



## 贡献全球 责任相伴

Contribution to the World with Responsibility



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China Machinery Engineering Corporation

Sustainable Development Report 2020



# 2020

## China Machinery Engineering Corporation Sustainable Development Report

Contribution to the World with Responsibility

## About this report

### Reporting time range

From January 1, 2020 to December 31, 2020, some contents and data are appropriately traced back to previous years.

### Report issuing period/issuing period

This report is an annual report and the eighth social responsibility report issued by China Machinery Engineering Corporation.

### Report organization scope

China Machinery Engineering Corporation and its subordinate enterprises.

### Report title description

For ease of expression and convenience of reading, China Machinery Engineering Corporation is also hereinafter referred to as 'CMEC', 'we' and 'the Company'. Among them, China National Machinery Industry Corporation, the controlling shareholder of China Machinery Engineering Corporation, is hereinafter referred to as 'SINOMACH'.

The subordinate enterprises of China Machinery Engineering Corporation are hereinafter referred to as their abbreviations: China National Electric Engineering Co., Ltd. is referred to as 'CNEEC', China National Complete Engineering Co., Ltd. is referred to as 'CMCEC', China Machinery Industrial Products Co., Ltd. is referred to as 'CMIPC', China Machinery International Engineering Design and Research Institute Co., Ltd. is referred to as 'CMIE', China Jikan Research Institute of Engineering Investigations and Design Co., Ltd. is referred to as 'JK Institute', China Equipment International Trading Co., Ltd. is referred to as 'CMECINT', and CMEC General Machinery Import & Export Co., Ltd. is referred to as 'GMIE' and so on.

### Report data source

The data in the report are from the 2020 annual report, work report and other official documents of China Machinery Engineering Corporation, and some historical data are retroactively restated according to changes in accounting standards. The currency unit referred to herein is RMB Yuan unless otherwise stated.

### Report preparation bases

*The Guiding Opinions on Fulfilling Social Responsibilities of Central Enterprises and The Guiding Opinions on Better Fulfilling Social Responsibilities of State-owned Enterprises* issued by the State-owned Assets Supervision and Administration Commission of the State Council

*The Environmental, Social and Governance Reporting Guide* of the Stock Exchange of Hong Kong

The GRI *Sustainability Reporting Standards* (GRI Standards) issued by the Global Reporting Initiative (GRI)

ISO 26000: *The Guidance on Social Responsibility* (2010) issued by the International Organization for Standardization (ISO)

*The Guide on Social Responsibility for Chinese International Contractors* and *The Guidelines of Sustainable Infrastructure for Chinese International Contractors* (SIG)

### Report version acquisition

This report is available in both Chinese and English, and is issued in both hard and electronic formats. In case of any discrepancy between the Chinese version and the English version of this report, the Chinese version shall prevail. For a hard copy of the report, please contact us. Moreover, you can also visit the website of China Machinery Engineering Corporation ([www.cmec.com](http://www.cmec.com)) to download the electronic version of this report.

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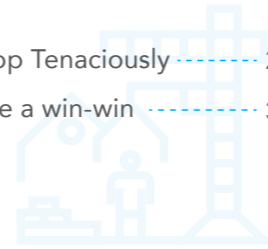


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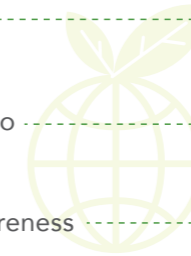
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## To Whom It May Concern

The year 2020 was a decisive year for completing the building of a moderately prosperous society in all respects, as well as the starting year for basically realizing socialist modernization. For CMEC, the past year had been a very unusual year, and also a year of seeking opportunities in crisis and forging ahead. As an export-oriented company with international business as its main business, the operation and development environment of CMEC had been greatly impacted and challenged under the influence of the COVID-19 epidemic and the international political and economic environment. However, through actively 'identifying the changes, adapting to the changes, and seeking changes', CMEC had steadily implemented series of measures in the general policy of 'stabilizing overseas market and expanding domestic market' to maintain growth, expand market, improve efficiency, and successfully overcome the challenges in terms of fighting against the epidemic and stabilizing the operation.

**In the past year, we had adhered to the guidance of Party building and carried out our new mission in keeping with our original aspiration.** We had firmly established the 'Four Consciousness', strengthened the 'Four Confidence', achieved the 'Two Maintenances', implemented the 'First Subject' system, and consistently gave play to the Party's leadership role of 'guiding the direction, managing the overall situation, and ensuring the implementation'; studied and implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and implemented the special action of 'Party Building Consolidation and Deepening Year' of SINOMACH; carried out a series of key Party building projects, such as the discussion on 'Fostering New Opportunities and Breaking New Ground', and explored the establishment of a long-term educational mechanism with the theme of 'Staying True to Our Original Aspiration and Keeping Our Mission Firmly in Mind', to promote the deep integration of Party building and business operations; continued to strengthen the fight against corruption and build a clean government, do a good job in internal audits and

inspections to find and correct problems, and create a clean political environment and an environment for business development.

**In the past year, we had promoted the policy of 'being steady in external businesses and cultivating internal businesses' and made new breakthroughs in tenacious development.** We had focused on the traditional business sector, flexibly adjusted the traditional modes and product types, and actively explored new business modes. We also promoted innovation and development of the project contracting sector, performed transformation and upgrading in the trade and service sector, and promoted the competitiveness in the design and consulting sector; actively cultivated the emerging businesses, namely, logistics and agricultural development of CMEC, to achieve breakthrough development of emerging businesses; made efforts to promote the integrated business model of investment, financing, construction and operation to create a new support for the sustainable development of the company.

**In the past year, we had adhered to reform and innovation, and reaped new fruits in the course of maintaining steady and long-term growth.** We had innovated in building a collaborative platform and a centralized procurement platform, reorganized the trade service business, accelerated the construction of regional centers, and constantly improved the ability to create value for users through model innovation; continued to increase investment in technology, strengthen the support of technology to the core business, improve the core competitiveness of products, and constantly enhance the market competitiveness; strengthened collectivized management and control, removed obstacles from management process, innovated in enterprise culture construction, continued to promote management optimization, cost reduction and efficiency increase through management innovation, and focused on building a new situation of equal emphasis on development and security. In 2020,

the company had obtained 89 authorized patents and 36 registered software copyrights.

**In the past year, we had continued to expand our 'circle of friends' and created a new atmosphere for coordinated development.** We had continued to strengthen the cooperation with leading enterprises in various fields and cooperate with the government, domestic and foreign enterprises, financial institutions, universities and other institutions; innovated in the model of internal collaboration, stimulated the vitality of internal collaboration and cooperation; attended the 11th International Infrastructure Investment and Construction Forum, the 3rd China International Import Expo and other international high-end platforms and industry exchange activities, worked with industry partners to meet challenges, achieve mutual benefit and win-win results, and to promote high-quality and sustainable development of the industry.

**In the past year, we had adhered to green development and boosted the new ecosystem through coordinated development.** We had strengthened green management and built green projects in respect of sewage treatment, garbage treatment and exhaust gas control in China and many other countries in Europe, Asia and Africa; we had supported the development of clean energy projects, including the newly executed 55 MW PV power plant project in Armenia, the biomass power generation projects in the Philippines and Thailand, the execution of the *Strategic Cooperation Agreement on Large Onshore Wind Power Generating Units* with General Electric of the United States, the winning of 5 PV power plant projects in Myanmar and the garbage power generation project in Dhaka, Bangladesh, etc.; The Reppie Waste Power Plant in Ethiopia, contracted by CNEEC, the parent company of CMEC, had achieve its annual generating capacity target ahead of schedule, making it a landmark project in China-Africa Green Development Plan. In addition, we had made full use of our resource advantages to protect the ecological environment in an all-round way, respond to climate change, and contribute to sustainable ecological civilization.

**In the past year, we had worked together for shared benefits and realized new value through shared development.** We had upheld a responsible attitude to customers, employees, the public and

other stakeholders, actively carried out supplier management, and built a responsibility value chain; improved the personnel training mechanism, innovated in characteristic training mode to help employees grow; actively promoted democratic management and protected the legitimate rights and interests of employees; innovated in poverty alleviation models with distinctive features to help alleviate poverty; and contributed to community development and a happy new life by implementing localized operations and volunteer activities.

**In the past year, we had been brave to take on our responsibilities and set up a new image in the challenge.** At the beginning of the COVID-19 epidemic, our staff completed the design of the emergency hospital within 72 hours, and took the lead in the emergency procurement of epidemic prevention materials through global channels; when the COVID-19 epidemic continued to spread overseas, CMEC staff were the most beautiful heroes in harm's way to actively support the people in local communities and associated entities to prevent and fight the epidemic together; the company had donated the epidemic prevention funds and materials worth of 8.3664 million CNY in total to epidemic areas in China and relevant foreign countries. In 2020, the company was awarded the special award of 'Emergency Response + Epidemic Prevention and Control + Capacity Building' of SINOMACH.

The year 2021 marks the 100th anniversary of the founding of the Communist Party of China (CPC). It is the first year for China to embark on a new journey of comprehensively building socialist modernization and march toward the second centenary goal, and the first year of the '14th Five-Year Plan'. Opportunities and challenges coexist, as do glory and hardship. In the new year, CMEC will adhere to the guidance of Party building and keep a foothold in building a new development pattern of 'double cycles', take supply-side structural reform as the main line, improve the level of industrial chain and supply chain, coordinate system construction and innovation, promote high-quality and sustainable development of the company, and contribute our own strength to global development.

