

# CIMC | TianDa

**CIMC-TianDa Holdings Company Limited**  
**中集天達控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock code: 445)

## **Environmental, Social and Governance Report 2019**



# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## CONTENTS

<b>About This Report</b>	2
<b>Speech by the Chairman of the Board of Directors</b>	4
<b>About CIMC-Tianda</b>	6
<b>Corporate Governance, Compliance Management</b>	10
<i>Corporate Governance</i>	10
<i>Compliance Operation, Risk Management and Control</i>	11
<i>Stakeholder Involvement</i>	12
<i>Concept of Sustainable Development</i>	16
<i>Upholding Probity and Integrity</i>	17
<b>Product Innovation and Customer-Oriented</b>	19
<i>Technical Innovation and Leading the Industry</i>	19
<i>Intellectual Property and Patent Protection</i>	23
<i>Ensure Quality to Satisfy Customer</i>	24
<i>Supply Chain Management</i>	27
<b>Green Manufacturing and Environmental Protection and Energy Conservation</b>	29
<i>Environmental Management System</i>	29
<i>Waste Management</i>	31
<i>Emission of Air Pollutants</i>	32
<i>Energy Conservation and Emission Reduction</i>	34
<i>Water Conservation</i>	36
<i>Noise Abatement</i>	37
<b>People-oriented Culture, Caring and Sharing</b>	38
<i>Fair Employment Practices, Equality and Diversity</i>	38
<i>Protection of Rights and Benefits</i>	39
<i>Occupational Safety, Physical and Mental Health</i>	40
<i>Employee Training and Development</i>	42
<i>Care of People and Giving Back to the Community</i>	46
<b>Subsequent Events after the Reporting Period:</b>	
<b>The influence of COVID-19 and Countermeasures</b>	47
<b>Appendix: Index to “ESG Reporting Guide” of HKEX</b>	49
<b>Report preparation organization</b>	53
<b>Feedback</b>	54

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## ABOUT THIS REPORT

This report is the 2019 Environmental, Social and Governance Report (hereinafter referred to as “the ESG Report” or “the report”) released by CIMC-TianDa Holdings Company Limited (“CIMC-TianDa” or “the Company” and its subsidiaries, together, referred to as “the Group” or “we”), which outlines the principles and sustainable development concepts of the Group in implementing corporation society responsibility (CSR), describes our relationship with key stakeholders, and sets forth our vision and commitment to CSR. The board of directors of the Group is fully aware of its responsibility for the accuracy of the report, takes full responsibility for the Group’s environmental and social governance strategy and reporting, and has reviewed and approved the report.

## Reporting Period and Scope of the Report

This report discloses the social responsibility and environmental management methods and performance of the Group from January 1, 2019 to December 31, 2019 (“the year “or” in this year “, part of the content extended to early of 2020), covering all business lines of the Group, mainly including 12 operating member enterprises, 3 more than last year. The key performance indicators (KPIs) listed in this report cover most of the operating enterprises of the Group, and the sales revenue disclosed accounted for over 83% of the Group’s total revenue. It is expected that the scope and depth of coverage would be expanded in the future for a better monitoring of the Group’s performance in sustainable development.

### List of operating enterprises included in 2019 report:

SN	Full Name of Enterprise	Abbreviation	Remarks
1	Shenzhen CIMC-Tianda Airport Support Co., Ltd.	Tianda Airport	
2	Shenzhen CIMC-Tianda Jirong Aviation Airconditioning Co., Ltd.	Tianda Jirong	
3	Xinfa Airport Equipment Ltd.	Xinfa Airport	
4	Pteris Global (Beijing) Limited	Pteris (Beijing)	
5	Pteris Global (Suzhou) Limited	Pteris (Suzhou)	
6	Shenzhen CIMC-Tianda Logistics System Engineering Co., Ltd.	Tianda Logistics	
7	Sichuan Chuanxiao Fire Trucks Manufacturing Co., Ltd.	Sichuan Chuanxiao	
8	Shenyang Jietong Fire Truck Co., Ltd.	Shenyang Jietong	New in 2019
9	Shanghai Jindun Special Vehicle Equipment Co., Ltd.	Shanghai Jindun	New in 2019
10	Allied Best (China) Fire Safety Equipment Manufacturing Co., Ltd.	Allied Best	
11	Albert Zigler (Group) Ltd. Giengen Factory	Giengen Factory	New in 2019
12	Shenzhen CIMC Autoparking System Co., Ltd.	Autoparking	

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## **Preparation Basis of the Report**

This report has been prepared in accordance with the Appendix 27 – Environmental, Social and Governance Reporting Guide (hereinafter referred to as “the Guide”) of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the contents of which also conform to the disclosure principles required in the Guide, and has complied with the “comply or explain” provisions specified in the Guide to set out the environmental and social impacts of the Group’s various business and operational activities. Unless otherwise specified, amounts disclosed in this report are denominated in RMB.

## **Release Form**

This report is available in both Chinese and English electronic versions. All stakeholders may get the report on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.chinafire.com.cn](http://www.chinafire.com.cn). In case of any disagreement between the Chinese version and the English version, the Chinese version shall prevail.

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# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## SPEECH BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

To all stakeholders:

2019 is a year of continued growth in the business for CIMC-TianDa. With the successful enterprise acquisition, internal integration, external market development and other work, the Company achieved an overall revenue growth of 36.4% and a profit growth of 25.1%, which laid a solid foundation for sustainable growth.

While maintaining the stable and rapid development of the business, our understanding and management level of ESG work is also improving rapidly. In the face of the ever-changing environment and social risks, we adhere to the enterprise spirit of “self-improvement and pursuit of excellence”, implement the business philosophy of “complying with laws, safety and health, green operation”, and unswervingly advance the strategy of sustainable development. While achieving the income growth and benefit improvement, we should improve various indexes for emission, energy conservation and environmental protection, gradually promote the management level of ESG, actively assume social responsibilities, preferably realize the allocation of resources and talents, and constantly consolidate and enhance the leadership to be on the forefront of the industry.

CIMC-TianDa steadfastly carries out the core values of “satisfy customers and win-win cooperation” and pays high attention to the requirements of stakeholders. In 2019, we have conducted extensive and in-depth communication with key stakeholders of the Group to further understand their concerns and relevant suggestions, driven the improvement of the internal management system with a problem-oriented approach, and committed to realizing the sharing of the achievements in development.

We actively responded to the national appeal of Blue-Sky Protection Campaign, unswervingly implement the strategy of green development, dedicate to the development of a variety of green products. Representative products include unmanned intelligent passengers boarding bridges (it was put on trial at Kiev Airport in Amsterdam of Netherlands on September 24, 2019, which was highly recognized by customers and the society), intelligent passenger clearance system, new energy airport apron buses, pre-conditioned air units and so on.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

In 2019, we also resolutely implemented measures on energy conservation and consumption reduction, carried out in-depth, comprehensive and solid work on HSE (occupational health, safety and environmental protection management system), and effectively managed all key risks. While fully carrying out internal corporate cultural activities and protecting the rights and interests of employees, we consistently organized various social public welfare activities, giving back to the society with practical actions. In the anti-epidemic prevention and control work at the beginning of 2020, we also strictly implemented the internal prevention and control measures, actively participated in the operation of key security posts (for example, the on-site maintenance of passengers boarding bridges in major airports), and provided the society with urgently needed supplies such as masks and temperature measuring guns.

We understand that the board of directors assumes overall responsibility for ESG management, deliberates and approves the overall ESG management objectives and strategies of the Company, and is responsible for approving the Company's annual ESG report. We will perform all the responsibilities of ESG management in real earnest and as always stick to the development philosophy of "innovation, coordination, green, opening up and sharing". We will dedicate to achieving sustainable development, seize opportunities, meet challenges, explore opportunities to create social value and promote quality growth.

On behalf of the board of directors and the management team, I would like to thank our staff, customers, shareholders, partners and other stakeholders for their support of our work. We look forward to your constant participation in our future journey.

**Li Yinhui**

*Chairman of the Board of Directors*

April 2020

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## ABOUT CIMC-TIANDA

### Company Overview

CIMC-TianDa Holdings Company Limited is a company listed on the Main Board of the Stock Exchange of HongKong Limited (“HKEX” or the “Stock Exchange”). China International Marine Containers (Group) Ltd holds 51.06% of the equity interests of the Company. The Company has nearly 60 member enterprises, more than 5,000 employees worldwide, engage in three major business: Airport Facilities, Firefighting & Rescue and Material Handling Systems. For the airport facilities business, the Group is one of the most competitive core airport equipment providers in the world, with passengers boarding bridges sold to more than 300 airports in more than 70 countries. It has become a global enterprise with global R&D, production, marketing and service networks.

2019 is a milestone year for CIMC-TianDa. The passengers boarding bridges in the airport section of the Group has been awarded the “Champion Manufactured Product” by the Ministry of Industry and Information Technology of China. The Group’s fire truck business is the first in China and the fifth in the world in terms of sales revenue, among which the market share of Ziegler’s fire trucks ranks the first in the German market. CIMC-TianDa has become an excellent representative of high-end equipment manufacturing and the flag of airport facilities and fire fighting & rescue industry in China.

### Airport Facilities Business

Shenzhen CIMC-Tianda Airport Support Co., Ltd. (hereinafter referred to as “Tianda Airport”), a subsidiary of the Group, has pioneered the unmanned intelligent passengers boarding bridges in the world, which has been on trial in the airport in Netherlands, promoting intelligence, low-carbon of the global airport. This year, Tianda Airport launched a new generation of passengers boarding bridges, which has been put into operation at Beijing Daxing International Airport. In addition, the orders for pre-conditioned air units also reached a new high and become the first in China and another successful example of CIMC-Tianda in the business strategic layout. At the end of the year, Tianda Airport received the biggest purchase order for passengers boarding bridges from the German airports in nearly a decade.

### Firefighting & Rescue Business

In addition to providing fire products, the Group also provides customers with professional “one-stop” solutions for fire systems. Through mergers and acquisitions, CIMC-TianDa has become China’s largest fire truck manufacturer in terms of sales revenue. In the CHINA FIRE expo 2019, the fire truck enterprises of CIMC-TianDa jointly participated in the exhibition, among which the high-powered smoke exhaust vehicle of Shanghai Jindun Special Vehicle Equipment Co., Ltd. won the industry award, showing the market our strength, image and development goals, and has become the hot bright spot of the whole exhibition.

## Material Handling Systems Business

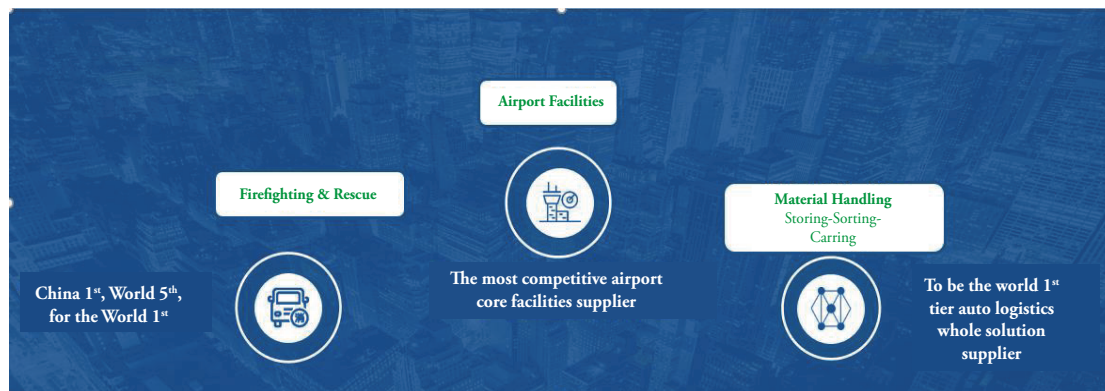
Besides the airport facilities and firefighting & rescue business, the Group continues the development of material handling business systems, mainly providing check-in conveyor, airport baggage handling system, air cargo handling system, as well as automated warehouse and conveying sorting system widely used in all industries. We made breakthroughs continuously in key markets this year, receiving the largest airport baggage equipment system order in the Indian market for the year.

