooperation with our partner company CNOOC Gas & Power Group Co. and the Communication Information Centre of the Ministry of Transport, we have built the LNG intermodal transportation and terminal service system "Easy Gas". "Easy Gas" enables real-time monitoring of tank containers and vessel positions, ensuring that tank containers are monitored at any location such as land depots, docks, and marine transportation. Through this project, we help realize "South-to-North Gas Transmission" to meet the demand for clean fuel for winter heating in the north and to ensure the stability and safety of gas supply.

For non-mobile storage tank systems, we provide better service experience for customers through IoT technology. In 2019, we offered IoT solutions to a gas sales company which helps accelerate the respond speed and efficiency of after-sales services, achieving reasonable vehicle scheduling, and reducing the risk of gas supply disruption for its customers.

The information process brings not only convenience but also the risk of information leakage. We have established "Business Information Authorization and Security Management Policy" to clarify business information usage principles and the responsibility of Information Management Department, reducing information security risks. Meanwhile, following CIMC Group's "Network Security Standard Specifications", we are equipped with intrusion prevention systems, firewalls, and other hardware and software to enhance the network security protection capability.

## Improvement of Product Quality

CIMC Enric’s products are widely used in transportation, storage, and processing of clean energy, chemical & environmental, and liquid food industries. Product safety and security are critical to customers and local communities. In our manufacturing and daily operations, we adopt international standards in our system for regulating our quality management and improving efficiency.

At present, CIMC Enric has formulated several product quality management regulations, including “Inspection and Testing Quality Control Procedures”, “Management Review Procedures”, “Material Control Procedures”, “Nonconforming Product Control Procedures”, “Corrective and Preventive Action Management Procedures”, etc. To ensure effective implementation of product quality management, we have established “Product Quality Reward and Punishment Measures” to recognize units for excellence in quality management and rectify substandard cases.

For project quality management, we have established internal regulations, including “Project Management Procedures”, “Project Planning and Management Regulation”, “Project Design Control Management Regulation”, “Management Regulation of Quality Inspection and Finished Products Quality Assessment for Engineering Project” and “Construction Process Management Regulation”.

We also purchase product quality insurance and product liability insurance, which strengthen the corporate’s ability to resist risks, avoid major crises, and achieve stable operations.

Our member enterprises establish and improve quality management systems based on their own products, business attributes and the requirements of sales regions. We have obtained numerous international quality certifications, including but not limited to ISO9001 Quality Management System Certification, IATF16949 Automotive Quality Management System Certification, CCS Quality Management System Certification, ASME certification, DNV GL Certification, LR Certification, and BV Approval.

We actively leverage on our ample experience in product quality to participate in the compilation or revision of relevant national and industrial quality standards. At present, as a drafting unit, CIMC Enric participates in the formulation of 10 national, regional, or industrial standards, including “Design Specifications for Urban LNG Supply Stations”, “Static Vacuum Insulated Cryogenic Pressure Vessels”, etc. Below shows some of the published standards that CIMC Enric participates in the drafting process.

Main Drafting Unit
<p>“Series 1 Freight Containers - Specification and Testing - Tank Containers for Liquids, Gases and Pressurized Dry Bulk”</p> <p>“Technical Conditions of Liquefied Natural Gas Vehicles”</p> <p>“Stattic Vacuum Thermal Insulating Cryogenic Pressure Vessel Part 3: Design”</p> <p>“Safety Technical Requirements of Container Skid-mounted Refuelling”</p>
Participating Drafting Unit
<p>“Static Vaccum Thermal Insulating Cryogenic Pressure Vessel Part 7: Rules of Pressure Strengthening for Inner Vessels”</p> <p>“Road Tanker for Dangerous Liquid Goods Transportation Part 1: Technical Requirements of Atmosphere Pressure Metal Tank”</p> <p>“Transportable Vacuum Insulated Cryogenic Pressure Vessels - Requirement of Pressure Strengthening for Inner Vessels”</p> <p>“The Technical Code for Safety USE of CO tube trailer”</p>

## Excellent Customer Relationship

Striving to ensure product technology and quality levels, CIMC Enric keeps improving customer services and pursuing higher customer satisfaction. We are committed to forming a long-term partnership with our customers, by engaging with them regularly, getting to know their questions during the process of product usage, and ensuring the safety condition of the products sold. In 2019, our member enterprises conducted product performance and emergency response training for customers, as well as product inspection activities. We collect customers' inquiries and complaints via "400 Service Hotline". The After-Sales Service Department then coordinates with relevant responsible departments to investigate the reasons, identify a solution, and develop improvement and preventive measures to avoid recurrence of similar incidents. In response to customers' complaints, we promptly inform them the results and seek their feedback until they are satisfied.