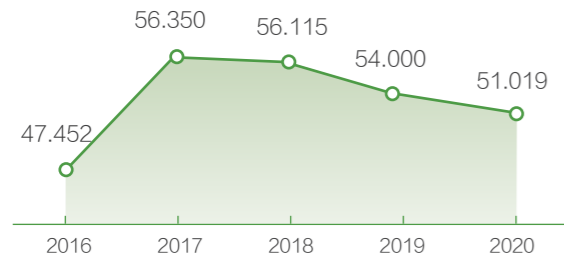


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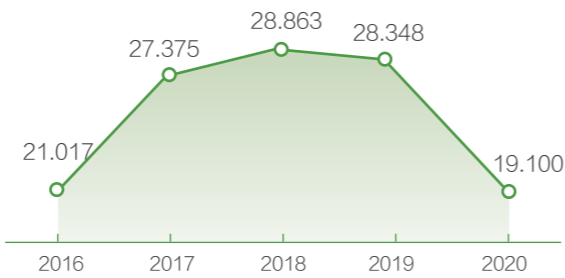
## Sustainable development report card of CMEC during the '13<sup>th</sup> Five-Year Plan' period

### Strive Ahead, Develop Tenaciously

Total assets of CMEC from 2016 to 2020 (unit: billion CNY)

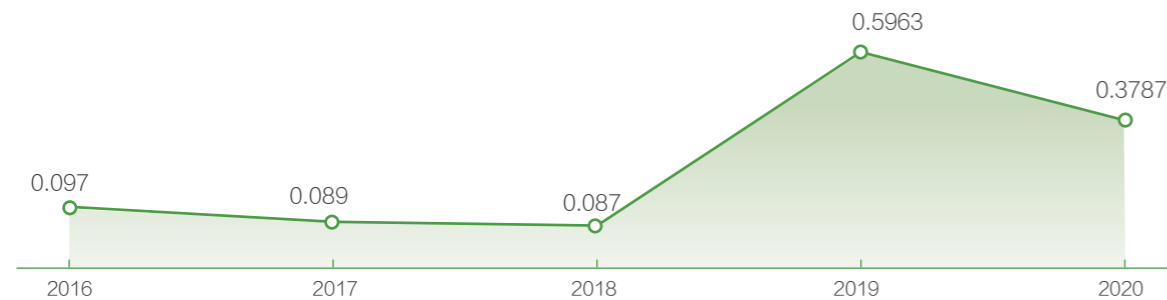


Operating revenue of CMEC from 2016 to 2020 (unit: billion CNY)



### Promote green and low-carbon development

Comprehensive energy consumption of CMEC from 2016 to 2020 (unit: 10k TCE)



2016 - 2020

# 133

A total of 133 clean energy development projects were signed

# 706

A total of 706 environmental protection projects were signed

### Benefit people's livelihood and happiness

2016 - 2020

# 3,805

A total of 3,805 infrastructure projects were signed

# 1,767

A total of 1,767 water projects were signed

# 11

A total of 11 communications projects were signed

### Safe production and operation

2016 - 2020

# 0

0 for the number of work-related death per year

# 320

320 working days lost due to industrial injury

# 0

0 serious injury and above safety liability accident

2016 - 2020

# 662

A total of 662 work safety training sessions were carried out, and the coverage rate of safety training was 100%

# 100

### Diversified development of staff

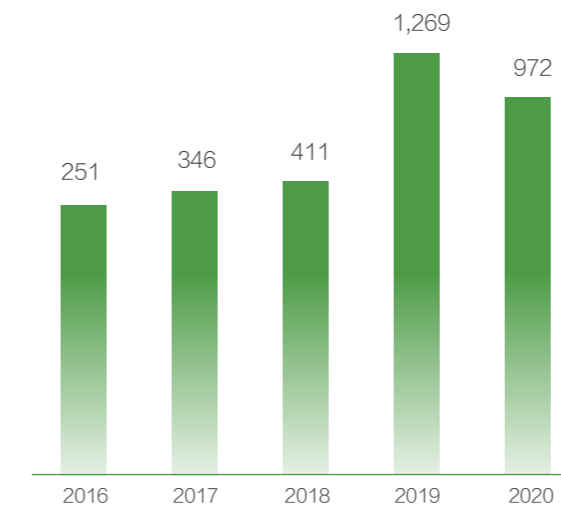
2020

# 47,628

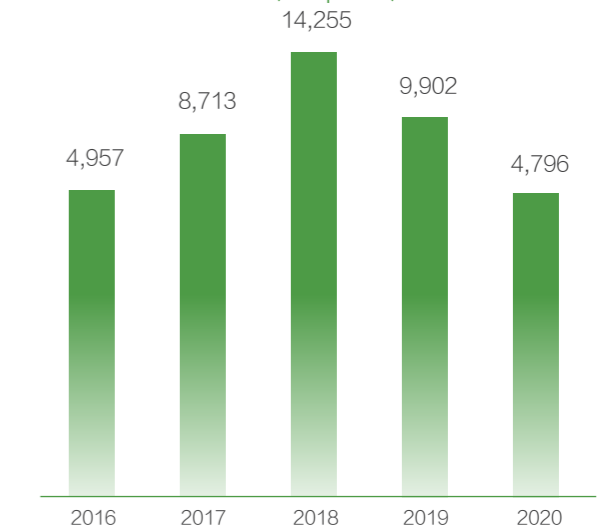
The accumulated hours of employee training were 47,628 hours, with the cumulative trainees of 2,956 person-times

# 2,956

Number of foreign employees hired by CMEC from 2016 to 2020 (unit: person)



Number of foreign employees hired by subcontractors of CMEC from 2016 to 2020 (unit: person)



— Subject —

## To play a role in the anti-epidemic action

In 2020, when the COVID-19 epidemic outbreak all over the world, CMEC responded as soon as possible and quickly established a leading working group and working mechanism for COVID-19 epidemic prevention and control to make a good emergency response; integrated superior global resources, acted responsibly, and quickly supported the needs of front-line supplies for epidemic prevention and control; coordinated efforts to resume work and production and reduce the adverse impact of the epidemic on production and operation.

### Emergency response

At the beginning of the COVID-19 outbreak, CMEC responded quickly, focusing on the needs of epidemic prevention and control and promoted the construction of engineering projects; performed transformation of business development to serve market demands, race with the global epidemic, and boost the epidemic prevention and control.

#### Business development transformation in response to market demand

At the beginning of the COVID-19 epidemic, in order to quickly respond to the market demand, CMECINT set up a business group of anti-epidemic materials, actively developed the trade business of anti-epidemic materials, and exported anti-epidemic materials worth of \$1.7 million to the Caribbean, Malaysia and Serbia. In charge of the collection of epidemic prevention materials and foreign aid materials of CMEC, the company achieved a turnover of 3.58 million CNY, and the shipment of epidemic prevention materials reached 15 million CNY, contributing the efforts of CMEC to the global COVID-19 epidemic prevention and control with its own resource advantages.



The Zambian hospital and its supporting engineering project delivered by CMEC on a turnkey basis in advance as the designated COVID-19 epidemic treatment hospital to help prevent and control the epidemic in Zambia

### Give full support

In addition to its own epidemic prevention and control work, CMEC had been brave to take on its responsibilities and fully support the epidemic prevention and control in the countries or regions where the projects were located, so as to contribute to the global COVID-19 epidemic prevention and control.

#### CMEC donated to build anti-epidemic facilities

On February 17, 2020, a handover ceremony was held for the dedicated toilet of the COVID-19 epidemics prevention temporary quarantine area built by CMEC for Maldives, the 'resort paradise', to fight COVID-19. At the ceremony, CMEC Maldives General Representative also donated anti-epidemic materials such as disinfectant alcohol and protective equipment to Maldives.

#### CMEC provided timely help to gain gratitude

In the COVID-19 epidemic in 2020, Cameroon was short of epidemic prevention materials. The CMEC project department donated masks, protective clothing, goggles, gloves, temperature gauges and other epidemic prevention materials to the Ministry of Water Resources and Energy of Cameroon, the owner of the water plant project in Cameroon. The Minister of Water Resources and Energy of Cameroon wrote a letter for thanks.



On April 30, 2020, CMEC donated 10,000 disposable surgical masks to the Angola Anti-Pandemic Commission to help combat the COVID-19 epidemic in Angola

2020  
About **50** employees of the company participated in the anti-epidemic volunteer service  
Donated **836.64** million CNY for anti-epidemic



In May 2020, the CMEC Office in Uzbekistan donated 0.02 million CNY to help the country to prevent and control the epidemic



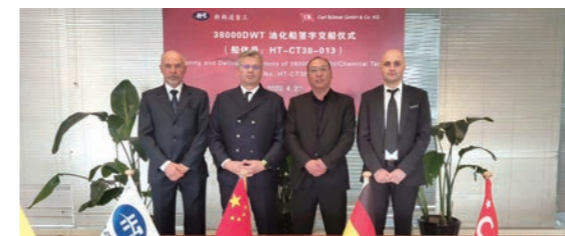
In June 2020, CMEC donated a total of US \$0.04 million to four hospitals, including the Clinical Hospital for Infectious Diseases in Minsk, and the Clinical Hospital for Infectious Diseases in Grodno, Belarus, for the purchase of medical supplies needed in the fight against COVID-19, including protective clothing, disinfectant, ventilator, surgical mask, nucleic acid detection kit and so on

### Work and production resumption

In the face of the adverse environmental impacts brought by COVID-19 epidemic, CMEC gave full play to the spirit of hard work, paid equal attention to prevention and control and operation, steadily promoted the resumption of work and production, met the needs of customers, and demonstrated the efficiency and responsibility of CMEC.

#### Efficient construction for both epidemic prevention and production

During the COVID-19 epidemic, under the joint supervision by Iraq owner's personnel and the coordination of all personnel in the Project Department, the project team of CMEC Iraqi Saladin 2x630 MW fuel and gas power plant project overcame the difficulties of the epidemic and high temperature, and worked continuously and efficiently for three days and two nights, and completed the turbine covering for unit 1, which provided favorable conditions for the plant commissioning as the next step, and laid a solid foundation for the startup and production of the complete set of unit.



CMEC project team played an active role in coordinating ship owner's personnel to come to China and arrange various business works to help shipyard work to be carried out in an orderly manner. On April 22, 2020, the third 38,000-ton chemical ship exported to Germany by the company as the agent of Hantong Shipbuilding Group was officially handed over to the ship owner, and the project came to a perfect conclusion