## Automated Parking Systems Business

As a cultivating business, Shenzhen CIMC Auto-parking System Co., Ltd., the enterprise running the automated parking systems business, has made a profit for the first time in 2019. We mainly provide intelligent parking garage and other products. This year, we won the bid for the world-first original and terminal stations project of three-dimensional electric bus in Shenzhen, successfully expanding the business from car parking garage to large parking garage such as bus and trailer, enriching the product category. We expect to provide more services for urban public transport.

In 2019, the business performance of the Group grew continuously in quality and each index reached a new high, laying a good foundation for realizing its strategic goal of becoming a ten-billion enterprise. For the reporting period of this report, the Company's total assets was RMB9,692.3 million, revenue was RMB5,957.8 million and profit for the year was RMB244.1 million, creating good economic and social benefits.

In the future, the Company will strengthen the product life cycle management of the two core businesses (airport facilities, fire fighting & rescue), focus on service and manufacturing simultaneously, reinforce the competitive advantage in combination with the industry trend; continuously do a good job in the cultivation of growth business (materials handling systems), boost global logistics, and build itself into a world-class comprehensive industrial group, a consistent leader in the global industry.



Promote the Rapid Expansion and Profitability of Each Business Unit



# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## Enterprise Honour

The Group has been unwaveringly committed to sustainable development, achieved long-term development, and has been recognized by the government and institutions at home and abroad in multiple areas. This year, the Group received the following major honours:



Simon Hidden Champion  
(Passengers boarding bridges & the Ziegler Group)



Top 100 Industry Leaders in Shenzhen



2019 China International  
Fire Equipment Technical Exchange  
Exhibition Innovative Products



“Blue Sky Guardian” Win-Win  
Cooperation Award



Shenzhen Private Leading Backbone Enterprises



Shanghai "Specialized, Fined, Peculiar and New" Small and Medium-sized Enterprises

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## CORPORATE GOVERNANCE, COMPLIANCE MANAGEMENT

### Corporate Governance

The Group complies with the requirements of relevant laws administered by various regulatory authorities, continuously improves the level and the structure of corporate governance. We operate with strict adherence to the “Articles of Association”. The board of directors is the core of the corporate governance structure. During the reporting period, the Group’s board of directors consisted of 9 directors. Each director has a wide range of business experience, rich knowledge and professional management skills and contributed greatly to the efficient operation of the board of directors. The board of directors has set up the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Nomination Committee. The committees have actively performed their duties and effectively safeguarded the interests of the Company and shareholders as a whole.

During the year, the Company held a total of 12 board meetings, which mainly involved strategy and investment decisions other than approving the interim and annual reports of the Company. The management of the Company is delegated to run the day-to-day operations. In addition to board meetings, the board members communicate regularly to discuss the performance of the Group. The communication among the directors enables them to have a full understanding of the Group for giving effective instructions to the management of the Group. In order to make better contributions, directors attend courses and trainings or studies to develop and update their knowledge and skills.

The Group strictly follows the provisions of the “ESG Guide” of HKEX. the board of directors is responsible for assessing and determining ESG risks, considering and making decisions on material ESG events, promoting the integration of ESG concept with development strategy and operation management, and considering and making decisions on related matters reported. In order to enable the board of directors to keep abreast of the latest ESG information in the market and the implementation of relevant ESG policies, and to assume full responsibilities for the strategic planning and supervision of the Group’s ESG practices, the Group has adopted the hierarchical management approach in its sustainable development governance.

The Group has set up the ESG leading group and the working group at the business operation level. The leading group is headed by the general manager of the Company. the members of the leading group regularly listen to the relevant reports of the working group in the executive committee of the Company, guide the establishment of the management system, make decisions on major events, and deploy ESG related work. The initiator of the working group is located in the management development department, which works together with the Company’s HSE office, performance appraisal office, business performance management responsibility, strategic development group, public relations group and other personnel as one office. The working group is composed of the core members of the main functional departments of the Company, who holds regular working meetings and receives regular professional training to ensure the timely update of the knowledge and skills required by the responsibilities, better perform ESG related responsibilities, and ensure the integration of ESG concepts into the daily management of the Company.

We set up HSE office in the Company headquarters and all subordinate entities, which is responsible for the safety, environmental protection, occupational health and other matters of the unit, with full-time staff. While ensuring the normal operation of enterprises, various environmental protection indexes can meet the requirements of the government regulatory authorities, and the management is orderly and stable, performance is good, so the occupational health of employees is effectively guaranteed. The practice of two years in a row has proved that the organization has effectively managed relevant risks and ensured the normal operation of the enterprise.

In addition to the above organizations, the board of directors also arranges external third-party professional institutions to conduct special and independent auditing on various internal risks (including but not limited to ESG risks) through the audit function directly managed by it, so as to promote the continuous improvement of the Company's internal management level.

The aforementioned governance system, organization arrangement, special audit have enabled the management philosophy of ESG set by the board of directors be implemented in the Group and fully integrated with the daily operations, performance assessment and incentive management, effectively manage the significant potential risk factors, and allow enterprise to efficiently handle specific ESG issues and ensure smooth communication between the board of directors, the management and employees.

## **Compliance Operation, Risk Management and Control**

As the operating environment changes, the Group has to assess risks at multiple levels and make timely adjustments to adapt to the new environment. In the aspect of risk management and control, the number of mergers and acquisitions will increase, and the business will further expand. Risk management and control will face greater challenges. We continuously improve the risk management system to further identify, early warn, prevent and control all kinds of risks. In regard to the strategic adjustment, we have defined the responsibility of strategic management in the 5S management system, and regularly evaluated and adjusted the strategy. In terms of organizational change, with the continuous expansion of business, we have been taking the initiative to promote organizational optimization and integration. In 2019, great achievement has been made on the integration of fire and rescue business. As for the financial management, we are constantly optimizing the management structure, improving the budget and monitoring system, and strengthening the control on the economic environment and exchange rate changes. We have been always driving the unify and upgrading of information systems, launched information projects with new ideas, and constantly carried out generalization, standardization, modularization, to ensure the security and normal operation of information systems. For human resources, we have been always identifying needs and risks, and continuously increasing the talent reserve through in-depth training, recruitment and assessment. On the basis of the far-sailing and piloting talent project in 2019, we will launch a talent project to promote the younger tendency of management in 2020.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## Stakeholder Involvement

The Group actively understands and is dedicated to realizing the expectations of stakeholders, creating social value and enhancing enterprise value through business activities. We are committed to identifying key stakeholders and their concerns in relation to the Group's operations. This year, the Group has commissioned a third party to guide our stakeholder research program, conduct stakeholders communication and research and their importance assessment, clarified the direction of the preparation of the sustainable development report, and responded to the requirements of stakeholders. Based on the actual development, the Group has identified the importance of ESG issue from two dimensions: "importance of enterprise development" and "importance to stakeholders", in combination with the Sustainability Reporting Guidelines published by Global Reporting Initiative (GRI). Through interviews with senior executives and problem surveys, the Group keeps close communication with major stakeholders to understand their expectations for the development process and the future of the Group.

### Identification of stakeholder

Identify the significant interests of the Group

Interested party

### Define communication issues

Analyse and identify communication issues for specific stakeholders

### Performance appraisal

Assess the effectiveness and efficiency of communication between specific stakeholders

01

### Define communication objectives

Make clear expectations of what to achieve by communicating with stakeholders

02

03

### Implementation plans

Implement communication plans for specific stakeholders

04

05

### Summary and improvement

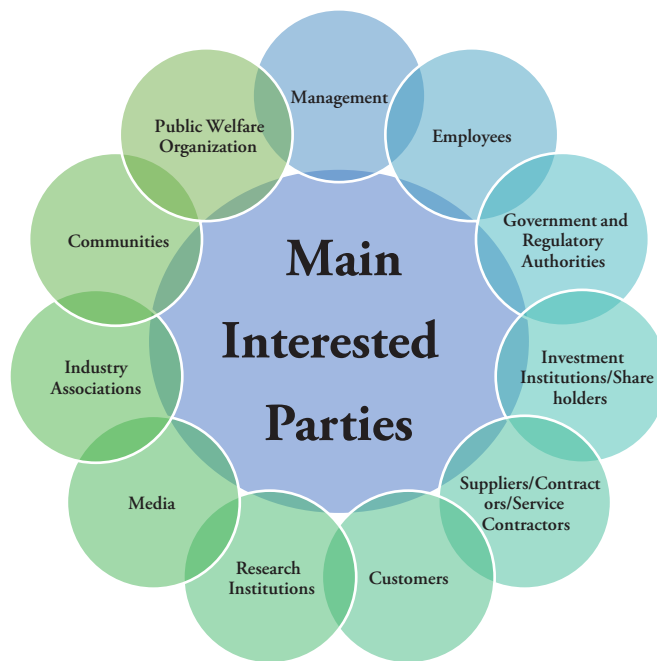
Summarize and prepare the importance assessment, and improve the system and procedure of communication between different stakeholders

06

## Identification Process of Stakeholder

During the communication process, we analysed and defined the communication issues for specific stakeholders, eventually identified the major 41 substantial issues related with market, environment, society, and corporate governance, which are divided into three levels: lowly important, moderately important and highly important, and added with industry representative issues “airport facilities user experience” and “trade and shipping” issue, forming a more perfect issue library.

During this year, the Group received a total of 260 valid questionnaires from 12 categories of persons and groups, including management, employees, government and regulatory authorities, investment institutions/shareholders, suppliers/contractors/service contractors, customers, research institutions, industry associations, media, local communities and public welfare organizations.



**Main Stakeholders**

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## Assessment of Importance

The following is the importance matrix of the Group’s ESG issues in 2019, which is assessed and formed on the basis of the survey results and the situation of the peer enterprises, and used as the basis for the disclosure of the content of this report and the direction of guidance for the future sustainable development management.