To ensure customers clearly understand the product information and match the with their needs, CIMC Enric has established "Marketing and Planning Management Regulation". We have standardized marketing planning, promotion, investigation, and other marketing activities to provide customers with accurate product information and brand image to avoid false or misleading information. In addition, we have also made "Quality Information Collection, Analysis, Feedback, and Processing Procedures", "Customer Satisfaction Survey Control Procedures" and "Complaint Management Regulation".



### Sharing on Operation Safety Knowledge of Hazardous Goods Road Transport

At the request of Sinopec Refinery Product Sales Co., Ltd., CIMC Enric's member company Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd. conducted safety training to over 30 logistics carriers in September 2019. We communicated with customers in detail on structural performances and emergency disposal methods of liquefied gas tank trucks, LNG tank trucks, spherical tanks, and other products.



### 2019 Product Inspection Services in northern Shanxi

In 2019, CIMC Enric's member enterprise CIMC Sanctum conducted product inspection services in northern Shanxi. All the Sanctum tank trucks present could get a vacuum inspection and a valve and instrument inspection free of charge. We also provided on-site operation specification training for operators, guidance on handling common problems, and notes for daily use.





## Community Care Give Back to Society

### Content of this section

---

Study Subsidy Program  
Care for the Community  
Targeted Poverty Alleviation  
Fighting Against the Epidemic

CIMC Enric and its subsidiaries organized and participated in diverse community welfare activities focusing on cultural education, community participation and targeted poverty alleviation. During the year, the Group has donated a total of RMB378,000.

## Study Subsidy Program

There are two main goals of the Group's study subsidy programme. Internally, it encourages employees to improve their education levels and acquire professional knowledge. Externally, financial assistance is provided to students from underprivileged families in the community to help them complete their studies. Through the study subsidy programme, we hope to create a positive and virtuous competitive atmosphere within the enterprise, providing development opportunities and support for deprived students.

## Care for the Community

CIMC Enric focuses on creating a harmonious atmosphere and takes the lead in carrying out a series of cultural and health related activities in local communities. Member enterprise Sanctum organized volunteers to send holiday greetings and traditional festive food to the elderly during the Mid-Autumn Festival, hoping that they could feel the care from the company and enjoy the festival celebration atmosphere. A yoga class was also held in the community, joined by employees and community residents, aiming to help everyone alleviate pressure and maintain a positive work and life attitude.



The company cooperated with Nantong Institute of Technology to encourage employees to continue their studies in spare time. Seven students have successfully graduated, and the company has awarded a total of RMB 8,000 in scholarships.



The "CIMC Blue Realizing Dream Fund" financed 6 poor students to complete their university studies for one year. In 2019, each student was subsidized with RMB 7,000 in tuition and RMB 3,000 in living expenses.



Nantong Energy launched the "Caring & Help" activity and drafted the "Caring Donation Initiative". The company responded actively and raised a total of RMB 5,130 to help the poor children in the local area and pass the positive energy in society.



In 2019, the unions of our subsidiaries further promoted the implementation of the "People's Children Enrolled Nearby" policy. With the support of the local government and the Education Bureau, the children of the four employees successfully entered the local primary schools to continue their education.

## Targeted Poverty Alleviation

We undertake targeted poverty alleviation initiatives in locations where we operate, mobilize the internal resources to send warmth and hope to underprivileged families. Among them, Jingmen Hongtu, one of our member enterprises, provided RMB 2,000 to Jingmen charity for left-behind children, and RMB 100,000 to Quanwa Village, Jingmen City for poverty funds.

## Fighting Against the Epidemic

Tackling the COVID-19 epidemic, we actively engaged in the frontline and went against the wind. We did our best to ensure the medical oxygen equipment supply in the epidemic area is sufficient and protect people's lives with the front-line medical staff.