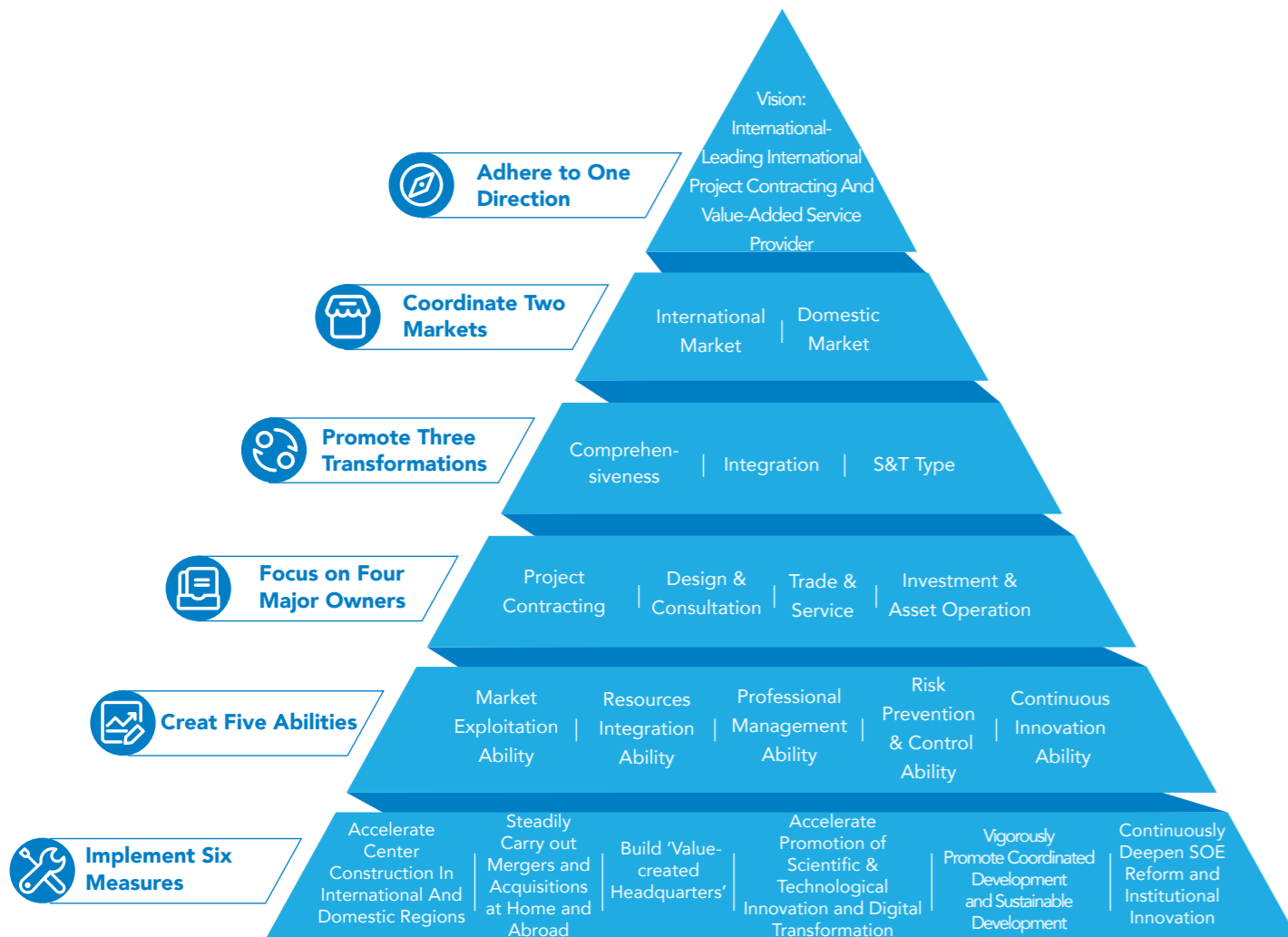


In order to ensure the safe and orderly development of the exhibition hall decoration project of 'China-Belarus Industrial Park Planning and Exhibition Center', which was contracted by the Belarus subsidiary of CMEC, the project team formulated strict epidemic prevention and control measures, and performed management and efficient construction in strict accordance with standards. On June 17, 2020, the project successfully obtained the final acceptance and handover certificate issued by the owner

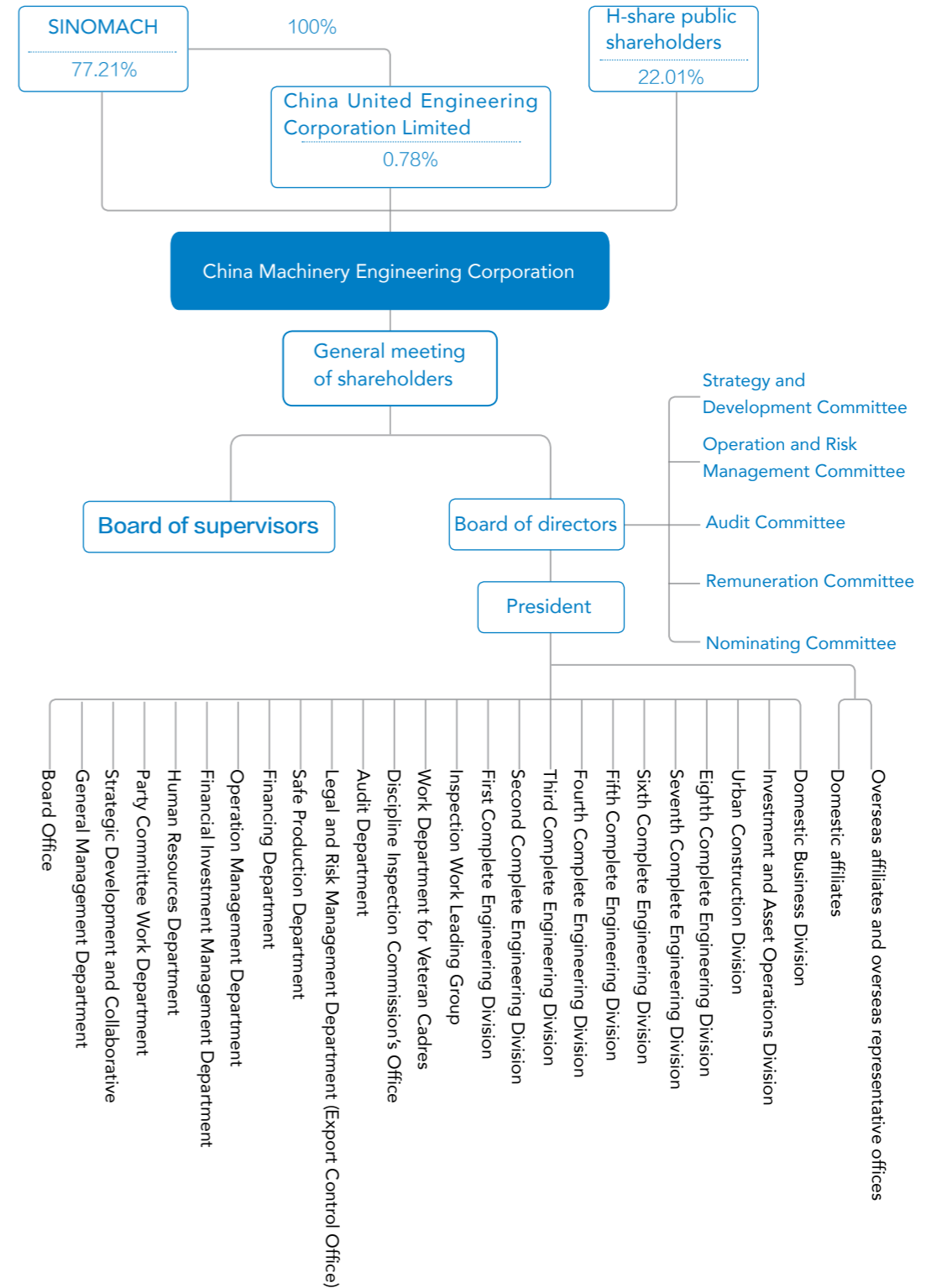
## Board governance

In strict accordance with the *Company Law of the People's Republic of China* and other relevant laws and regulations and the requirements in the listing rules of the Hong Kong Stock Exchange, CMEC has been continuing to improve the corporate governance mechanism, optimizing the corporate governance structure, forming the 'standardized and reasonable' governance framework 'with clear rights and responsibilities' among the general meeting of shareholders, the board of directors, the board of supervisors, the professional committees and the management, operating in a standardized, coordinated and efficient manner in accordance with clear rules of procedure and working procedures, so as to promote the company's sustained and stable development, and protect the legitimate rights and interests of investors.

## Development strategy



## Organizational structure



◆ Organizational structure chart of CMEC



## Board of directors

We had continued to improve the management system of the board of directors, standardize its construction, clarify the decision-making boundaries and procedures, and ensure the lawful, compliant and efficient operation of the company. The board of directors of the company consists of 2 executive directors, 3 non-executive directors and 4 independent non-executive directors. The members of the board of directors are Bai Shaotong, chairman and non-executive director, Fang Yanshui, executive director and general manager, Ai Wei, executive director, non-executive directors Ma Jian and Zhang Zhiyu, and independent non-executive directors Liu Li, Liu Hongyu, Fang Yongzhong and Wu Delong. The board of supervisors is composed of three members, who are shareholders' representative supervisors Zhang Hong (chairman of the board of supervisors) and Guo Weihua, and the employees' representative supervisor He Bing.

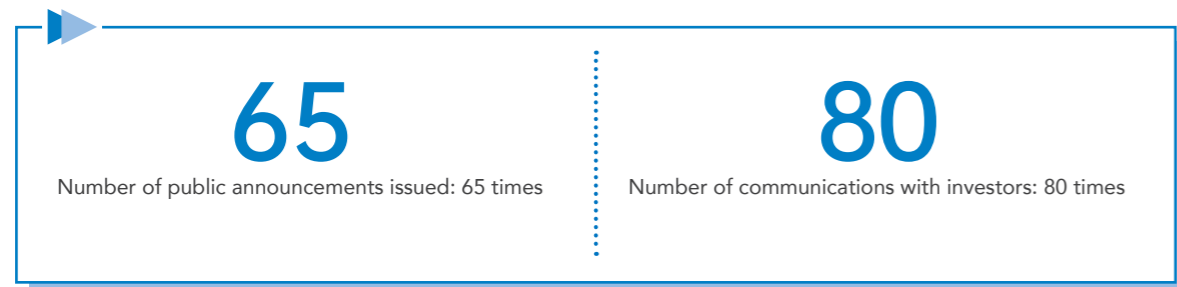
Combining with the characteristics of our business, we had continued to give full play to the role of the board of directors in corporate governance, decision-making control, operation and risk prevention and control, and constantly improved the standardization and effectiveness of the board of directors. In 2020, the company held 6 general meetings of shareholders, 5 meetings of the board of supervisors, 14 meetings of the board of directors and 8 meetings of the professional committees; deliberated and adopted 182 proposals, including 51 on matters of general authorization by the board of directors.



◆ The company held the 2020 annual general meeting of shareholders and the classified shareholders' meeting, the 35th meeting of the third session of board of directors

## Investor relation management

Investors are one of the most important stakeholders of the company. CMEC had attached great importance to the maintenance of investor relations and the construction of sustainable communication mechanism. New investor communication methods, such as live video performance conference and online road show, were adopted to ensure the strength of investor relations maintenance in the special year; the company continuously optimized the regular information disclosure mechanism, released public announcements for 65 times in a timely manner, communicated with investors for 80 times, improved the transparency of the company's operation, effectively improved investors' understanding of the company's operation mode, and improved operational efficiency.



## Compliant operation

CMEC had adhered to compliant operation in accordance with the law, continued to implement the requirements for building law-based central enterprises, continuously optimized and improved comprehensive risk management system, established and improved the company's compliance management system, and, promoted the healthy and sustainable development of the company by strengthening the awareness of legal compliance, enhancing the ability to govern the company in accordance with laws and regulations, improving the risk management ability, enhancing the awareness of export control and risk identification ability, improving the level of compliance management, and strengthening risk prevention and control.

## Law-based enterprise governance

CMEC had actively implemented the requirements for the construction of a central state-owned enterprise under the rule of law, thoroughly implemented the goal of building a 'SINOMACH under the rule of law', strictly governed, made decisions, and operated in accordance with the law, continuously innovated in legal services and legal management modes, and promoted the integrated construction of the company's legal system, legal capacity and legal culture, vigorously enhanced the legal and compliance awareness of the company's team, and created a good atmosphere for lawful and honest operation.