**The Importance Matrix of ESG Issues for 2019**

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## Assessment Results of the Importance of CIMC-TianDa's Sustainable Development Issues in 2019

Assessment of Importance	Issues		
Highly Important	<ul style="list-style-type: none"> <li>1. Technical innovation and intellectual property protection</li> <li>2. Compliance operation and risk control</li> <li>3. Sustainable development strategy</li> <li>4. Waste disposal</li> <li>5. Product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>6. Customer service and satisfaction</li> <li>7. Employee safety and health</li> <li>8. Management of sustainable development goal</li> <li>9. Management of corporate social responsibility</li> <li>10. Protection of employees' rights and interests</li> </ul>	<ul style="list-style-type: none"> <li>11. Emission management of air pollution</li> <li>12. Clean and integrity management</li> <li>13. Green factory</li> <li>14. Investment in research and development of clean and environment-friendly airport facility</li> <li>15. Noise management</li> <li>16. Employee compensation and benefits</li> </ul>
Moderately Important	<ul style="list-style-type: none"> <li>17. Localized operation</li> <li>18. Product lifecycle management</li> <li>19. Climate change and greenhouse gas emission</li> <li>20. Supply chain management</li> <li>21. Green supply chain and green procurement</li> <li>22. User experience of airport facility</li> <li>23. Energy conservation and consumption reduction</li> <li>24. Sewage treatment</li> <li>25. Protection of the ecological environment and biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>26. Employee diversity and equal opportunities</li> <li>27. Fire and rescue equipment and technology</li> <li>28. Respond to labour shortages through automated production</li> <li>29. Economic benefits created by the enterprise to the place of operation</li> <li>30. Research and development of clean and environment-friendly production technology</li> <li>31. Intelligent operation of the Internet of Things</li> </ul>	<ul style="list-style-type: none"> <li>32. Employee training and team building</li> <li>33. Water consumption and conservation</li> <li>34. Promote industrial development</li> <li>35. Improve the awareness of the environmental protection brand of the Group</li> <li>36. Trade and shipping</li> <li>37. Customer privacy protection</li> <li>38. Local community communication</li> <li>39. Employee communication and appeal mechanism</li> </ul>
Lowly Important	<ul style="list-style-type: none"> <li>40. Public welfare activities in communities and reduce the impact of operation on communities</li> </ul>	<ul style="list-style-type: none"> <li>41. Green office and environmental promotion</li> </ul>	



# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## Concept of Sustainable Development

As for the business development, the Group has always emphasized the development concept of continuous growth, requiring each enterprise to closely follow the development stages of “growth, continuous growth, continuous rapid growth, continuous rapid growth with quality”, constantly step up. We have always attached great importance to the continuous improvements including internal governance, technical innovation, green development, undertaking employee and social responsibility. On such basis, the Group has formed its concept of sustainable development. We will focus on the following four works: (1) As for corporate governance, we will be committed to improving corporate governance, operating in compliance, strictly fulfilling the disclosure obligations of information as a listed company, and integrating the concept of sustainable development into the Company’s overall strategy; (2) For the innovative services, we will be customer-oriented, serve global cities, adhere to independent innovation, create high-end equipment and services, promote the continuous improvement of the quality management system, continue to enhance the core competitiveness; (3) For green manufacturing, we are committed to reducing the possible environmental impacts from our business operations by focusing on environmental management, pollution and emission reduction, and energy conservation and consumption reduction; (4) For corporate culture and social responsibility, we adhere to the cultural concept of happy work and healthy life to provide a healthy, safe and competitive development environment for employees. Meanwhile, we care for the communities, assume social responsibility and promote sustainable development.



## **Upholding Probity and Integrity**

The Group strictly complies with Chinese laws and regulations and relevant regulations of HKEX, and has designed and implemented the risk management and internal control system to ensure the effectiveness of the Company's risk management and internal control in accordance with the requirements specified in the "Enterprise Internal Control Standards" (Cai Hui [2008] No. 7; formulated and released by the Ministry of Finance in conjunction with the China Securities Regulatory Commission, the Audit Commission, the China Banking Regulatory Commission and the China Insurance Regulatory Commission in accordance with Chinese laws), the "Main Board Listing Rules of Hong Kong Stock Exchange", the "Corporate Governance Code" and the requirements of the "Corporate Governance Report", based on the actual business situation of the Company. The board of directors and the management of the Group pay high attention to it, actively promote the member companies to "govern the enterprise according to law and operate in compliance", organize the member companies to formulate corresponding measures on the construction of a clean government, anti-corruption, prevention the risk of bribery, fraud and extortion, and adhere to law-abiding operation. We have improved the system of preventing and combating corruption based on internal control, and continuously refined relevant measures in terms of institutional development. During the reporting period, the Group was not aware of any breach of any laws and regulations relating to the prevention of bribery, extortion, fraud, corruption and money laundering that would have a material impact on the Group.

## **Operate with Integrity**

The Group actively practices corporate values, strives to realize the integrity and self-discipline of the Company and all employees, and actively influences stakeholders to understand and participate in our lawful and compliant operations, so as to jointly build a sustainable and healthy ecological business environment. In 2017, Shenzhen CIMC-Tianda Airport Support CO., Ltd., a subsidiary of the Group, has obtained the "ISO37001: 2016 Certification of Anti-bribery Management System" issued by Shenzhen Institute of Standards and Technology, becoming the first enterprise in China to pass the ISO37001 certification. It receives the annual certification audit of anti-bribery from external organizations.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## Implement Anti-corruption

The Group strengthens the publicity of government integrity, enhances the staff's awareness of integrity, promoting the pertinence and effectiveness of the integrity education. At the same time, we continue to improve the integrity policy, update the Company's publicity and internal and external network information, conduct publicity and training of anti-bribery knowledge in various forms, sign the "Sunshine Cooperation Agreement" with all domestic suppliers, and sign the "Clean Policy Statement" with all personnel in sensitive positions in domestic companies. We also expect to work with all staff, stakeholders and all sectors of society to jointly create and maintain an uncorrupted internal control environment and participate in democratic supervision. We have specifically set up the effective procedures for whistle-blowing corruption and bribery, and have continuously unblocked channels for monitoring and reporting, kept confidential the whistle-blowers and their contents, and protected the legitimate rights and interests of whistle-blowers. We have set up a regular reporting system to seriously investigate complaints of violations, hold those who fail to perform their duties accountable, and have zero tolerance for fraud. To create a clean and positive business environment within the Company.



## PRODUCT INNOVATION AND CUSTOMER-ORIENTED

### Technical Innovation and Leading the Industry

The Group has always attached importance to and insisted on independent innovation, each subordinate enterprise has set up technology research and development institutions, and advocated their cooperation with external teams to ensure that the technology research and development work is advanced, efficient and practical. In the field of airport facility business, we implemented the product management system in 2019, aiming to improve the design of various new products (aircraft guidance system, equipment monitoring system, etc.) through the integration of R&D and marketing teams, and bring them to the market more efficiently. In the field of fire fighting and rescue, we strongly promoted the integration among enterprises in 2019, among which the integration of the R&D team will significantly improve the overall R&D efficiency and effectiveness of the fire and rescue business. In the field of materials handling systems business, we also have a number of new products under development and improvement. This year, its subsidiary Tianda Airport was rated as the “Top 100 Industry Leaders in Shenzhen in 2019” and “Shenzhen Private Lading Backbone Enterprises in 2019”. In the book “Hidden Enterprise”, the passengers boarding bridges of Tianda Airport have been selected Simon Hidden Champion Product; Ziegler Group has been selected Simon Hidden Champion Enterprise.

### Case: External Collaboration

The R&D team of the passengers boarding bridges has maintained a good cooperative relationship with many universities and research institutions for many years. For example, cooperate with Lanzhou Jiaotong University to set up graduate workstation, and with the University of Electronic Science and Technology of China and Huazhong University of Science and Technology to jointly establish a commissioner workstation. The Company has successively cooperated with Wuhan University of Technology, Lanzhou Jiaotong University and University of Electronic Science and Technology of China, and more than 50 people have participated in the research and development of the workstation project, whose specialities include design, system simulation, finite element design and calculation, machinery, automatic control, computer and hydraulics. It has formed a relatively stable and interdisciplinary innovation team, and has become an important force to improve the independent innovation ability of enterprises and industries. In addition, it also co-built the control laboratory with the world famous brand Siemens and Mitsubishi, and applied the advanced control technology to the projects on priority.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

### Green Products to Win the Blue Sky

On June 27, 2018, the State Council released the “Three-Year Action Plan to Win the Blue Sky Defense War”. It is a pollution prevention and control action plan deployed by the Chinese government to continuously improve air quality and keep more blue sky for the people.

CIMC-TianDa energetically responds to the above national call, adheres to customer demand orientation, and has been committed to developing more efficient, energy-saving and low-emission green products. Recently, the newly developed products launched on the market include unmanned intelligent passengers boarding bridges, intelligent passenger clearance system, electric aerobus, airport electric food trucks, pre-conditioned air (PCA) and other airport facility products, contributing our wisdom and strength to the country’s “Fight Air Pollution”.



## Case: Unmanned Intelligent Passengers Boarding Bridges

On September 24, 2019, the unmanned intelligent passengers boarding bridges developed by Tianda Airport, a subsidiary of the Group, was put on trial at Kiev Airport in Amsterdam, Netherlands, contributing to the global airport technology revolution and the transformation and upgrading of smart airports. Unmanned passengers boarding bridges is the first of its kind in the industry. This technology is applicable to all common types of civil aircraft without any auxiliary facilities on the aircraft. It can be applied not only to the newly built passengers boarding bridges, but also be easily upgraded on the existing passengers boarding bridges.

The use of unmanned passengers boarding bridges can reduce the average docking time from 3 minutes to about 50 seconds, greatly improving the use efficiency of the bridge. It has produced a remarkable effect on reducing the aircraft fuel consumption and emissions of carbon dioxide and other gases, reducing the impact on the environment. And it has reduced the labour intensity of the passengers boarding bridge operator, improved the accuracy and consistency of docking, reduced the accidents caused by manual operation, improved the use turnover rate of the airport, and also plays an extremely important role in improving the service and operation efficiency of the airport. It is a major improvement in the intelligence of airports around the world.



Press Conference of Unmanned Passengers Boarding Bridges at Kiev Airport in Amsterdam, Netherlands



Reports from the Media of Netherlands

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

### Case: Intelligent Passenger Clearance System

Pteris (Beijing), a subsidiary of the Group, has independently developed the intelligent passenger clearance system, providing a brand new intelligent passenger clearance scheme for the airport, and improving the operation efficiency and safety in the meantime. The intelligent passenger clearance system integrates face recognition, RFID reading technology and intelligent transport robot technology binding the flight information, face information and luggage information of the passenger, providing technical support for examination and later query.

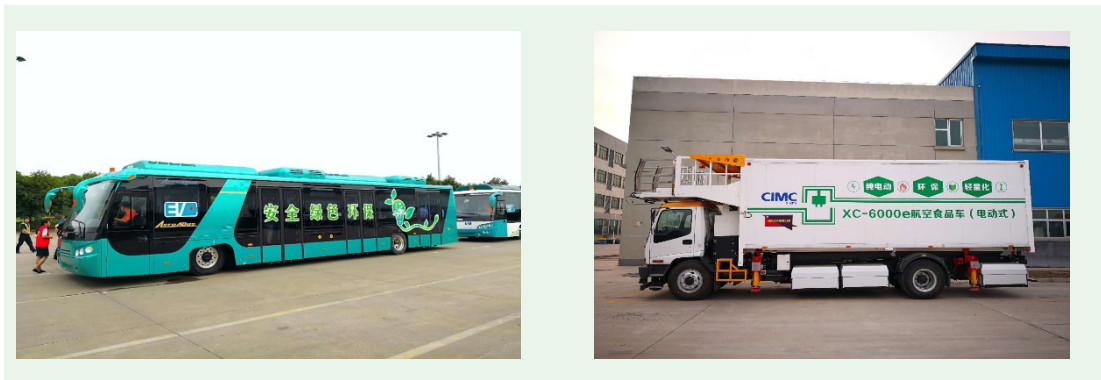
As a passenger carry-on baggage handling system in the new era, in the design process of intelligent passenger clearance, scientific methods are adopt to select equipment with low energy consumption and green design which can satisfy the functional requirements, so as to improve the utilization of resources.



Intelligent Passenger Clearance System in Beijing Capital International Airport

### Case: Developing Electric Cars to Reduce Emissions to Atmosphere

Xinfa Airport, a subsidiary of the Group, began to develop new energy aero bus in 2015, which has gradually been recognized by the market and has become a leading enterprise in the industry. With the advance of green airport, all medium and large airports and key regional airports are purchasing all-electric aero bus. It is estimated that 50 pure electric aero buses per year can help reduce about 684.9 tons of carbon dioxide emissions per year, further improve the environmental air quality, and win the fight against air pollution.