On January 30, 2020, CIMC Sanctum, a member enterprise of the Group, received an assignment for the construction of eight units of 10m<sup>3</sup> liquid oxygen storage tanks for Wuhan Huoshenshan Hospital. A Medical Oxygen Equipment Emergency Leadership Group and an Operation Unit were set up immediately to implement this production order. Over 20 employees ended their vacations early and took the initiative to participate in the production. After pre-cooling the pipelines and testing, the eight storage tanks were completed in 3 days and were sent to Wuhan on February 3 to support the Huoshenshan Hospital.

Member enterprises such as CIMC Sanctum and Anjiehui donated two units of liquid oxygen storage tanks and 3 units of oxygen equipment to Wuhan Jinyintan Hospital and Huanggang Xiaotangshan Hospital to support the medical oxygen supply.

Besides, our member enterprise Jingmen Hongtu donated RMB 150,000 to the Red Cross Society of Jingdao District in Jingmen City, and donated 50,000 masks and 50 forehead thermometers to overseas customers, working with overseas customers to fight against the outbreak. In addition, SOE donated 7 tonnes of "84 disinfectant" worth RMB 59,500 to Qidong Epidemic Prevention Command and Qidong Offshore Industry Park Management Committee; CIMC Tank also donated 5 tonnes of "84 disinfectant" to Gangzha Economic Development Zone. We are hoping to contribute to society through various donations.



## Applicable Laws and Regulations

Topic	Applicable Laws and Regulations	Compliance
Environment	<ul style="list-style-type: none"> <li>● Environmental Protection Law of the People's Republic of China</li> <li>● Atmospheric Pollution Prevention and Control Law of the People's Republic of China</li> <li>● Water Pollution Prevention and Control Law of the People's Republic of China</li> <li>● Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes</li> <li>● Energy Conservation Law of the People's Republic of China</li> <li>● Law of the People's Republic of China on Appraising of Environment Impacts</li> <li>● Regulations on the Administration of Construction Project Environmental Protection</li> <li>● Soil Pollution Prevention and Control Law of the People's Republic of China</li> <li>● Soil Pollution Prevention and Control Law</li> </ul>	During the year, the Group was not aware of any violations of any laws and regulations related to the emission of gas and greenhouse gases, the discharge to the water or land, and the generation of hazardous or harmless waste, which had a significant impact on the Group.
Employment	<ul style="list-style-type: none"> <li>● Labor Law of the People's Republic of China</li> <li>● Labor Contract Law of the People's Republic of China</li> <li>● Social Insurance Law of the People's Republic of China</li> <li>● Law of the People's Republic of China on the Protection of Rights and interests of Women</li> <li>● Special Rules on the Labour Protection of Female Employees</li> <li>● Provisions on the Prohibition of Using Child Labor</li> <li>● Law of the People's Republic of China on the Protection of Minors</li> </ul>	During the year, The Group was not aware of any violations of any laws and regulations related to remuneration and dismissal, recruitment and promotion, working hours and equal opportunities, anti-discrimination and other treatments and benefits, which had a significant impact on the Group.
Safety	<ul style="list-style-type: none"> <li>● Production Safety Law of the People's Republic of China</li> <li>● Fire Control Law of the People's Republic of China</li> <li>● Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases</li> <li>● Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</li> <li>● Occupational Health Management Measures for Radiation Workers</li> <li>● Measures for the Administration of Occupational Health Examination</li> <li>● Regulations on Safety Supervision on Special Equipment</li> <li>● Eight Provisions on Prevention and Control of Occupational Disease Hazards by Employers</li> <li>● Regulations on Labour Protection in Workplaces where toxic substances</li> </ul>	During the year, The Group was not aware of any violations of any laws and regulations related to remuneration and dismissal, recruitment and promotion, working hours and equal opportunities, anti-discrimination and other benefits and welfare, which had a significant impact on the Group.
Product Responsibility	<ul style="list-style-type: none"> <li>● Product Quality Law of the People's Republic of China</li> <li>● Special Equipment Safety Law of the People's Republic of China</li> <li>● Supervision Regulation on Safety Technology for Stationary Pressure Vessel</li> <li>● Supervision regulation on safety technology for transportable pressure Vessel</li> </ul>	The Group was not aware of any violations of laws and regulations related to the health and safety, advertising, labelling and privacy of products and services, which had a significant impact on the Group.
Anti-corruption	<ul style="list-style-type: none"> <li>● Criminal Law of the People's Republic of China</li> <li>● Anti-Unfair Competition Law of the People's Republic of China</li> <li>● Hong Kong Prevention of Bribery Ordinance</li> <li>● Hong Kong Competition Ordinance</li> <li>● Hong Kong Code of Corporate Governance</li> </ul>	The Group was not aware of any violations of laws and regulations related to the prevention of bribery, extortion, fraud and money laundering, which had a significant impact on the Group.