### Carry out legal knowledge competition to build CMEC under the rule of law

From September 7 to 18, 2020, CMEC held the Legal Knowledge Competition in 2020. The main purpose of the activity was to popularize legal knowledge and publicize the essence of the Civil Code, and fully mobilize the enthusiasm and ability of the company's staff to study, know, understand and use the law. The number of participants and the quality of answers were both the highest among all previous legal knowledge competitions. Legal knowledge competition is not only an important platform to promote the implementation of national laws and regulations and the comprehensive popularization of civil code knowledge in CMEC, but also an important way to promote compliance management and the construction of 'CMEC under the rule of law'.

## Risk management

CMEC had actively responded to the national deployment of 'comprehensively improving the ability to prevent and dissolve significant risk', constantly optimized and improved the risk prevention mechanism and risk control system construction, strengthened the prevention supervision of operating, financing, investment, legal, environmental and social risks, enhanced the legal risk prevention and investigation in terms of international business, business during the COVID-19 epidemic, and high-risk business, formulated documents such as the *Company's Risk Control Work Report*, the *Company's Annual Major Risk Assessment Table*, the *Company's Epidemic Prevention Related Legal Compliance Risk Investigation and Response Measures*, the *Company's Annual Foreign Legal Risk Investigation and Treatment Work Report*, the *Company's Annual Internal Control System Report* and so on, realized the effective integration of risk management and daily operation and management, so as to prevent risks and build a solid defense line. The company's comprehensive risk management system had continued to operate effectively, and the ability to prevent and resolve major risk events had been further improved.



◆ CMEC Risk Control Procedures



## Compliance management

CMEC strictly followed the *Guidelines on Compliance Management for Central Enterprises (Trial)*, the *Guidelines on Compliance Management for Overseas Business of Enterprises*, the *Compliance Management Measures for SINOMACH (Trial)* and other institutional documents, and formulated and issued the *Compliance Management Measures* based on its own development realities. In addition, the company carried out in-depth research, comprehensive benchmarking, carefully studied the relevant national laws and regulations, international compliance practices, compliance standards and related industry best practices, made clear the key compliance areas and key links guided by the needs of the business, and formulated and enacted the *Compliance Management Manual* adapting to the company's own characteristics of operation and development as well as the reality. The *Compliance Management Manual* focuses on 12 key areas of compliance, namely 'corporate governance, anti-commercial bribery and anti-corruption, anti-monopoly and anti-unfair competition, domestic and overseas investment operation, multilateral development bank financing project, export control and trade sanctions, safe production and environmental protection, labor employment, taxation and assets, business partners, intellectual property and trade secret protection, compliance of listed company', which provided basic compliance guidelines for the company's staff.

In view of the *Compliance Management Measures and the Compliance Management Manual*, the company carried out training publicity and implementation, and also held relevant lectures on compliance management knowledge, in an effort to create an enterprise culture that advocates, practices and defends compliance.



◆ Themed seminars on compliance management system were held to promote the shaping of compliance concepts and the construction of compliance culture

## Export control

CMEC had continued to pay close attention to the policy trends of export control, strengthened policy research on sensitive countries and regions, reinforced the prevention and control of export control risks, timely adjusted export control policies and market strategies, reduced and effectively controlled the risks of export control, and ensured the smooth and sustainable development of the company's business.

### Export control training to enhance risk recognition

The company and China Arms Control and Disarmament Association jointly organized '2020 Annual Export Control Training' online, and performed in-depth analysis and discussion on the practical operation of export control risk control inside the company in view of the specific case, improved the professional level and practical operation ability of the export controller of each department and subsidiary, enhanced the export control consciousness and risk identification ability of business personnel in sensitive areas and other related department, and laid solid foundation for the company to further optimize the export control prevention and control system.



## Major social organizations to which it belongs

CMEC focuses on the 2020 Sustainable Development Goals of the United Nations, actively participates in the responsibility communication between industry organizations and peer enterprises, and makes contributions to the healthy and sustainable development of the international contracting project and service industry.

★	China Chamber of Commerce for Import and Export of Machinery and Electronic Products	Vice president entity
★	China Overseas Development Association	Vice president entity
★	The Shanghai Cooperation Organization China Business Council	Vice chairman member
★	China Tendering & Bidding Association	Standing committee member
★	China International Contractors Association	Council member
★	China Association for Quality	Council member
★	China Electrotechnical Society	Council member
★	The Chinese People's Association for Friendship with Foreign Countries	Council member
★	CHINA ASSOCIATION OF PORT-OF-ENTRY	Council member
★	Chinese Entrepreneurs Committee/Business Council of Sino-Russian Friendship Association	Council member
★	China Electric Power Construction Association	Council member
★	China Exploration & Consulting Association	Member
★	China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters	Member
★	China Construction Industry Association	Member
★	China Association of Construction Enterprise Management	Member
★	China Chamber of International Commerce	Member
★	External Professional Committee of China Engineering Cost Association	Member

## Sustainable development management

As a leading enterprise in the international engineering contracting industry, CMEC had actively practiced sustainable development, adhered to the global perspective as the benchmark, formed a characteristic sustainable development management model through exploration, learning and practice, and promoted the integration of concept of sustainable development into the company's decision-making, business operation and functional management processes. The company had set up a Social Responsibility Committee to build a new model of sustainable development management led by the concept of sustainable development.

23  
 Total number of sustainable development awards obtained: 23

### Organization system

We set up a Social Responsibility Committee with the chairman of the board as the director, the general manager as the executive director, and the general managers of each functional departments and business divisions as members. The Social Responsibility Committee is responsible for the overall planning, planning and coordination of the company's overall sustainable development work; the Social Responsibility Office is set up under the Department of Strategic Development and Collaborative Management, which is responsible for the implementation of decisions and daily work of the Social Responsibility Committee; the functional departments and divisions shall set up liaisons for social responsibility work, responsible for communicating, promoting and implementing the relevant work of sustainable development management and practice of the department or entity, and jointly promoting the integration of sustainable development into the daily management of the enterprise.

#### ● Social Responsibility Committee

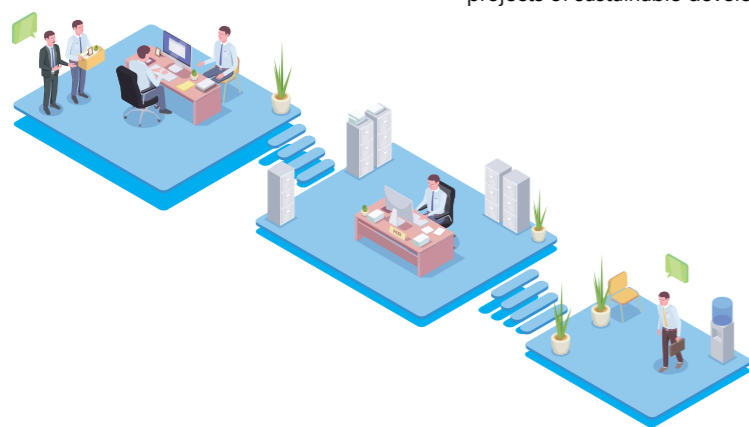
- Organize, lead, make decisions and deploy sustainable development work
- Establish a management system for sustainable development
- Approve sustainable development plans
- Approve and issue sustainability reports
- Organize and carry out major sustainable development works and activities

#### ● Social Responsibility Office

- Implement decisions and arrangements for sustainable development
- Organize the preparation of sustainable development reports
- Coordinate the construction and implementation of sustainable development management system
- Organize the formulation of work plans and plans for sustainable development
- Propose sustainable development work budget and training program
- Organize and carry out research on key projects of sustainable development

#### ● Social responsibility liaison

- Assist to promote the sustainable development of the company
- Assist in the preparation of sustainable development reports
- Carry out research on key issues of sustainable development
- Participate in major sustainable development work and activities



◆ Social Responsibility Organization System of CMEC Group

## Sustainable development management model

CMEC had been committed to the realization of the 2030 Sustainable Development Goals (SDGs) of the United Nations, combining business advantages and sustainable development practices, joining hand with shareholders and investors, employees, government, customers, industry peers, partners and other stakeholders, actively responding to climate change, implementing green development concept, striving for the balance of economic, social and environmental development; strengthening responsibility communication and exchange, and creating a cultural atmosphere of sustainable development by improving the sustainable development management system; focusing on the development needs of local communities, strengthening community investment, and contributing to global sustainable development.



◆ Sustainable development Management Model of CMEC



## Promote the sustainable development

We had continued to improve the company's sustainable development management system, actively participated in ESG project research, improved sustainable management capacity construction; innovated in the form of responsibility communication, strengthened the communication and cooperation with all walks of life and enterprises in all sectors, constantly enhanced the transparency of the company's responsibility fulfillment practice, and promoted the optimization and improvement of the company's sustainable development.

### Subject research to improve the management system

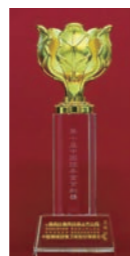
- Conducted research on ESG, discussed and analyzed the latest ESG Guidelines of Hong Kong Stock Exchange, and continuously improved the compliance of ESG information disclosure.
- Promoted the governance of the board of directors, enhanced the degree of emphasis of the board of directors on ESG, and promoted the establishment of an ESG supervision and management mechanism under the direct overall leadership of the board of directors.

### Training and learning to improve the ability to fulfill responsibilities

- The company actively participated in ESG management training, such as the response to ESG compliance requirements and trend, the in-depth analysis and response guidance on the latest ESG guidelines of Hong Kong Stock Exchange, how to use the *ESG Report Guidelines* and so on, so as to constantly enhance the understanding of the latest *ESG Guideline*, and ensure that the company has full and profound understanding of the effects of the revision, and develop effective response solutions.
- The company actively participated in the online training of climate information disclosure and CDP questionnaire response to improve its ability to identify risks in response to climate change, took measures to respond to climate change, reduced the risk impact caused by climate change, and focused on the establishment of a mechanism to manage its own environmental risks and opportunities. The company provided important information for customers, investors and the market by responding to CDP questionnaire, so as to help investors to apply environmental information and ESG performance to investment decision making, understand relevant practice cases of peers, and provide reference for enterprises' own operation.

### Performance presentation to gain social recognition

- Participated in the 2020 Global Corporate Sustainable Competitiveness Summit Forum, and won the 'Excellence Enterprise in Overseas Sustainable Practice Award', indicating that the company's overseas responsibility fulfillment actions had been recognized by professional think tank.
- On December 3, 2020, the company won the '10th China Securities Golden Bauhinia Award - Most Socially Responsible Listed Company' jointly issued by the Hong Kong Dagong Wenhui Media Group, the Hong Kong Chinese Enterprises Association, the Beijing Association of Listed Companies, the Chinese Financial Association of Hong Kong, the Chinese Securities Association of Hong Kong, the Hong Kong Securities Professionals Association, the Hong Kong Institute of Chartered Secretaries, and the China Mergers & Acquisitions Association.