In 2019, Xinfu Airport also became one of the first group of enterprises in China to obtain the qualification for pure electric food vehicle. The pure electric food vehicle is another new energy product following the new energy aero vehicle launched by Xinfu Airport and has passed various tests. Compared to gasoline-powered food vehicles, it has significantly reduced carbon dioxide emissions. At present, the food trucks in airports are all gasoline-powered, and there are a large number of food trucks in operation with Euro 3 emission standards. As electric food vehicles enter the market, they are bound to further reduce exhaust emissions and contribute to the fight against air pollution.

### Case: PCA to Reduce Emissions and Pollution

Tianda Jirong, a subsidiary of the Group, has researched and developed PCA unit, which can replace APU, the power unit of aircraft using aviation kerosene, to provide air conditioning to aircraft cabin. The unit can effectively reduce the pollution problems including high fuel consumption, high emissions to atmosphere and airport noise resulting from using APU.

Taking the Boeing B737 as an example, since 2017, the Company has produced 267 PCA units, which can reduce exhaust emissions by about 80 tons of carbon monoxide, 20 tons of carbides, 4 tons of hydrides and 3.6 tons of sulfides annually based on the operation of 150 hours/year each unit. With the popularization of PCA units, the emission reduction effect will show up further.

### Intellectual Property and Patent Protection

As always, the Company and its subsidiaries focus on research and development and highly respect and value the management and maintenance of intellectual property. We strictly abide by the “Implementation Rules of the Patent Law of the People’s Republic of China”, “Trademark Law of the People’s Republic of China”, “Intellectual Property Law of the People’s Republic of China”, “Regulations on Customs Protection of Intellectual Property Rights” and “Law of the People’s Republic of China on Anti-Unfair Competition” and other relevant laws and regulations, has continuously established and improved the intellectual property management system from the aspect of management structure to the implementation and operation. We have also obtained the certificate of intellectual property management system certification GB/T 29490-2013 to encourage scientific and technological innovation and guarantee scientific research. Furthermore, we comprehensively control various risks of intellectual property rights, and continuously improve employees’ awareness of intellectual property protection through training, so as to form competitive advantages with independent intellectual property rights.





## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

In 2019, CIMC-Tianda has submitted 26 proposals for patent and obtained 39 patent licensing, including 23 patents for invention and 16 patents for utility models. By the end of 2019, CIMC-TianDa had applied for 504 patents, and obtained 308 licenses including 161 patents for invention and 147 patents for utility models and appearance design.

The Group is well aware of the importance of information security, customer privacy, business secret management and data protection. The Group strictly implements the “Information Security Management System and Actual Rules” and other existing management methods, strives to ensure the security of customer information, and adopts a series of technical measures to control and manage the leakage risk of customer information. Relevant technicians shall sign the post confidentiality agreement, strictly control and manage the access to the backstage database, and avoid any person to modify or extract customer information without permission. The supplier of the security system is also required to enter into a project contract with the data disclosure protective clause. If the disclosure of customer information results in losses, the Group will pursue his/her legal responsibility. What’s more, we provide training for customers to log in the Company’s information system, and ask them to change their system information password regularly. For the core system, we issue SMS password or encryption certificate to ensure the security of customer information.

### Ensure Quality to Satisfy Customer

We are committed to developing safe and premium products to promote the healthy development of the industry. In accordance with ISO 9001 standard, the subsidiaries of the Group establish a sound quality management system to define the function distribution of each department, set quality objectives and policies, and unify the operation procedures. We also prepare a series of system documents to standardize the manufacturing process, process control, process verification and non-conforming product control and other procedures to ensure product quality in line with industry standards and customer requirements. In 2019, we have moved forward to promote the standardization and modularization of each business, and set corresponding work plans and targets, so as to constantly improve product quality.



### Product Realization Process

In order to improve the product quality of the industry, the Group actively participates in the formulation of national industrial standards. Over the years, the Group has initiated and participated in the drafting and amendment of a number of national and industry standards, including the “Passengers Boarding Bridge Standard”, “Fire Truck” series standards, and “Safety Requirements for the Use and Operation of Mechanical Parking Equipment”. These standards specify requirements for the specification of the production, inspection and installation of equipment. We attach great importance to the safety of product design, and have developed relevant safety design standards for all kinds of products.

The Group strictly abides by the laws and regulations related to product liability, including but not limited to “Product Quality Law of the People’s Republic of China”, “Implementation Rules for Compulsory Certification of Motor Vehicles (Fire Truck)”, and “Automobile Trade Policy” Announcement No. 16 issued by the Ministry of Commerce in 2005. The Group is not aware of any breach of any laws and regulations relating to the health and safety, advertising, labelling and privacy matters in relation to the provision of products and services and remedies that would have a material impact on the Group.

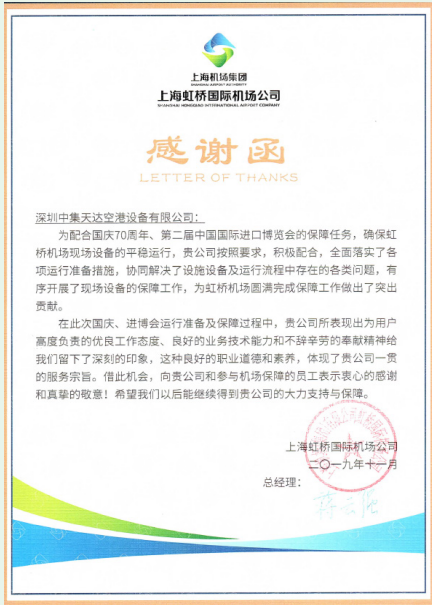
The Group has built a perfect customer service system, standardized service management, after-sales service, satisfaction survey and other procedures, and is committed to providing customers with the top quality service. We maintain close communication with customers throughout the sales process to understand their needs.

Any customer complaints, will be handled by the after-sales service personnel in a timely manner according to the after-sales service management regulations. After-sales service personnel shall fill in the product quality feedback form, and record the product model, problem phenomenon and site photos in detail, and submit to the Quality Department for follow-up. The Quality Department will organize cause analysis and develop corrective and preventive actions and long-term solutions.

We take the initiative to collect customer comments, and give feedback in a timely manner to improve the reputation and product competitiveness of the Group. The subsidiaries of the Group have formulated customer satisfaction management regulations to standardize the collection, sorting, analysis and response of customer satisfaction. The Marketing Department is responsible for collecting customer satisfaction evaluation after the completion of product delivery, and sufficiently collecting customer satisfaction information through regular return visits to customers and analysis of product market share. The Quality Department is responsible for receiving feedback on after-sales quality problems and summarizing statistics regularly to track customer satisfaction.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Part of the letter of thanks and certificate of honour obtained by the service unit from customers in 2019 are listed as follows:



Letter of Thanks from Shanghai Hongqiao Airport



Letter of Thanks from Dubai International Airport



Pennant of Commendation from Wuhan Tianhe Airport



Medal from Hangzhou Xiaoshan International Airport

## Supply Chain Management

The Group's sustainable development depends on the perfect supplier management. In accordance with the "Tendering and Bidding Law of the People's Republic of China" and "Regulations on the Implementation of the Tendering and Bidding Law of the People's Republic of China", we have formulated the "Supplier Control and Management Procedure", "Subcontracting and Procurement Management Procedures", "HSE Agreement Template" and "HSE Management Requirements Summary" and other systems to improve the management level of suppliers. In order to prevent various shortcomings in the procurement process and strengthen anti-corruption work, the Group has established a unified supplier list and signed a "Sunshine Cooperation Agreement" with all suppliers in China, and comprehensively recorded the quality of suppliers, supply records and evaluation reports, as well as the procurement approval procedures.

In the process of supplier selection, the Group not only evaluates the quality of products and services, goodwill, cost and other factors provided by potential suppliers, but also considers the impact of corporate governance, labour conditions, environment and occupational health and safety. The Group makes selections and social responsibility assessment according to the external suppliers' code of practice, so as to simultaneously enhance the social responsibility and awareness of suppliers and achieve a sustainable supply chain together with suppliers.

The Group advocates to establish strategic partnerships with key suppliers. In 2019, the Group made use of its own qualifications to contact and secure a low-interest loan line of over 12 million yuan from the Bank of China for key suppliers in Shenzhen, and applied for various financing bills of 166 million yuan from CIMC Finance Company, Bank of China and other Banks for 17 key suppliers, helping the supplier solve the financing needs at a lower cost.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The Quality Department and other relevant departments of Tianda Airport continue to help outsourcing suppliers to establish their quality system and improve their management level. In 2019, Tianda Airport sorted out the historical typical problems of outsourcing parts, analysed the causes together with the suppliers, and formulated in-factory improvement measures. With all these efforts, the passing rate of outsourcing parts increased by 20% compared with that of 2018. Tianda Airport also keep on helping the core outsourcing suppliers to establish and consolidate their standard operation methods, finally improve their work quality and efficiency.

We also continue to promote the sharing of information on all aspects with our suppliers, with a view to promoting joint improvement of technical standards, operation efficiency, product quality and strengthening our awareness of environmental protection and social responsibility. For example, in the new product research and development, new technology application and other aspects, the Group has conducted all-round communication with key suppliers, promoting the Group's product technology to the leading level constantly, cooperated with German SEW to boost the application of high efficiency reducer and advanced variable frequency all-in-one machine in airport and logistics industry, and jointly developed a more suitable air-conditioning system management module for the passengers boarding bridges with Midea Group.

As of December 31, 2019, we currently have 1,508 suppliers in our supply base, of which 1,475 are domestic and 33 are foreign. We actively promote local procurement as a strategy to ensure supply and support the local economy, so as to maintain community relations and accelerate local economic development.

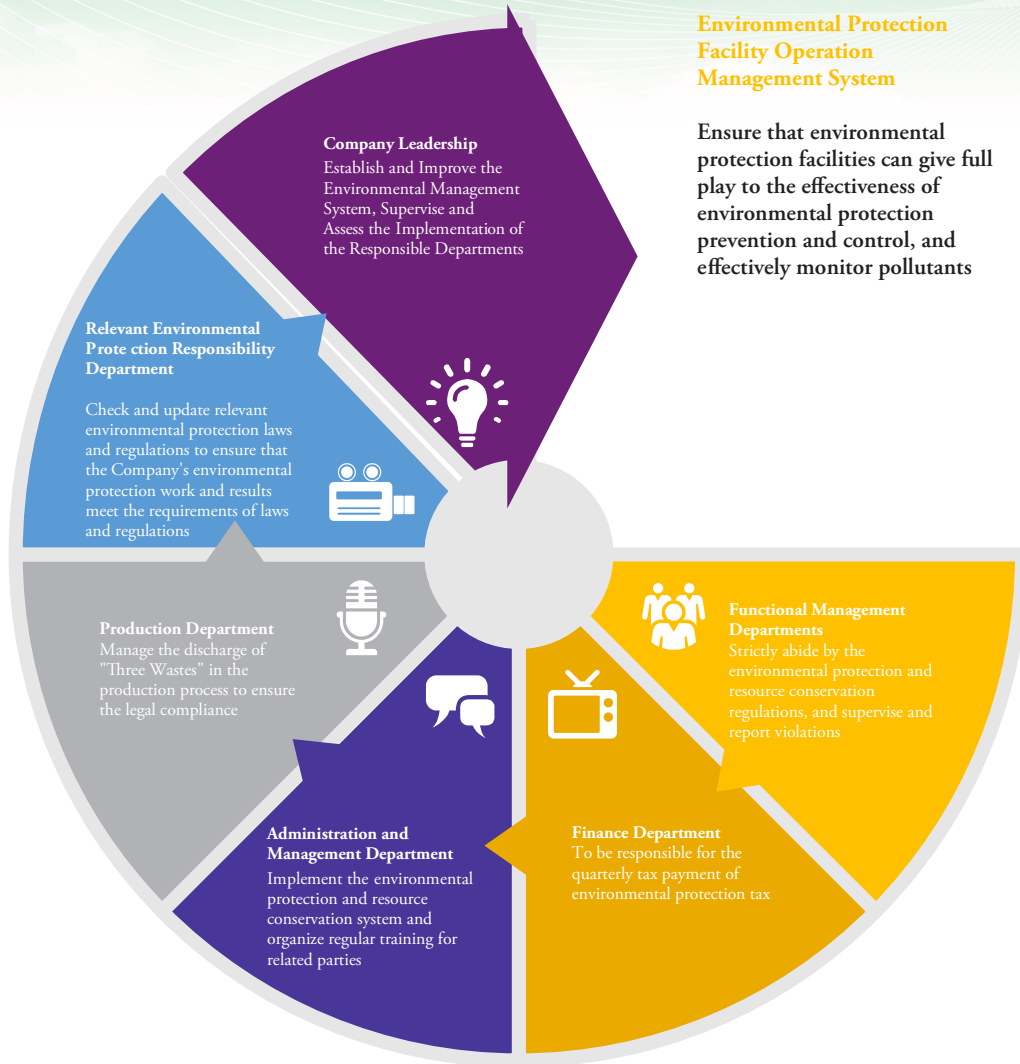
## GREEN MANUFACTURING AND ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION

### Environmental Management System

This year, the Group continued to make greater contributions to environmental protection by focusing on three key environmental protection aspects: environmental management, pollution and emission reduction, energy conservation and consumption reduction. The Group practices green management philosophy and integrates green development into the Group by promoting environmental protection improvement and cooperating with a number of environmental protection policies such as the national “13Th Five-Year Plan for Ecological and Environmental Protection”, “13Th Five-Year Plan for Renewable Energy Development”, “Opinions on Further Strengthening the Incineration and Treatment of Domestic Waste”, etc. Companies affiliated to the Group have formulated the “Operation and Management Regulations of Environmental Protection Facilities” to ensure that environmental protection facilities can give full play to their effectiveness and effectively manage pollutants such as waste water, exhaust gas, noise, and solid waste. Establish and improve the relevant environmental management systems, supervise and assess the implementation of the responsible departments. The relevant departments are responsible for the establishment of environmental protection system, environmental impact assessment and comprehensive implementation of the “Three Simultaneities” regulations, as well as the regular testing on waste water, exhaust gas, plant boundary noise, soil, etc. according to the regulations.

During this year, the Group was not aware of any violation of laws and regulations relating to the emission of exhaust gas and greenhouse gases, sewage and land pollution, and the generation of hazardous and harmless wastes that would have a material impact on the Group.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



**Environmental Protection Facility Operation Management System**

## Waste Management

The Group strictly complies with the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution By Solid Wastes” and “The Law of the People’s Republic of China on the Prevention and Control of Soil Pollution” and formulated the “Environmental Protection and Resource Conservation Management System”, “Hazardous Waste Management System”, and “Environmental Factors” Identification and Evaluation Control Procedure” and “Solid Waste Management and Control Procedure”.

Hazardous wastes are generated in the operation of the Group, including waste paint, diluent and other waste empty containers, paint residue, waste filter cotton and waste activated carbon generated in the process of spray paint exhaust treatment, waste sealant produced in the back-end production, waste lubricating oil and its packaging produced in the process of equipment maintenance, waste fluorescent tube and waste batteries from the replacement process of office lighting. Meanwhile, harmless waste are generated in the production process as well, including waste steel, waste timber, waste packaging materials, waste cable, waste wire reel, waste paper produced in the process of office, household garbage, food waste and other harmless waste produced by the canteen. In 2019, the Group discharged 305.47 tons of hazardous waste with an emission intensity of 608 tons/100 million yuan, and 3,107.61 tonnes of harmless waste with an emission intensity of 61.86 tons/100 million yuan.

The Group requires strict sorting of hazardous and general wastes, reusable and non-reusable wastes. The relevant responsible departments are responsible for the tracking and storage management of all kinds of wastes. The disposal of all hazardous wastes are entrusted to qualified hazardous waste management units according to the requirements. As a key pollutant discharging enterprise of soil pollution in Shenzhen, Tianda Airport, a subsidiary of the Group, disposed 225.14 tons of hazardous wastes in compliance in 2019. In 2019, the generation of hazardous waste was reduced and 91.44kg/single bridge of hazardous waste was reduced by means of online matching of paint, application of IBC recycling tank of paint auxiliary materials and application of electrostatic spray gun.



## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

### **Emission of Air Pollutants**

Climate change is an environmental issue that the world must face up to. The Group also works to reduce carbon dioxide and other greenhouse gas emissions, and we also work with customers to develop green products.

The Group strictly abides by the “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution”, “Law on the Prevention and Control of Atmospheric Pollution in the Pearl River Delta of Guangdong Province”, “Regulations on the Prevention and Control of Atmospheric Pollution in Guangdong Province”, “Key Points of the National Atmospheric Pollution Prevention and Control Work in 2019”, “Comprehensive Control Plan for Volatile Organic Compounds in Key Industries”, s the “Administrative Measures on the Recording of Local Environmental Quality Standards and Pollutant Discharge Standards” and other laws and regulations.

The air pollutants emitted by the Group’s production and operation mainly include particulate matter, volatile organic compounds (VOCs), mainly from the use of raw materials and workpiece sanding, cleaning, soldering, spraying, standby generators and forklifts. In 2019, the Group discharged 48.88 tons of VOCs with an emission intensity of 0.97 tons/100 million yuan in revenue.

We have formulated the “Procedures for Sewage Exhaust Discharge and Noise Control” to strengthen the management for the Company’s emission of sewage and exhaust gas and noise control, and reduce the adverse impact on the regional environment and personnel health. The Group requires its subsidiaries to conduct annual vehicle audits regularly to ensure that exhaust emissions meet regulatory requirements. And the relevant departments entrust the environmental protection institutions to monitor the indexes of emission once a year. The following are the emission reduction measures adopted by the Group for different exhaust gases:

- The exhaust gas from sanding is treated by means of separation by cyclone, dedusting by filter cartridge, washing by spray tower, etc.;
- The particulate matter in the exhaust gas from sand cleaning is treated by filter layer and filter bag;
- The exhaust gas from paint spraying is treated by activated carbon adsorption, desorption catalytic combustion and other process;
- The exhaust gas from welding and cutting is collected and purified by the mobile welding dust purification device;
- The exhaust gas from cooking fume is purified by electrostatic cooking fume purifier;
- The exhaust gas from generators is discharged after being treated by the diesel exhaust combustion device;
- Replaced six old forklifts with new ones that meet the waste gas emission standard;
- Change to online matching for paint, improve the utilization of paint, reduce the volatile organic compounds produced in the process of operation.

#### **Case: Using A Welding Fume Purifier**

The Company uses the welding fume purifier to collect and filter the welding fume in the brazing position, to ensure that the welding fume in the brazing process is fully collected and untreated emissions are eliminated, providing guarantee for the occupational disease prevention work of welding personnel, to achieve the target of “zero occupational cases”.

In the future, the Group will continue to promote the application of low volatile coatings in products to reduce the generation of volatile organic gases. Optimize and upgrade the exhaust gas treatment facilities with reduced treatment efficiency according to the monitoring results of exhaust gas and daily maintenance and usage of facilities.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

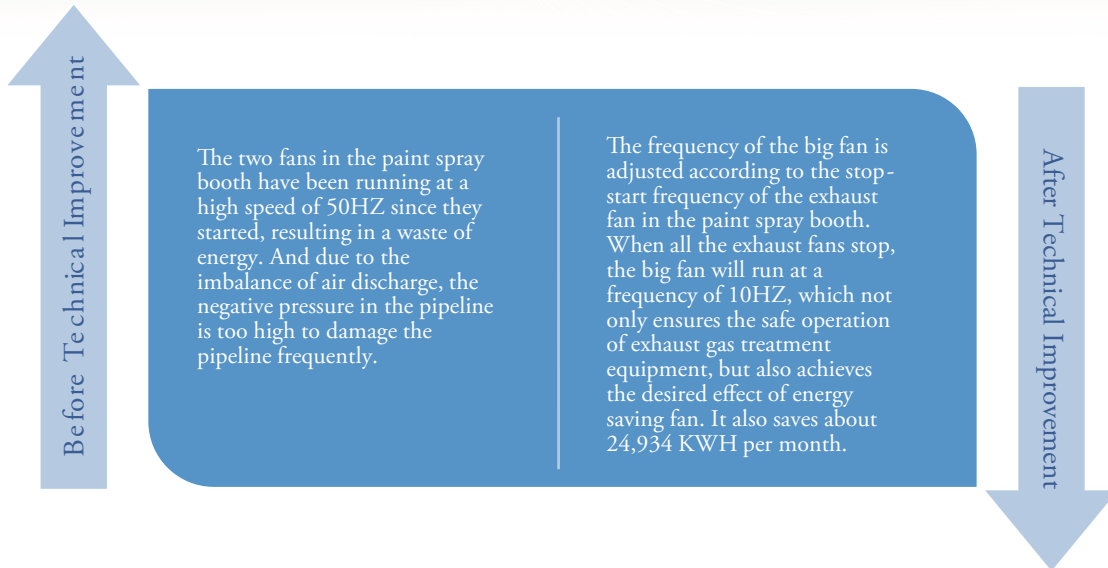
### **Energy Conservation and Emission Reduction**

The Group shoulders the national responsibility of promoting energy conservation and emission reduction, together with the reduction of carbon dioxide and other greenhouse gas emissions. The Group actively coordinates with the government's environmental protection department and responds to various environmental policies and completes various work. The main energy consumed in the operation of the Group are electricity, fuel gas and fuel oil. In 2019, the Group's integrated energy consumption was 6,087.93 tce (tons of standard coal equivalent) and its integrated energy intensity was 121.18 tce/100 million yuan in revenue, in which, the electricity consumed was 1999.1 tce Megawatts, natural gas consumed was 2,621.78 Kiloistere, fuel quantity consumed was 554.15 Kiloliter.

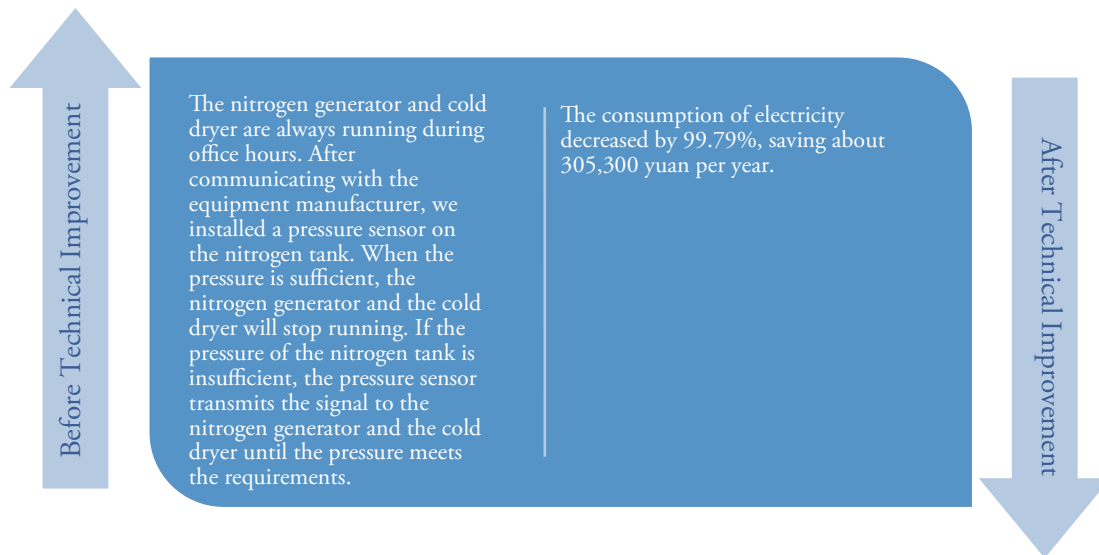
The emissions of greenhouse gas from the Group's production and operation are mainly generated from direct greenhouse gas emissions caused by the combustion of fuel gas and fuel oil, and indirect greenhouse gas emissions caused by the electricity outsourced. Direct greenhouse gas emissions were 2,066.01 tons of CO<sup>2</sup> equivalent and indirect greenhouse gas emissions were 15,019.99 tons of CO<sup>2</sup> equivalent.