# ESG Content Index

KPIs	HKEX ESG Reporting Guide Requirements		Chapter/Remark
A. Environmental			
Aspect A1: Emissions	<b>General Disclosure</b> 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.		Low-carbon Environment-Management Strictly Emissions Control
	KPI A1.1	The types of emissions and respective emissions data.	Low-carbon Environment-Management Strictly Emissions Control
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Low-carbon Environment-Management Strictly Emissions Control
	KPI A1.3	Total hazardous waste produced and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Low-carbon Environment-Management Strictly Emissions Control
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Low-carbon Environment-Management Strictly Emissions Control
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	Low-carbon Environment-Management Strictly Emissions Control
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Low-carbon Environment-Management Strictly Emissions Control
Aspect A2: Use of resources	<b>General Disclosure</b> Policies on efficient use of resources including energy, water and raw materials.		Low-carbon Environment-Resources Conservation
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	Low-carbon Environment-Resources Conservation
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Low-carbon Environment-Resources Conservation
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Low-carbon Environment-Resources Conservation
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for the purpose, water use efficiency initiatives and results achieved.	Low-carbon Environment-Resources Conservation
	KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Low-carbon Environment-Resources Conservation
Aspect A3: The environment and natural resources	<b>General Disclosure</b> Policies on minimising the issuers' significant impact on the environment and natural resources.		Low-carbon Environment-Emergency Management
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Low-carbon Environment-Emergency Management

## B. Social

<b>Aspect B1: Working Conditions</b>	<b>General Disclosure</b> Information on: (a) the policies; and (b) 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.		True Concern Grow Together-Equal Opportunity and Diversity
	<b>KPI B5.2</b>	Total workforce by gender, employment type, age group and geographical region.	True Concern Grow Together-Equal Opportunity and Diversity
	<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	True Concern Grow Together-Equal Opportunity and Diversity
<b>Aspect B2: Health and safety</b>	<b>General Disclosure</b> 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.		Safety, Health, and Mitigating Risks- Maintaining a Safety Management System
	<b>KPI B2.3</b>	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Safety, Health, and Mitigating Risks
<b>Aspect B3: Development and training</b>	<b>General Disclosure</b> Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		True Concern Grow Together Equal-Training and Development
<b>Aspect B4: Labor standards</b>	<b>General Disclosure</b> 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 and forced labor.		True Concern Grow Together-Equal Opportunity and Diversity
	<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labor.	True Concern Grow Together-Equal Opportunity and Diversity
<b>Aspect B5: Supply chain management</b>	<b>General Disclosure</b> Policies on managing environmental and social risks of the supply chain.		Compliance, Integrity and Honesty- Maintenance of Supply Chain Stability
	<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Compliance, Integrity and Honesty- Maintenance of Supply Chain Stability
<b>Aspect B6: Product Responsibility</b>	<b>General Disclosure</b> 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 redressal.		Pursuit of Excellence Win-Win Collaboration- Improvement of Product Quality
	<b>KPI B6.2</b>	Number of product and service related complaints received and how they are dealt with.	Pursuit of Excellence Win-Win Collaboration- Excellent Customer Relationship
	<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Pursuit of Excellence Win-Win Collaboration-Product and Service Innovation
	<b>KPI B6.4</b>	Description of quality assurance process and recall procedures	Pursuit of Excellence Win-Win Collaboration- Improvement of Product Quality
<b>Aspect B7: Anti-Corruption</b>	<b>General Disclosure</b> 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.		Compliance, Integrity and Honesty- Control of Operational Risks
	<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Compliance, Integrity and Honesty- Promotion of Integrity Culture
	<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Compliance, Integrity and Honesty- Promotion of Integrity Culture
<b>Aspect B8: Community Investment</b>	<b>General Disclosure</b> 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 Give Back to Society
	<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Care Give Back to Society
	<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Community Care Give Back to Society





**CIMC ENRIC**

**2019 Environmental,  
Social and Governance Report**