### Responsibility communication, and innovation in communicate mode

- Participated in the Global Corporate Social Responsibility Cloud Forum sponsored by the Global Corporate Social Responsibility Foundation (GCSRF) and co-organized by the World Organization for Women, African Vision, and Beijing Rongzhi Corporate Social Responsibility Institute. From both international and domestic perspectives, we learned the anti-epidemic CSR practice and the new connotation of CSR in the post-epidemic period shared by the guests.
- The company actively participated in the central corporate social responsibility research project organized by the SASAC of the State Council, and demonstrated the progress and achievements of CMEC's social responsibility work by answering questionnaires and submitting cases.
- It participated in the 2020 Global Enterprise Sustainable Competitiveness Summit Forum, and, centering on the theme of 'Corporate Globalization under the Great Changes', shared some views on the challenges and solutions of enterprises under the great changes, as well as the sustainable development practices of CMEC.



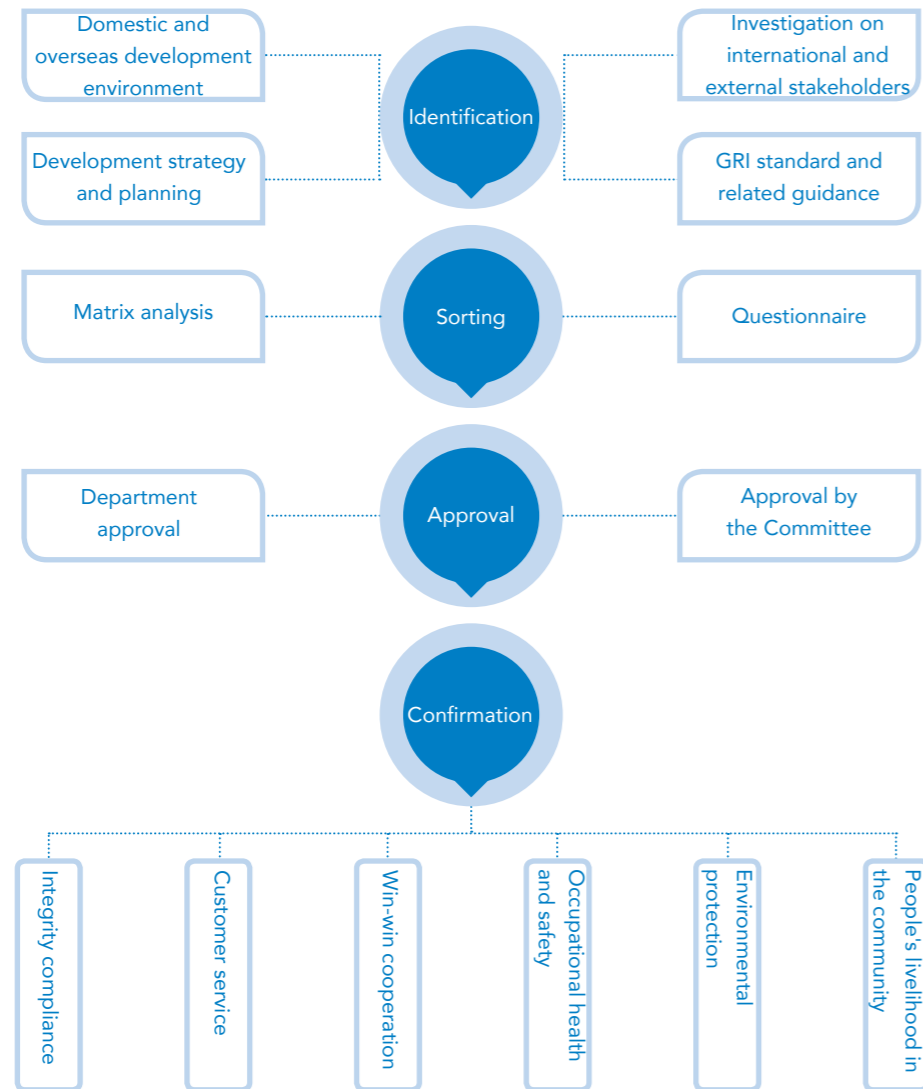
- Achieving SDGs themed New Pattern, New Development and New Drivers held by Global Compact Network China to exchange ideas and build consensus with domestic and foreign stakeholders.



## Management of stakeholders

### Identification of sustainable development issues

We had adhere to the importance report principle of ESG information disclosure, and, through normalized communication and exchange, identified the sustainable development issues concerned by stakeholders, and, combining with domestic and foreign development environment and the company's own development strategy, referred to the framework in domestic and foreign social responsibility standard guides, screened and analyzed the substantive issue on the company's sustainable development in 2020 from 'importance to the company' and 'importance to stakeholders', and, based on the issue evaluation results, made particular disclosure of substantive issues in the sustainable development report, so as to continuously enhance the substantialness of the company's sustainable development report information disclosure.



◆ Substantial Topics Identification Mechanism of CMEC Group

## Stakeholder communication and participation

To compile 2020 sustainable development report of CMEC, we fully performed the communication with and response to the stakeholders based on the consideration of expectations and appeals of shareholders, investors, government, customers, partners, employees and other stakeholders, aiming to use high quality report to respond to stakeholders' concerns and expectations, enhance mutual understanding and trust, and create a sustainable future.

Main shareholders	Expectations and demand	Communication and response
 Shareholders and investors	<ul style="list-style-type: none"> <li>• Gains return</li> <li>• Satisfactory market value</li> <li>• Protection of legal rights and interests</li> <li>• Knowing the Company's operation and development conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Optimize market layout</li> <li>• Diversified business development</li> <li>• Comply with the market rules</li> <li>• Disclose the information promptly</li> </ul>
 Government	<ul style="list-style-type: none"> <li>• Legal compliance</li> <li>• Promote the local employment</li> <li>• Drive economic and social development of the operation site</li> <li>• Taxes payment in compliance with laws</li> </ul>	<ul style="list-style-type: none"> <li>• Accept guidance and supervision</li> <li>• Conduct communication activities</li> <li>• Operate according to law compliance</li> <li>• Actively pay taxes</li> <li>• Offer the job opportunity and implement the targeted poverty alleviation</li> </ul>
 Customer	<ul style="list-style-type: none"> <li>• Faithful fulfillment</li> <li>• Message transparency</li> <li>• High-quality product</li> <li>• High-quality service</li> </ul>	<ul style="list-style-type: none"> <li>• Performance of contract</li> <li>• Project progress report</li> <li>• Demand investigation</li> <li>• Provide multi-element comprehensive service</li> </ul>
 Partner	<ul style="list-style-type: none"> <li>• Resources sharing</li> <li>• Win-win cooperation</li> <li>• Openness and fairness</li> <li>• Keeping commitment</li> </ul>	<ul style="list-style-type: none"> <li>• Perform the agreement or contract</li> <li>• Conduct multi-channel cooperation and communication</li> <li>• Disclosure of procurement information</li> <li>• Purchase honesty management</li> </ul>
 Staff and labor	<ul style="list-style-type: none"> <li>• Growing together</li> <li>• Salary and welfare guarantee</li> <li>• Health and safety</li> <li>• Humanistic care</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of rights and interests</li> <li>• Democratic communication</li> <li>• Education and training</li> <li>• Balance between work and life</li> </ul>
 Environment	<ul style="list-style-type: none"> <li>• Energy conservation and emission reduction</li> <li>• Climate change</li> <li>• Resource saving</li> <li>• Advocacy of clean energy</li> <li>• Ecological protection and restoration</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of environment management</li> <li>• Address climate change</li> <li>• Green construction</li> <li>• Development of new energy industry</li> <li>• Transfer of green culture</li> <li>• Conduction of green and public welfare activity</li> </ul>
 Industry	<ul style="list-style-type: none"> <li>• Promotion of industry development and progress</li> <li>• Implementation of mutual benefit and win-win result</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial communication and cooperation</li> <li>• Participate in the preparation and revision of industry standards</li> <li>• Hold and join industry exhibition</li> </ul>
 Community and public	<ul style="list-style-type: none"> <li>• COVID-19 epidemic prevention and control</li> <li>• Community participation</li> <li>• Promotion of community development</li> <li>• Promotion of public charity</li> </ul>	<ul style="list-style-type: none"> <li>• Support COVID-19 epidemic prevention and control</li> <li>• Conduct localized operation</li> <li>• Improve the people's livelihood in the community</li> <li>• Carry out public welfare activities</li> </ul>



# 01

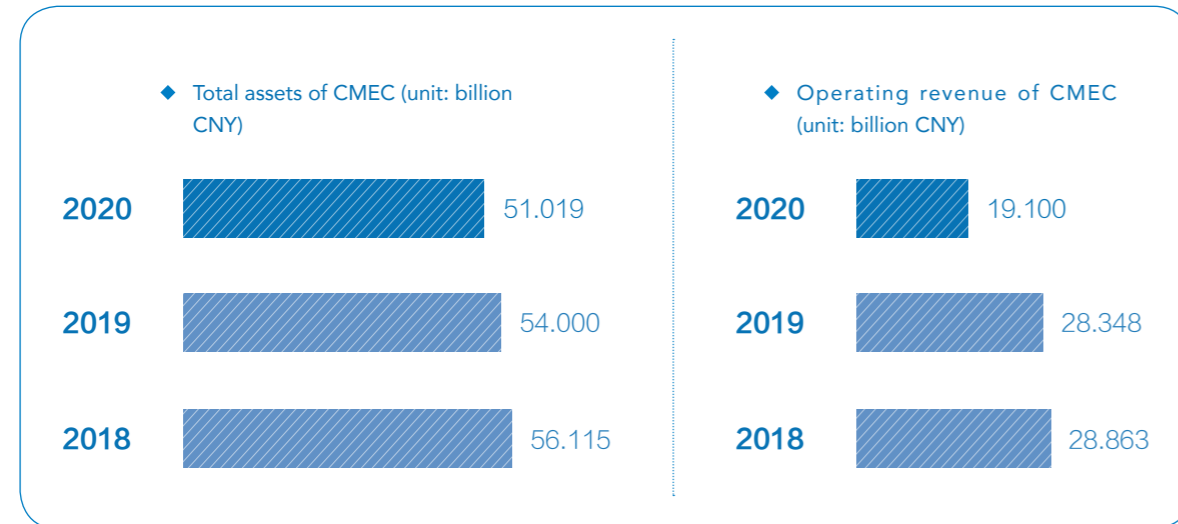
## New development pattern to build sustainable infrastructure

The year 2020 was an extraordinary year. Under the influence of the global COVID-19 epidemic, CMEC quickly introduced a series of policies with the general guideline of 'being steady in external businesses and cultivating internal businesses' with the spirit and momentum to face up to the difficulties, and all business segments showed strong resilience. CMEC kept up with the changes of market environment and demand, constantly innovated to develop new markets and new businesses, and met the demands of dynamic market changes; increased investment in technology, enhanced the core competitiveness of products; strengthened the management of supply chain and industrial chain, cooperated with industry partners to achieve win-win development, and promoted the sustainable development of enterprise management.