For the sake of reducing greenhouse gas emissions in production and operation by reducing energy consumption and promoting green production, we developed the "Environmental Protection and Resource Saving System" to reduce energy consumption and lower operating costs. We have been positively looking for opportunities to save energy, eliminate energy-intensive equipment, and adopting new and energy-efficient technologies and products.

## Case: Adjust the Running Frequency of Paint Spraying Exhaust Fan



## Case: Improve the Nitrogen Generator and Cold Dryer



## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

In addition, we have formulated the “Environmental Protection and Resource Conservation Management System”, which clarifies the requirements for electricity and other energy and the management responsibilities of relevant personnel. We have established the “Regulations on the Management of Official Vehicles” to strengthen the daily use and management of official vehicles, rationally dispatch and effectively use official vehicles, ensure driving safety and save energy. This year, we have reduced electrical energy and air pressure by converting production and office lighting to LED lighting, preferentially purchasing and using low-energy equipment, effectively using the waste heat from air compressor, using solar water heater in dormitory and reasonably adjusting the frequency, use time and use linkage of equipment. Moreover, relevant departments conduct inspection statistics on the office area every day, select excellent departments for energy conservation and consumption reduction and the departments with the most violations each month, and ask the offending departments to arrange personnel to participate in the inspection work of energy conservation and consumption reduction, thus achieve the results of supervision and education.

### **Water Conservation**

The Group is committed to strengthening the recycling of domestic sewage and industrial wastewater, effectively utilizing water resources, reducing the sewage discharge, and strictly abides by “The Law of the People’s Republic of China on the Prevention and Control of Water Pollution”, “Measures for the Administration of the Urban Drainage License”, “Shenzhen Municipal Drainage Ordinance”, “Water Quality Standards for Sewage Disposal into Urban Sewers”, “Emission Standards for Pollutants in Urban Wastewater Treatment Plants (GB18918-2002). Companies affiliated to the Group currently hold a Pollutant Discharge Permit issued by the national and local governments and complies with the permit requirements. There are strict discharge regulations for green water, domestic water (including office building water, canteen water, etc.). The Administration and Management Department issues a energy saving and consumption reduction proposal of “Green Office, Low-carbon Life” to all employees, strengthens water monitoring and recording, reduces waste, reuses sewage and wastewater, adopts water-saving appliances, water-saving irrigation, etc. Domestic sewage is discharged into municipal pipeline after septic tank treatment, of which the canteen sewage is finally discharged into municipal pipeline after the treatment from grease trap to septic tank.

In 2019, the total water consumption of the Group was 162.22 kilotons with the water intensity of 3.23 kilotons/100 million yuan in revenue, while total sewage discharge was 135.65 kilotons with the intensity of 2.70 kilotons/100 million yuan in revenue.

### **Case: Zero Discharge of Sewage**

By regularly putting flocculant into spray paint wastewater, the paint mist in the water will be condensed into paint residue, and timely salvaged. After the paint residue is filtered and dried, it will be transferred to a qualified hazardous waste treatment unit for treatment. Finally, the water will be recycled after the process of regulation, electrolysis, precipitation, air flotation and filtration, to achieve zero discharge of sewage.



In the development, design, construction and operation of the Group, we appreciate valuable advice from key stakeholders. During the preliminary design of various projects, the Company will conduct public consultation, widely collect the opinions of the residents around the project area on the development of the project, thoroughly understand the concerns of relevant residents, and appoint a professional environmental assessment agency to carry out a comprehensive environmental impact assessment of the project and formulate a mitigation plan, to minimize the potential impact of the development of the project on the surrounding environment and the communities.

## **Noise Abatement**

In the operation process of the Group, noise will be generated in stamping, cutting, cutting saw, grinding, sanding and fan running. We have formulated the “Procedures for the Emission of Sewage and Waste Gas and Noise Abatement” and “Management System for the Operation of Environmental Protection Facilities”. Reduce noise emission by rationalizing the layout, setting up sound insulation vibration reduction facilities, improving design and process and other means, and entrust a third party qualified monitoring unit to detect the noise in the factory boundary every year.

## **Case: Reduce Welding and Polishing**

From 2016 to 2019, Tianda Airport, a subsidiary of the Group, has continuously carried out activities of “Reduce Welding and Polishing” for four consecutive years. With gradual optimization of design and manufacturing process, a total of 22 welding operations, 18 polishing operations and 19 hammering operations have been reduced in 2019, and the noise caused by these operations has been reduced as well. In addition, a sound insulation room was built outside the fan that produces noise to effectively lower the impact of noise on the outside environment during the running.

In the future, we will continue to reduce noise-producing operations or lower noise by optimizing design and manufacturing processes. By optimizing the layout of the noise-producing station, increasing the sound insulation and vibration reduction facilities, we expect to further reduce the noise caused by the production process and the impact on the external environment.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## PEOPLE-ORIENTED CULTURE, CARING AND SHARING

The Group believes that employees are the key to business success. Therefore, we are committed to providing a harmonious, inclusive, equal employment opportunity and non-discriminatory working environment for all employees to achieve the maximum potential of each employee. The Group strictly abides by the “Labour Law of the People’s Republic of China”, “Labour Contract Law of the People’s Republic of China”, “Law on the Protection of Minors of the People’s Republic of China” and “Prohibition of the Use of Child Labour” and other relevant laws and regulations. In the current year, the Group has not committed any violations related to employee employment, remuneration, working hours, equal opportunities, anti-discrimination and other violations related to employee welfare.

### Fair Employment Practices, Equality and Diversity

We are committed to a safe, healthy, fair and non-discriminatory working environment and a harmonious relationship with our employees to promote the long-term sustainable development of the Group. The Group also seeks to recruit the outstanding talents in the industry so as to provide customers with the top quality service. To prevent employees from discrimination in the hiring process, the Group formulates and consummates relevant systems of the human resources, optimizes the recruitment process, to ensure that the recruitment is based on the skills, knowledge and experience relevant to the position, on the basic principles of “Fairness, Justice and Openness”, and is not affected by factors such as: gender, age, race, family status, religious beliefs, etc. Ensure that all employees have a clear understanding of their work content and sign contracts on an equal and voluntary basis, prohibit employment discrimination and forced labour, adopt a zero-tolerance attitude towards any form of discrimination or harassment, strive to build a good working atmosphere, and explicitly guarantee that employees have the right to freely terminate their labour contracts.

In the future, our group will further expand its recruitment channels and focus on the selection and recruitment of R&D talents and high-end skilled talents to support the Group’s future strategic development. We strictly comply with the laws and regulations on the prevention of forced labour and the use of child labour. There has no any cases related with discrimination, child labour or forced labour incurred in this year.

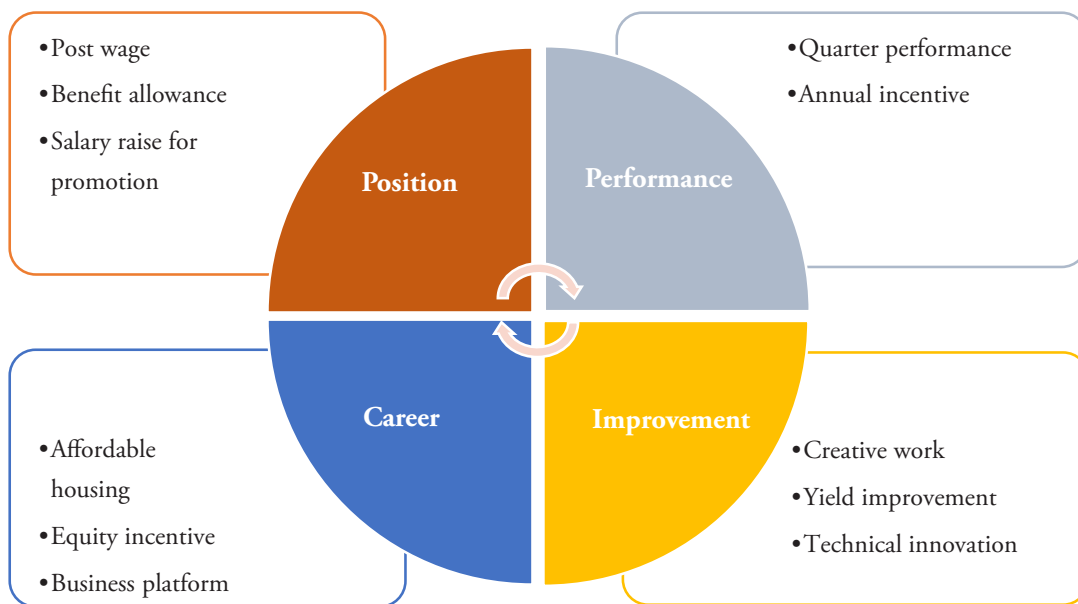
### Highlights: Employee Internationalization

This year, the total number of employees in the Group is 5,257, with foreign employees accounting for more than 30%. The overseas enterprises dispatched 3 Chinese employees, and the rest were all local employees, which greatly realized the localized employment of employees. Our employees are located in China, Germany, France, Netherlands, Croatia, United Arab Emirates, Singapore, Indonesia, United States, Malaysia and other bases and branches.

## Protection of Rights and Benefits

The Group highly recognizes the importance of employee benefits in creating a good atmosphere and a harmonious working environment. Therefore, the Group adheres to the human resources management philosophy of “People-oriented, Common Cause” and pursues the maximization of corporation value and sustainable and healthy development. We have designed a competitive employee benefit plan for employees, and the salary incentive is skewed towards value creators. On the basis of ensuring the competitiveness of labour productivity, we provide a comprehensive compensation and benefit incentive system for employees. We constantly pay attention to the changes of market compensation, and strive for employee income to be in the middle and upper level in the region and industry.

We will also provide personalized compensation schemes for employees, such as departmental welfare fund, high temperature, meals, communications, transportation, housing and other subsidies, supplementary commercial insurance, festival benefits, employees physical examination, incentive payment for evaluation, equity incentive, and assistance fund for difficulties.



The Group advocates the cultural concept of “Happy Work and Healthy Life”. And has been paying close attention to the physical and mental health of employees and the construction of corporate spirit culture for many years. To this end, the Group, together with the staff union, organizes all kinds of activities and social programs related to work and life every year, such as outdoor travel, staff birthday party, June 1 family day, speech contest, outward bound, football, badminton, basketball, table tennis, fishing, photography and single-off activities.



## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

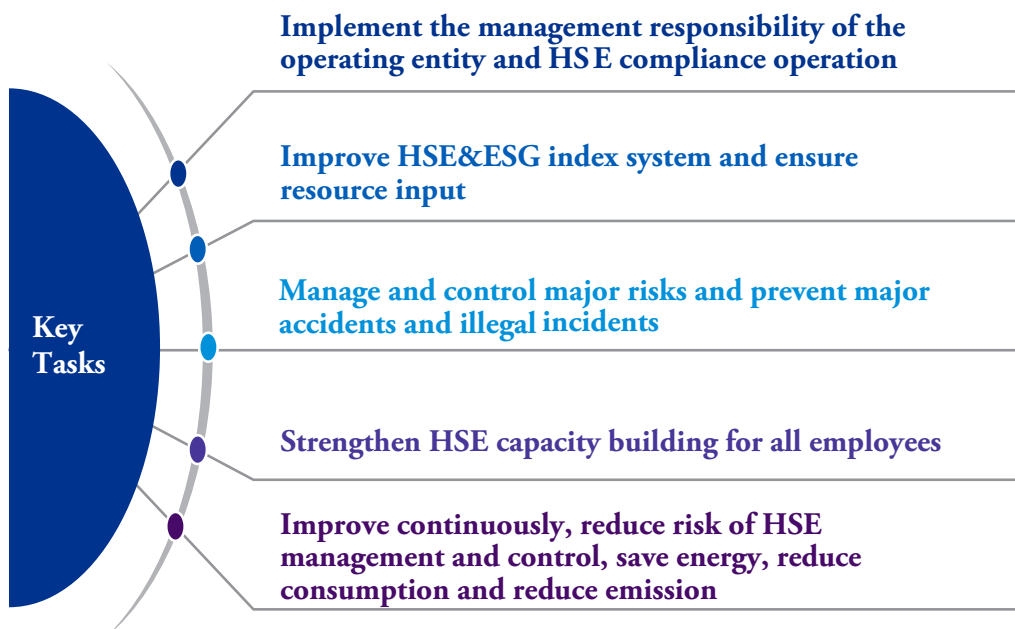
CIMC-TianDa has been committed to enabling its employees to balance work and family life. Our group sets up family day activities every year. It is the painting competition in Children's Day – "My Parents In My Eyes". The children of the employees expressed their love for their parents with the brush, showing their pure imagination and beautiful vision of their parents' company, which is the best carrier for the integration of enterprise culture and family culture. At the end of each year, our group also provides "filial piety fund" for all employees who work hard, passing on the traditional Chinese virtues of respect for parents and filial piety to employees, whereby expressing gratitude to employees and their families for their efforts and support to work.

### Occupational Safety, Physical and Mental Health

It is vital for the Group to ensure the safety of its employees in the workplace. We are committed to creating a safe and pleasant working environment for our staff. In addition to enhancing staff's safety awareness and providing protective devices, we also develop occupational safety measures, monitor and review safety performance on a regular basis. This year, the Group is not aware of any breaches of occupational health and safety laws and regulations that would have material impacts.

### Establishment of HSE Committee

The Company and its subordinate companies have established HSE committees since 2017, conducted in-depth safety compliance audit, timely reported major events inside and outside the Group to their parent enterprises, focused on improving the HSE system and standards, and made good achievements. In addition, the Group has formulated HSE management policy and objective management plan, and reviews the effectiveness and updates the corresponding policy annually.



Key tasks of HSE in 2019

In addition, the general manager of the parent company is responsible for the formulation, approval, implementation and review of the quality and environmental safety policy, and is committed to providing a safe, clean and healthy working environment for employees, with the expectation of achieving zero occupational injuries. In response to relevant policies, the management representative of the Company shall be responsible for the amendment and improvement of the Company's management system and the effective operation, and shall report the operation of the management system to the principal of the Company on a regular basis. Three subordinate enterprises of the Group have obtained the OHSAS18001 Occupational Health and Safety Management System Certification.

### **Occupational Health Protection**

The affiliated enterprises of the Group have established the management system of labour protection articles to ensure the quality of labour protection articles and distribute them in place. According to the relevant regulations, all personnel are required to enter the production workshop wearing the corresponding safety protective equipment to prevent industrial injuries and occupational diseases. The Company cares for the health of its employees. In addition to providing medical check-ups for new employees, the Human Resources Department also explains potential occupational health and safety problems to new employees. We also arrange an annual physical examination for employees exposed to occupational hazard factors, so that they can keep track of their health on a regular basis, and we make appropriate post adjustment and arrangement according to physical examination results.

### **Safety Education and Training**

This year, the Group has increased the safety training for managers at the grass-roots level and intensified the investigation work of hidden dangers, and conducted more than 160 inspections at all levels and 230 person-times of safety training for team leaders. The whole group carried out HSE standard self-assessment and flight inspection in a comprehensive and in-depth manner in accordance with the regulations and the HSE standard audit standards of the Group. To strengthen the implementation of corporate responsibility, the Group carries out comprehensive management of the HSE work of its affiliated enterprises to ensure compliance.

In 2019, the secretariat of the HSE committee, relying on the internal team strength of the Group, has organized many internal safety, environmental protection, firefighting and occupational health exchanges and research activities, promoting the improvement of the Group's overall HSE management level.

This year, the secretary of the HSE Committee of the Group has carried out 18 on-site flight inspections or audit certifications, covering all the affiliated manufacturing enterprises. A total of 491 issues were found through inspections and 441 rectifications were completed.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

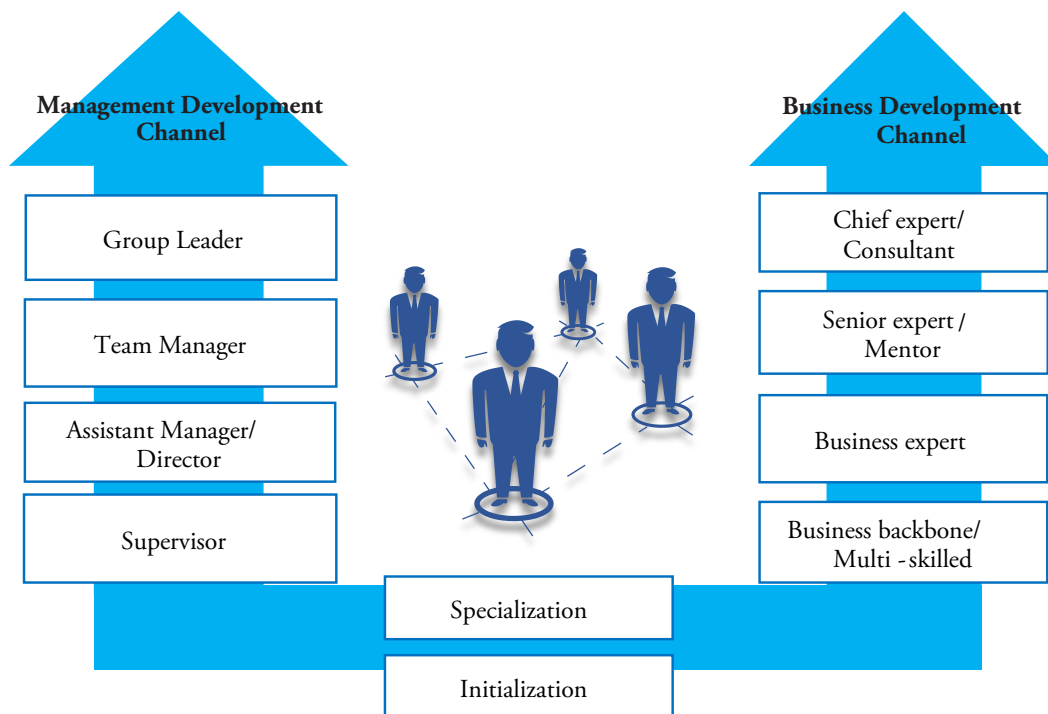
For contractors and other outsourcing service personnel, the companies concerned have signed security agreements with relevant parties, organized security training before the entry of the relevant parties, and conducted security inspection activities during the process.

## Emergency Preparedness and Response

The occurrence of any production safety accident not only affects the business benefits of the enterprise, but also may cause adverse effects on the environment and the community. Therefore, we must fully understand and control the safety production dynamic situation of enterprises, further strengthen the safety supervision and management, to ensure safety production. To prevent emergencies and various environmental events, the Group organizes all departments to respond to potential emergencies according to the “Emergency Response Law of the People’s Republic of China”, and identifies them from the perspectives of environmental protection and occupational health and safety. Organize regular training, practices and drills for employees to effectively prevent or reduce the impact of accidents on the environment and occupational health and safety. After the completion of the accident and emergency treatment, the relevant departments will summarize and analyse the causes of the accident, the treatment situation and the corrective measures to be taken to avoid the recurrence of the accident.

## Employee Training and Development

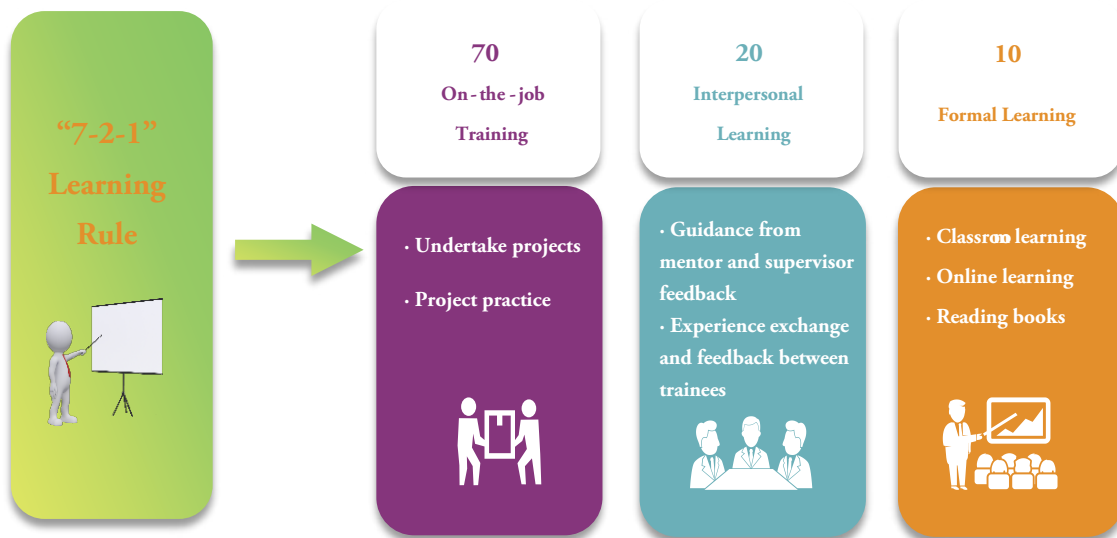
The Group is dedicated to providing a good growth environment for employees, developing a development ladder for employees, and has set up a multi-directional career development platform for employees. The Group attaches great importance to the cultivation of management team, promotes the construction of organization and talent development system, focuses on the development of organizational talents, stimulates the vitality of the organization, and meets the new challenges of organizational transformation and upgrading and quality growth.



Dual Channels of Management and Business Development

## “7-2-1” Learning Rule

The Group advocates the “7-2-1” learning rule, that is, 70% of the project practice and challenging work, 20% of the guidance and 10% of the classroom and self-study. The Company encourages its employees to “learn by doing”, to do what they like, to appreciate each other, to advocate the concepts of independent learning, continuous learning, fast learning and lifelong learning, to encourage employees to step out of their comfort zone and continuously improve their knowledge and skills.



“7-2-1” Learning Rule

## New Employee Development Program

In order to enabling new employees to integrate into the corporate culture as soon as possible, the Group provides induction training and guidance for all new employees, including technology research and development, finance, projects, services and other on-job training courses. We offer online courses on the learning platform of CIMC I-learning, so that employees can participate in various training courses flexibly. And we also strive to create opportunities for employees to communicate, learn and practice, we regularly hold benchmarking investigation, specialized training, special lectures, seminars, reading parties, etc.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

### Highlights: Personalized Training Program

In addition, the Group has developed a sound internal lecturer system, with a team of over 100 internal part-time lecturers, providing a solid backing for the cultural inheritance within the Company. This year, the number of training within the Group reached 272, the total training hours exceeded 25,000 hours, and the training covered 67% of the staff. The training expenses of the Group exceed 3 million yuan.