## Strive Ahead, Develop Tenaciously

In 2020, due to the COVID-19 epidemic, the border blockade policy of each country led to economic stagnation, which significantly weakened the consumption and investment globally and greatly hindered the international trade, international investment and construction of international project. Among them, CMEC's overseas business had also been greatly affected. During the period of the epidemic, CMEC adhered to the guideline and policy of 'being steady in external businesses and cultivating internal businesses', and regarded the epidemic prevention and control as the top priority. It not only maintained its development efforts in the domestic and foreign markets, but also made efforts to promote the orderly development of its overall operations.



◆ Party building and operation work conference of CMEC in 2021

## Efficient operation and management

In the face of the impact of the epidemic and the market changes, CMEC had taken active response measures, such as seizing the market opportunities and strengthening the development in domestic market. Based on this, the business scale of CMIE and JK Institute had been greatly improved, and the company had also successfully won the bid for the Gas Turbine Test Bed Project of Institute of Engineering Thermophysics, Chinese Academy of Sciences. In this process, CMEC kept working on the development of a number of domestic projects; Based on the cultivation of traditional market, CMEC integrated its advantages of internal and external resources, and cooperated to carry out business in the sectors of complete engineering, trade & service, and design & consultation, etc.; It vigorously explored the emerging markets, performed layout in the emerging fields on the basis of the resources of the existing scientific & technological innovation platform as well as the advantages in technology and business, continued to lift its business capability, pushed the efficient development of the company's operation and management, and constantly enhanced the scale and influence of its international projects.

### Innovation and expansion of complete engineering business

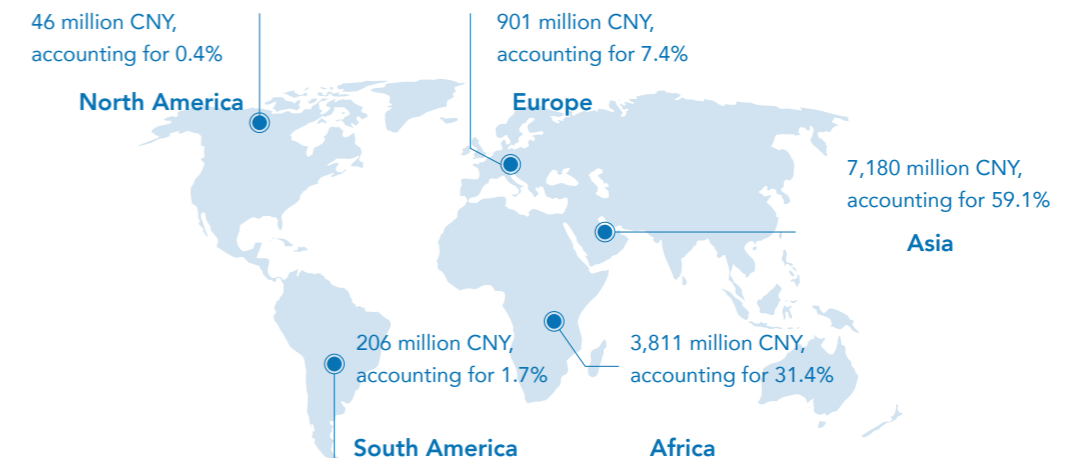
- The company had continued to cultivate the traditional market, and signed new contract for the PV2 PV power plant project in Abu Dhabi, United Arab Emirates, the supplementary contract for Belgrano freight railway project in Argentina, the contract for the central sewage treatment plant project in Belgrade, Serbia, the contract for the cement plant project in Khalil, Iraq, and the contract for the cement plant project of United Cement Company in Uzbekistan
- The company had explored emerging markets and signed a new power project in Madagascar, a 55 MW PV power station project in Armenia, and the Biomass Power Generation Projects in the Philippines and Thailand
- It had continuously improved its public bidding ability for international projects, and successfully won the bid for the Gourbassi Hydro-power Project in the Senegal River Basin, the Plant Station Project in Bangladesh, the 500kV Ring Network Power Transmission and Generation Project in Uruguay, the Power Transmission and Generation Project in Guinea, and the Power Station Project in Nepal
- In 2020, the company's revenue from international project contracting business was 121.5 billion CNY

### Help to complete China's first Antarctic research station project

On March 11, 2020, Brazil Ferraz Antarctic research station project located 30 nautical miles away from China's first Antarctic research station - Great Wall Station, the first overseas research station contracted by Chinese enterprises was successfully completed. CNEEC undertook the commissioning technical services for the ash-sludging water treatment system and black water treatment system of the sewage treatment part of the project, successfully extending the business territory to the Antarctic continent, and making the business coverage of CNEEC cover five continents in the world.



### Regional distribution and proportion of income from international engineering contracting business of CMEC in 2020





### Trade and service business transformation and upgrading

- The overall trade business was severely affected by the epidemic. However, some subsidiaries still sought opportunities in the crises and developed trade and services in terms of epidemic prevention and control supplies immediately. In 2020, the company exported more than 50 million US dollars of anti-epidemic materials
- It actively implemented the policy of 'being steady in external businesses and cultivating internal businesses', formed linkage in domestic and overseas market exploitation, kept on creating star businesses and blockbuster products, and provided precise support for key businesses and units. As for the overseas warehouse business, complete supply + import trade business of mining equipment, new energy business in Central and South America as well as the building materials business in North America, it also made some achievements
- The company had enhanced the domestic market development by means of project cooperation, product research and development, domestic channel construction, etc., such as the R&D of the high-end castings and forgings, the domestic trade of agricultural products, the R&D of the intelligent fuse, and the import of natural gas, etc
- The company actively participated in the high-end commercial trade platform of the 3rd China International Import Expo to expand the company's import business; prepared to participate in the China International Consumer Products Expo in Hainan to promote the development and exploration of the company's trade business in Hainan Free Island; seized the opportunity of the 2022 Winter Olympic Games and took the import of special snow removal equipment for foreign airports as the entry point to actively get involved in the construction of large domestic infrastructure projects
- Finalized the integration and reorganization scheme for the trade subsidiaries. On the basis of the construction of core subsidiaries, actively promoted technological manufacturing, international business communities, system integration and collaboration, new energy, bonded processing parks and bidding services, to focus on making the core subsidiaries bigger, stronger and more specialized, through the integrated operation and with each one creating its own core competitiveness

### Scientific and technological innovation has yielded fruitful results

- We had continued to increase investment in scientific and technological innovation, give full play to the market-driving role of scientific research projects and special technology incubation, and promote the development of innovation platforms, the research and development of major projects, and the formulation of standards and norms
- In 2020, CMEC had applied for 10 patents; signed 148 new incubation contracts, with a contract value of about 113 million CNY; obtained approvals for 4 provincial scientific and technological innovation platforms, and participated in the compilation of 45 standards; and won 1 second prize of 2020 Excellent Standard of SINOMACH

89

Number of authorized patents: 89

36

Number of registered software copyrights: 36

4

Won 4 awards of excellent consulting and excellent survey and design achievements

### Collaborative development of high-end castings and forgings of CMEC saw results

On July 2, 2020, with the loading and shipping of the last batch of PPAP (production part approval process) certified wheel and axle housing products, it marked the completion of PPAP for Caterpillar product line developed by CMEC at EHEC. This was another important achievement of the cooperation between CESC and EHEC in developing high-end casting and forging products.



### Incubation fund management mode promotes scientific and technological innovation management

In May 2020, CMEC's first incubation fund project Sponge City Construction Integrated Technology Research and Engineering Application Demonstration successfully passed the final acceptance. The project was driven by technology innovation with achievement transformation as the goal, adopted the incubation fund management mode, implemented the incubation goals in terms of talent team, technical core competitiveness, and exploration of new business, which was a useful attempt of the scientific and technological innovation management system, and accumulated valuable experience for the high-quality and sustainable development of scientific innovation-driven enterprises.



◆ CMEC obtained several scientific awards from SINOMACH

### Design and consulting add new impetus to development

- Strengthened business innovation, continued to optimize business structure, improved the service ability and market competitiveness of the whole industry chain, promoted the goal of transforming into a 'technology type engineering company', and continued to improve the overall strength
- CMIE had accelerated its layout nationwide, newly established branches in Southwest, Northwest and North China, strived to improve the service ability along the whole process of engineering construction, carries out EPC project general contracting business and the whole process engineering consulting business, seized the development opportunities of such key industries as sponge city, intelligent manufacturing, prefabricated construction, medicine, and industrial park, and had been ranked as 'Top 60 Engineering Design Enterprises in China' by 2019 ENR / Construction Times for three consecutive years
- Guided by the market demand, JK Institute had continued to extend the industrial chain, accelerated the expansion of engineering testing and engineering contracting in the fields of industrial civil construction and municipal environmental protection to promote the improvement of its comprehensive strength; It also refined its market layout, and conducted the feasibility study of establishing Zhengzhou and Chongqing Branches



◆ JK Institute undertook the geotechnical engineering survey projects of Greenland Silk Road Global Trade Port and supporting projects. Greenland Silk Road Global Trade Port will be a national import and export platform and financial center of the 'Belt and Road', providing one-stop services of commodity trade and supply chain support for global enterprises.

## Promote the new development of investment, financing, construction and operation businesses

CMEC had focused on promoting the new business model of investment, construction and operation, and, through the newly established investment and asset operation section, promoted the integrated business model of investment, financing, construction and operation, so as to develop high-quality investment and operation business and promote the sustainable development of investment, financing, construction and operation businesses.

### Broaden financing channels

- The company established a library of international financial institutions and a library of international insurance institutions, and kept in constant communication with the Inter-American Development Bank, MEGAA and the European Bank for Reconstruction to explore the possibility of using overseas financing and guarantees for projects
- The company organized high-level matchmaking meetings, 'two high and one emphasis' new policy publicity meeting and quarterly business matchmaking meetings to solve financing problems

### Promote new business models for investment, construction and operation

- Abroad, we won the bid of Myanmar PV power station project and Bangladesh waste-to-power project; continued progress had been made in the expansion project of Sri Lanka's Lakawea Unit 4 and the coal-power integrated project in Mozambique
- In China, the company had followed up and developed the 100 MW advanced compressed air (salt cavern) energy storage project in Ye County of Pingdingshan City, the Ningxia Hongsipu New Energy Base construction project and other projects
- We strengthened post-investment management, designed the post-investment management system, formulated the post-investment management manual, and created incremental value

### Signed the financing agreement for Pakistan's Jhang Combined Cycle Power Plant Project

On December 17, 2020, CMEC signed an agreement for the financing of Pakistan Jhang 1263 MW Combined Cycle Power Plant Project to promote the subsequent execution of Jhang project, strengthen the confidence of Pakistan's Punjab Province government and the project teams to achieve commercial operation as soon as possible. After the completion of the project, it will be one of Pakistan's largest gas generator set to support local economic and social development.