- Total training hours: 25,114.5 hours
- Training coverage: 67%
- Training organized by the Company: 272 times
- Number of internal trainers: 119 people
- Training expenses of the Company: 3.05 million yuan (excluding travel expenses incurred for training)

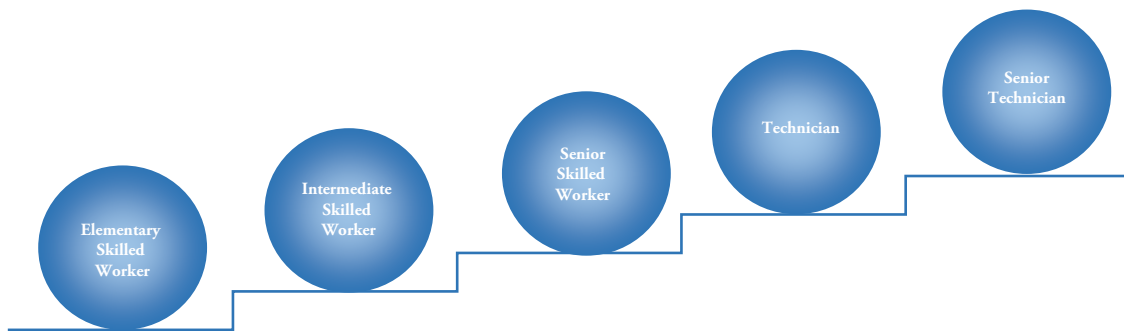


New Employee Training

The Group regularly arranges internal and external training, product knowledge and basic vocational ability training for all levels and types of employees according to their needs, conducts senior leadership development program “Voyage Plan”, training course for new managers, management and strategic planning skills training for front-line team leaders, and organizes seminars and workshops on specific topics such as project management, cost management, business planning, and industrial safety. Employees can also apply for financial assistance to attend vocational training provided by various organizations.

## Case: Tianda Airport – Master and Apprentice Learning Mode

Tianda Airport, a subsidiary of the Group, attaches great importance to the career development and skill enhancement of skilled workers, builds a perfect channel for the promotion and provides diversified and abundant training resources to continuously improve their skills. As technical work requests professional skills, we have established a set of master and apprentice learning mode of mentoring, spreading skills, helping on ideas and with style, promoting the skill level and the overall quality of the Company’s skilled workers. the training is based on the skills required by specific jobs and based on the on-site guidance.



## Master and Apprentice Learning Mode

Tianda Airport encourages its employees to participate in all kinds of skill competitions at the provincial and municipal level, strengthens their theoretical knowledge reserve, continuously hones their skills, and promotes the “Craftsmanship Spirit”. In combination with the new apprenticeship system promoted by the state and the school-enterprise joint training mechanism, our group will strive to improve the quantity and quality of senior skilled workers and technicians, lower the Company’s labour cost, and optimize the personnel structure of skilled talents, so as to improve the product technology level of the Company.



Kick-off meeting

Training

Online assessment

Practical operation assessment

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## Care of People and Giving Back to the Community

We also continue to give back to the community, carry out in-depth poverty alleviation projects, and carry out poverty alleviation projects and charity activities with the help of volunteers.

### Case: Carrying Out Regional Poverty Alleviation Work

In order to help realize the dream of national poverty alleviation simultaneously, CIMC-TianDa has signed a partner assistance framework agreement this year and participated in poverty alleviation work in Du'an Yao Autonomous County of Guangxi from November 25 to 27, 2019, aiming at improving the living conditions of poor towns and villages by carrying out partner visits and assisting the employment of the poor. And we are committed to caring for special groups, mobilize enterprise staff, help the left-behind children in the local poor villages and villages.



Poverty-relief Work in Du'an Yao Autonomous County of Guangxi

This year, CIMC-TianDa also carried out a series of work to fulfil its social responsibility, including an annual charitable donation to the Red Cross and a pennant sale to raise fund.

### Case: Carrying out Charity Work

Shanghai Jindun, a subsidiary of the Group, donated 135,000 yuan to build the “Jindun Leisure Park” for the local community and employees. To further assist the local construction and continue to vigorously carry out charity work, the Group participated in the joint charity donation ceremony from 2020 to 2021 and acted as the representative spokesperson for the Company.



The representative of Shanghai Jindun made a speech at the Charity and Public Welfare Activities & Activity site

## SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD: THE INFLUENCE OF COVID-19 AND COUNTERMEASURES

At the beginning of 2020, COVID-19 epidemic struck hard, a battle for the homeland defence of mankind is quietly starting. Although it shall not be covered by this report, the Group has been actively implementing relevant national requirements and actively combating the COVID-19 outbreak during the preparation of this report. Therefore, this section is specifically prepared to report our support for the outside world and our efforts to combat the epidemic hand in hand internally.

To do a good job in the prevention and control of COVID-19 outbreak, timely and effectively grasp the real situation and handle various relevant affairs, the Group has formulated the “Prevention and Control Measures on the COVID-19 Outbreak” and set up an emergency response team for epidemic prevention and control.

<p><b>Epidemic Prevention and Control Group</b></p>	<ul style="list-style-type: none"> <li>• Be responsible for formulating the strategies and regulations of epidemic prevention and control</li> <li>• Organize professionals in the prevention and control of infectious diseases to conduct basic emergency treatment and operation training for the members of the epidemic prevention and control team</li> <li>• Inspect and monitor the implementation of protective measures by the Company and employees during the epidemic</li> </ul>
<p><b>Staff Management Group</b></p>	<ul style="list-style-type: none"> <li>• Regularly collect and summarize the movement information and health condition of all employees, focus on the specific situation of the personnel still in Hubei Province</li> <li>• Pay close attention to the relevant regulations and requirements of the local government, higher authorities and enterprises</li> </ul>
<p><b>Diagnosis and Quarantine Group</b></p>	<ul style="list-style-type: none"> <li>• Be responsible for the receipt, distribution and use of testing and protective equipment</li> <li>• Distribute all kinds of epidemic prevention materials as needed, supervise and inspect the wearing of protective equipment in each area</li> <li>• Follow up the health condition of employees, take temporary quarantine measures, report the epidemic control department of the jurisdiction, and take corresponding measures</li> </ul>
<p><b>Publicity and Education Group</b></p>	<ul style="list-style-type: none"> <li>• Publicize and organize the staff to learn the correct knowledge of epidemic prevention and control</li> <li>• Collect and summarize all kinds of effective information from all parties during the outbreak</li> </ul>
<p><b>Logistics Support Group</b></p>	<ul style="list-style-type: none"> <li>• Be responsible for the procurement, storage and management of all kinds of qualified protective materials</li> <li>• Responsible for daily sanitati on and regular disinfection</li> </ul>

### Composition and Responsibilities of the Epidemic Prevention and Control Team



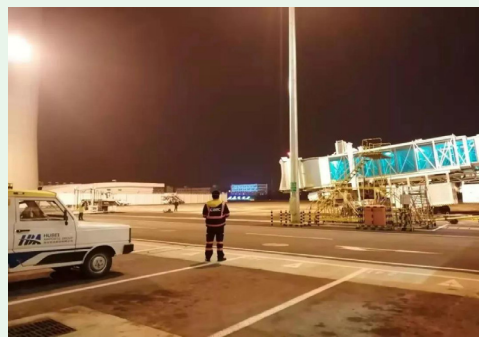
## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

### Guard the Airport and Jointly Fight Against the Epidemic

In order to enable the medical team to arrive in Wuhan of China to help the patients, and ensure the compatriots in Wuhan receive the supporting materials from all parties, in the reality of high health risk, our employees strictly ensure that personal protection measures are taken, and at the same time, they perform their duty at Wuhan airport with dedication, to ensure the normal operation of the passengers boarding bridges, and conduct inspection of passengers boarding bridges and related flight devices. With the joint efforts of all parties, up to now, our passengers boarding bridges have been running normally. CIMC-TianDa has always stood by its post and will make every efforts to contribute to the battle against the epidemic.



Routine Inspection of the Passengers Boarding Bridges



Device Check and Safeguard Flight

### It is More Blessed to Give Than to Receive

We are actively working with people from all walks of life to cope with the unexpected. At the most urgent moment for epidemic prevention and control, Tianda Airport, a subsidiary of the Group, donated a total of 3,000 masks and 10 thermometers to the Terminal Management Department of Wenzhou Airport, Power Energy Security Department of Hohhot Airport and Wuhan Airport Industrial Company to support them in winning the battle of epidemic prevention and control. We also organized voluntary anti-epidemic donation activities of Communist Party members of various enterprises in Shenzhen, making a total donation of 11,000 yuan to the public. The group will continue to work with all sectors to fight the epidemic, we also truly hopes that the outbreak will come to an end as soon as possible, and that all walks of life will pull through and resume normal social operations.

## APPENDIX: INDEX TO “ESG REPORTING GUIDE” OF HKEX

Index Content			Related Chapter
A. Environmental			
A1: Emissions	General Disclosure	Information on:(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Manufacturing and Environmental Protection and Energy Conservation
	A1.1	The types of emissions and respective emissions data.	Emission Control of Air Pollutants
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	Energy Conservation and Emission Reduction
	A1.3	Total hazardous waste produced and, where appropriate, intensity.	Waste Management
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Waste Management
	A1.5	Description of measures to mitigate emissions and results achieved.	Emission Control of Air Pollutants; Energy Conservation and Emission Reduction
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management
A2: Use of Utilization	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Manufacturing and Environmental Protection and Energy Conservation
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Energy Conservation and Emission Reduction
	A2.2	Water consumption in total and intensity.	Water Conservation
	A2.3	Description of energy use efficiency initiatives and results achieved.	Energy Conservation and Emission Reduction
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water Conservation
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group’s business does not involve packaging materials, so no disclosure on this index
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Green Manufacturing and Environmental Protection and Energy Conservation
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Manufacturing and Environmental Protection and Energy Conservation

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Index Content			Related Chapter
B. Society			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-oriented culture; Protection of Rights and Benefits
	B1.1	Total workforce by gender, employment type, age group and geographical region.	No disclosure for the current year
	B1.2	Employee turnover rate by gender, age group and geographical region.	No disclosure for the current year
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Safety and Health, Physical and Mental Health
	B2.1	Number and rate of work-related fatalities.	No disclosure for the current year
	B2.2	Lost days due to work injury.	No disclosure for the current year
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Safety and Health, Physical and Mental Health
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training and Development Channel
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	No disclosure for the current year
	B3.2	The average training hours completed per employee by gender and employee category.	No disclosure for the current year

Index Content			Related Chapter
B. Society			
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Fair Employment Practices, Equality and Diversity
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Fair Employment Practices, Equality and Diversity
	B4.2	Description of steps taken to eliminate such practices when discovered.	Fair Employment Practices, Equality and Diversity
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1	Number of suppliers by geographical region.	No disclosure for the current year
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Innovation and Customer-Oriented
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No disclosure for the current year
	B6.2	Number of products and service related complaints received and how they are dealt with.	Ensure Quality to Satisfy Customer
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property and Patent Protection
	B6.4	Description of quality assurance process and recall procedures.	Ensure Quality to Satisfy Customer
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Intellectual Property and Patent Protection

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Index Content			Related Chapter
B. Society			
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Upholding Probity and Integrity
	B7.1	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.	Upholding Probity and Integrity
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Upholding Probity and Integrity
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Care of People and Giving Back to the Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Care of People and Giving Back to the Community
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Care of People and Giving Back to the Community

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

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