*'As a responsible international EPC contractor, CMEC has worked with the Punjab government to overcome difficulties and promote the construction of the project, demonstrating to the people of Pakistan the good brand reputation of a Chinese contractor.'*

- Amir Jan, Secretary of the Energy Bureau of Punjab Province, Pakistan



◆ On May 29, 2020, the company communicated with the Asian Infrastructure Investment Bank to promote investment and financing cooperation with infrastructure projects in the member countries of the bank



◆ On September 27, 2020, the company carried out project docking with Sinosure, ICBC Special Financing Department and relevant special financing teams to promote the cooperation for commercial projects

## Foster the development of emerging business

Facing the challenge of market uncertainty brought by the COVID-19 epidemic, CMEC had actively performed layout in emerging sectors, continued to promote the development of the emerging businesses, namely engineering logistics and agricultural development, on the basis of consolidating its traditional advantages, innovated in the development, improved the competitiveness of emerging businesses, provided customers with diversified business services and created incremental value.

### Agricultural development

- The company actively promoted the comprehensive development of grain business, innovated in the structure of grain business, broadened and extended the chain of grain business, and achieved the breakthrough of new business
- In Europe, Asia, Africa and other countries and regions, carried out food trade, agricultural machinery and equipment trade and agricultural chemical trade
- In 2020, CMCEC signed a total of 9 new grain trade batch contracts, with the contracted quantity of grain of about 394,000 tons, and the signed purchase contract value of about 72.127 million US dollars

### Engineering logistics

- The company has 30 branches all over the world, which can fully meet the requirements of various requirements for bulk transportation, transportation in complex conditions and connecting transportation of various engineering projects



### Advantage cooperation to build Ganzhou 'Belt and Road' Grain Valley Industrial Park project

On July 14, 2020, the company signed the Strategic Cooperation Framework Agreement with the People's Government of Ganzhou City, Jiangxi Province, which provides an opportunity for the company to enter the grain market of Ganzhou. The Agreement stipulates that the two parties should jointly implement the 'Belt and Road' initiative of the state through advantageous cooperation and resource complementation to build Ganzhou 'Belt and Road' Grain Valley Industrial Project.

### Integration of professional resources to expand cooperation in agricultural field

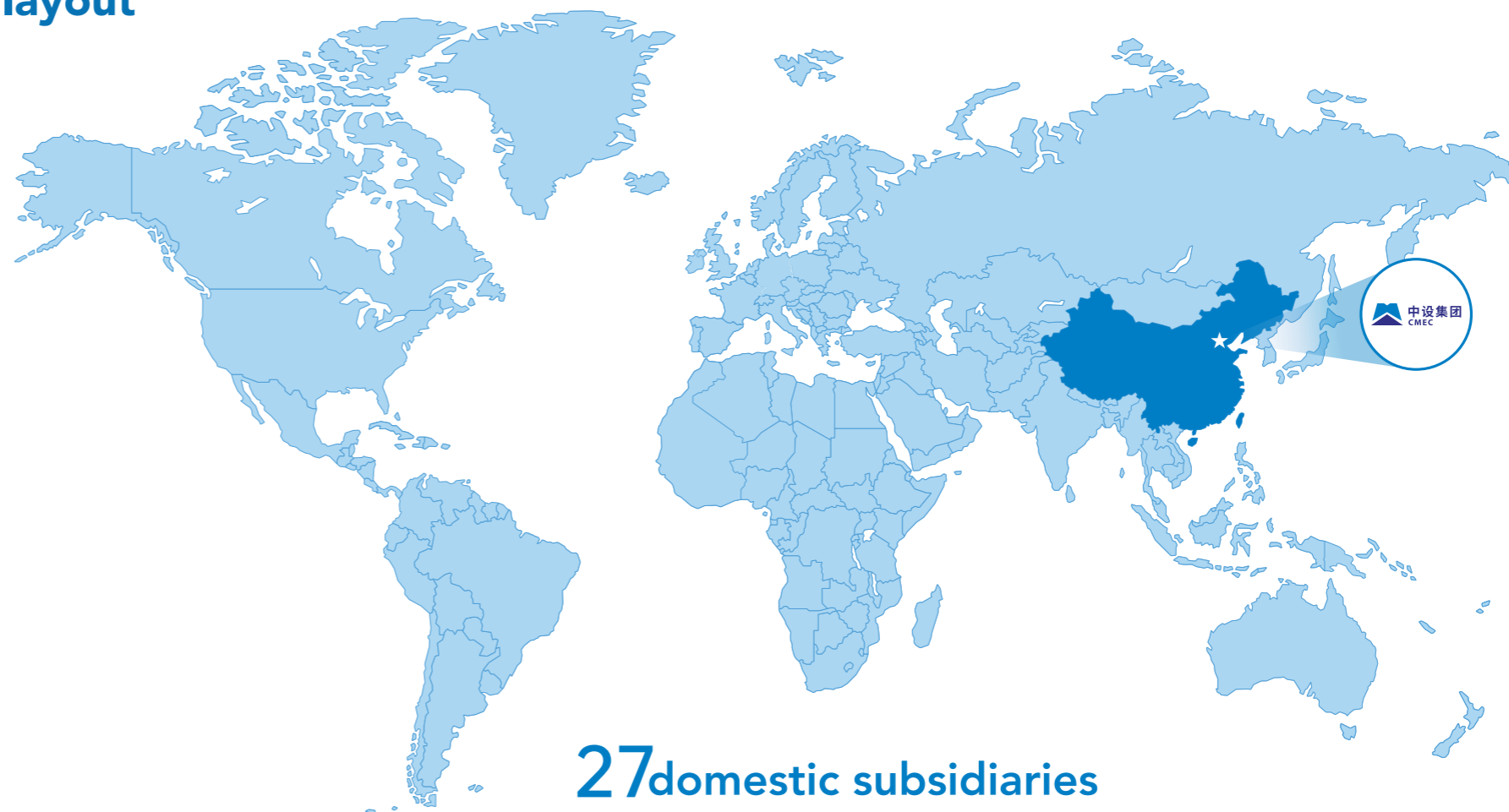
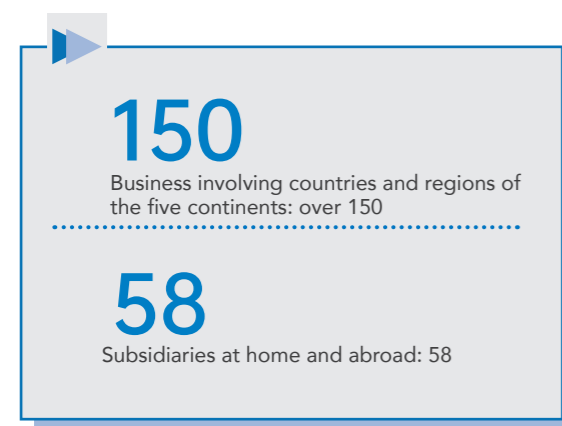
On January 7, 2020, the company held talks and exchanges with LUFA in Germany mainly focusing on biogas technology, soil detection and remediation, etc., aiming to promote the cooperation between LUFA and the company in the field of agriculture, and promote the improvement of the professional level of the company's agricultural projects.





## Continuous development of business layout

CMEC's business has covered more than 150 countries and regions of the five continents and has 58 subsidiaries at home and abroad. Its diversified operation includes such various modern international services as engineering contracting, import and export trade, engineering design, international bidding, international exhibition, international logistics and property management.



## 31 overseas subsidiaries

- CMEC Senegal S.A. (Senegal)
- CMEC Nigeria Development Limited (Nigeria)
- China Machinery Engineering Argentina S.A. (Argentina)
- CMEC Engineering C.A. (Venezuela)
- China Machinery Engineering Corporation Namibia (Proprietary) Limited (Namibia)
- CMEC Engineering XXX (Mongolia)
- China Machinery Engineering Corporation (PNG) Limited (Papua New Guinea)
- Sinland Development PTE, Ltd. (Singapore)
- CMEC Lanka (Private) Limited (Sri Lanka)
- CMEC Middle East FZE (United Arab Emirates)
- CMEC Mexico Engineering, S. DE R.L.DE C.V. (Mexico)
- CMEC Africa Development Limited (Kenya)
- Maldives Renewable Energy Company Limited (Hong Kong)
- CMEC Guinea Equatorial, S.L. (Guinea Equatorial)
- CMEC Saudi for Construction LLC (Saudi Arabia)
- CMEC Bel Limited (Belarus)
- CMEC Lao Company Limited (Laos)
- CMEC Congo S.A.R.L.U (Congo)
- CMEC Uruguay Company Limited
- CMEC Pakistan Company Limited
- CMEC Cote D'Ivoire Company Limited
- CMEC Bahrain S.P.C
- Sino American Machinery Corporation (Delaware, USA)
- China Machinery & Equipment (HK) Company Limited (Hong Kong)
- China Machinery & Equipment (HK) Company Limited (Hong Kong)
- Euro M.E.C. Import & Export GmbH (Germany)
- Ausino Pty. Ltd. (Australia)
- CMEC Japan Co., Ltd. (Japan)
- CMEC Enmei Co., Ltd. (Japan)
- CMEC Dutch Caribbean B.V. (Netherlands)

## 27 domestic subsidiaries

- China National Electric Engineering Co., Ltd
- China National Complete Engineering Corporation
- China Machinery International Engineering Design & Research Institute Co., Ltd
- China Jikan Research Institute of Engineering Investigations and Design, Co., Ltd
- CMEC International Engineering Co., Ltd
- China Power Construction Engineering Consulting Central Southern Corporation
- Harbin Power System Engineering and Research Institute
- China Machinery Industrial Products Co., Ltd
- CMEC Petrochemical General Machinery Co., Ltd
- CMEC Engineering Machinery Import & Export Co., Ltd
- CMEC General Machinery Import & Export Co., Ltd
- CMEC International Trading Co., Ltd
- CMEC Machinery & Electric Equipment Import & Export Co., Ltd
- China-East Resources Import & Export Co., Ltd
- China Machinery Engineering Wuxi Co., Ltd
- China National Machinery & Equipment Import& Export (Suzhou) Co., Ltd
- Shanghai Zhong Jing Import & Export Corporation
- China Machinery Engineering Henan Co., Ltd
- China National Machinery & Equipment Import & Export Co., Ltd
- China National Machinery & Equipment Import & Export (Hubei) Co., Ltd
- China Machinery Engineering Yinchuan Free Trade Zone Co., Ltd
- CMEC Comtrans International Co., Ltd.
- China Machinery and Equipment International Tendering Co., Ltd
- CMEC Beijing Property Development Co., Ltd.
- CMEC (Beijing) International Economic & Legal Advisors Inc
- CMEC Group Shanghai International Forwarding Co., Ltd
- Shenzhen CMEC Industry Corporation Limited

## Join hands to achieve a win-win cooperation

CMEC focused on customer needs and constantly improved product quality and service capability; strengthened supply chain management, promoted the healthy development of industrial chain and supply chain; participated in industry interaction and exchange, promoted the prosperity and development of the industry, helped to achieve mutually beneficial cooperation and win-win development of partners.

## Cast the quality of craftsmanship

CMEC had strictly abode by the laws and regulations in both China and the project places, complied with the international practice and the requirements of the contract and relevant standards and norms, strengthened quality management, made high-quality projects, and established HSE system for engineering contracting projects to ensure the health and safety of the construction and create sustainable value.

### Project implementation to overcome difficulties

- By the end of 2020, the company had a total of 79 overseas projects under execution, including 14 completed projects such as Wujiang Hydropower Station in Laos, Jaffna Water Supply Project in Sri Lanka, power transmission and transformation project in Cote d'Ivoire, power transmission and transformation project in Ecuador, and the hospital and supporting projects in Zambia.
- A number of projects completed iconic milestones, such as the No. 1 Hydroturbine Generator Unit of the Lusi Wasi Upstream Hydropower Station Project in Zambia successfully completed the 72-hour grid-connected commissioning, the Salah Al-din T.P.S Project in Iraq achieved the one-time success of No.2 furnace water pressure test, the Wind Power Project in Kenya entered the commissioning stage, and Phase III of Maldives Housing Project completed the roofing of the main structure of the first building
- The Thar coal mine operation and maintenance project in Pakistan overcame the effects of COVID-19 and extreme weather, ensuring the normal operation of the power station project

### Collaborate to build the China-Pakistan Economic Corridor

The Matiari-Lahore ±660 kV direct current transmission project in Pakistan is the only grid project included in the China-Pakistan Economic Corridor Energy Cooperation Agreement, which was signed in the presence of President Xi Jinping in April 2015. The first half of 2020 was the peak period of the project. Under the background of global outbreak of COVID-19 epidemic, the project team of the company rapidly formulated the transportation security plan, and, under the premise of ensuring the safety of overseas personnel, united with Pakistan staff to overcome the difficulties such as large number and scattered unloading sites, long transport routes, and inadequate vehicles and personnel, and successfully accomplished various transport tasks, making contributions to China-Pakistan Economic Corridor Construction Project.



### Optimization of management by capacity building

- We had guided and promoted the profession division of the business departments, cultivated the professional core abilities with our own characteristics, thus to lift our market competitiveness through specialization
- We enhanced the application of informatization and science & technology in the business. The remote intelligent power station control system undertaken by Harbin Power System Engineering and Research Institute Co., Ltd. of CNEEC, including the big data center of the power station, was completed and put into use
- Strengthened design management, gradually built a competitive project management system, and constantly improved the level of profitability and market competitiveness

### Quality management and quality improvement

- We enhanced the application of informatization, implemented the three-level quality management system, make full use of the management modules on the cloud platform, and increased the timeliness and effectiveness of quality management
- With the theme of 'Focusing on Quality Improvement, Promoting Steady Development', we organized the 'Quality Month' activity to promote the quality awareness of all staff and the improvement of product quality
- Guided employees to actively participate in the 'Quality Month' activity to enhance their awareness of quality management

### Laos' Namxam Project won the 'Excellent Project of the Year 2019' award from the Ministry of Energy and Mines of Laos

The 230 kV Namxam power transmission and transformation project in Laos, in which the company is the general contractor, officially started construction in August 2016. The project is located in the northeast of Laos, with complex mountainous terrain, long rainy season and inconvenient transportation. The project participants actively overcame the difficulties and strictly controlled the quality of equipment and site construction to complete and successfully hand over the project in July 2019, and the TOC certificate issued by the owner was obtained. The completion of the project provided a strong guarantee for the sustainable and stable supply of local electricity and enhanced the company's market awareness in the Lao market. On July 7, 2020, the 230kV Namxam power transmission and transformation project in Laos was awarded as the '2019 Excellent Project of the Ministry of Energy and Mines in Laos' at the 'Summary Meeting of Work in the Middle of 2020' held by the Electricity of Laos.



◆ Dr Khammany, the Minister of Energy and Mines of Laos (second from right), presented the '2019 Excellent Project of the Ministry of Energy and Mines in Laos' award to the project representative Zhou Tao (first from right)



◆ In June 2020, the company the contractor construction of Angola SOYO I combined cycle power plant project by China electric power construction enterprises association named the '2020 China power quality engineering'



## Warmhearted service

CMEC had focused on customers' expectations and demands, paid attention to continuous communication and exchange with customers, actively improved customer service throughout the whole life cycle from project negotiation, construction and operation, and did a good job in information disclosure and communication; abode by laws and regulations, and promoted the project in strict accordance with the contract requirements; established customer information protection system to protect customer information security and privacy; improved the after-sale service system of EPC projects, optimized the customer feedback mechanism, safeguarded the rights and interests of customers, and enhanced customer satisfaction.

### Overcome difficulties and finish ahead of schedule to gain the owner's affirmation

The 230kV Wujiang Hydropower Station Phase II Power Transmission and Distribution Project in which the project was the general contractor, is located in the northern part of Laos and is an important part of the regional power grid in the northern part of Laos. The transmission lines of the project spans the mountains and virgin forests of northern Laos, where the terrain is treacherous and the climate is harsh. All members of the project team overcame the difficulties of scattered locations, abundant rainfall in rainy season and inconvenient material transportation, and actively and steadily promoted the orderly progress of the project. The project was completed 7 months ahead of schedule and passed the acceptance of the owner smoothly at the end of July 2020.

The electrified operation of the project will provide a strong guarantee for stable power supply in northern Laos and bring great convenience to the production and life of local people. The company's strength in project execution and project management as well as its high quality project quality have been fully recognized by the Lao government and Lao owner, and the project has become a shining name card of the company in the Lao market.



### Promote the construction of power transmission and transformation project in Uruguay to improve the reliability of local power supply

On December 30, 2020, the company won the bid for the Uruguay 500 kV transmission and transformation ring grid closure project. The project spans 5 provinces in the north of Uruguay. Upon completion, it will undertake the transmission tasks of the wind power project in the north of Uruguay and the second paper mill invested by UPM in Uruguay, and play an important role in meeting the transmission needs of several major investment projects in Uruguay and promoting the implementation of major investment projects. In addition, the project will form a closed loop of Uruguay's 500 kV national backbone network after completion, which is of great significance for improving the reliability of Uruguay's national power grid and enhancing the stability of the national power system and the power interconnection system of neighboring countries.



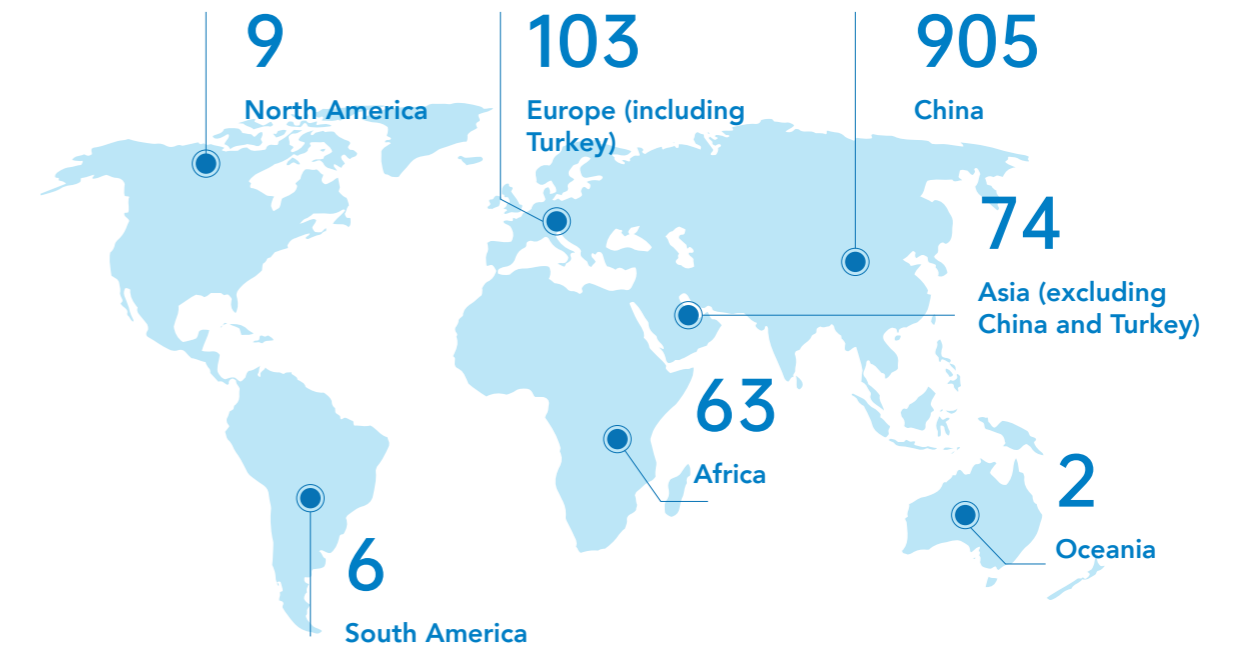
## Sustainable industrial chain and supply chain

CMEC took the initiative to play a leading role in the industrial chain, strengthened supply chain management, adhered to responsible procurement and responsible subcontracting, promoted the capacity building of suppliers and subcontractors to fulfill their responsibilities, created a highly responsible supply chain, contributed to the sustainable development of the industry, and built a healthy and stable value ecosystem.



### Strengthen supply chain management

CMEC had established good cooperative relations with suppliers in the trading principles of honesty, mutual benefit, legality and compliance, and issued and strictly followed the Complete Engineering Project Supplier Management Measures, the Management Measures for Complete Engineering Procurement, and the Management Measures for Overseas On-site Procurement for Complete Engineering Suppliers, etc.; strengthened supply chain management, built a centralized procurement platform, gave full play to the scale advantages in the procurement of equipment, materials and services, and integrated the whole supply chain; constantly increased the proportion of bidden businesses, strictly followed the bid review mechanism; prevented the integrity risk in procurement, formulated the Regulations on Integrity Supervision in Procurement of Subcontracted Complete Engineering Projects to effectively avoid the violation of rules by procurement personnel and establish the responsibility value chain of compliance and morality; strengthened the monitoring and audit of suppliers and promoted the inclusion of environmental and social risks in supplier audit and management. These measures are effective in preventing commercial bribery, safeguarding the interests of suppliers and realizing the healthy development of the industrial chain. By the end of 2020, the company had a total of 1,162 suppliers and 343 qualified suppliers have been audited.



◆ Regional distribution of CMEC's suppliers

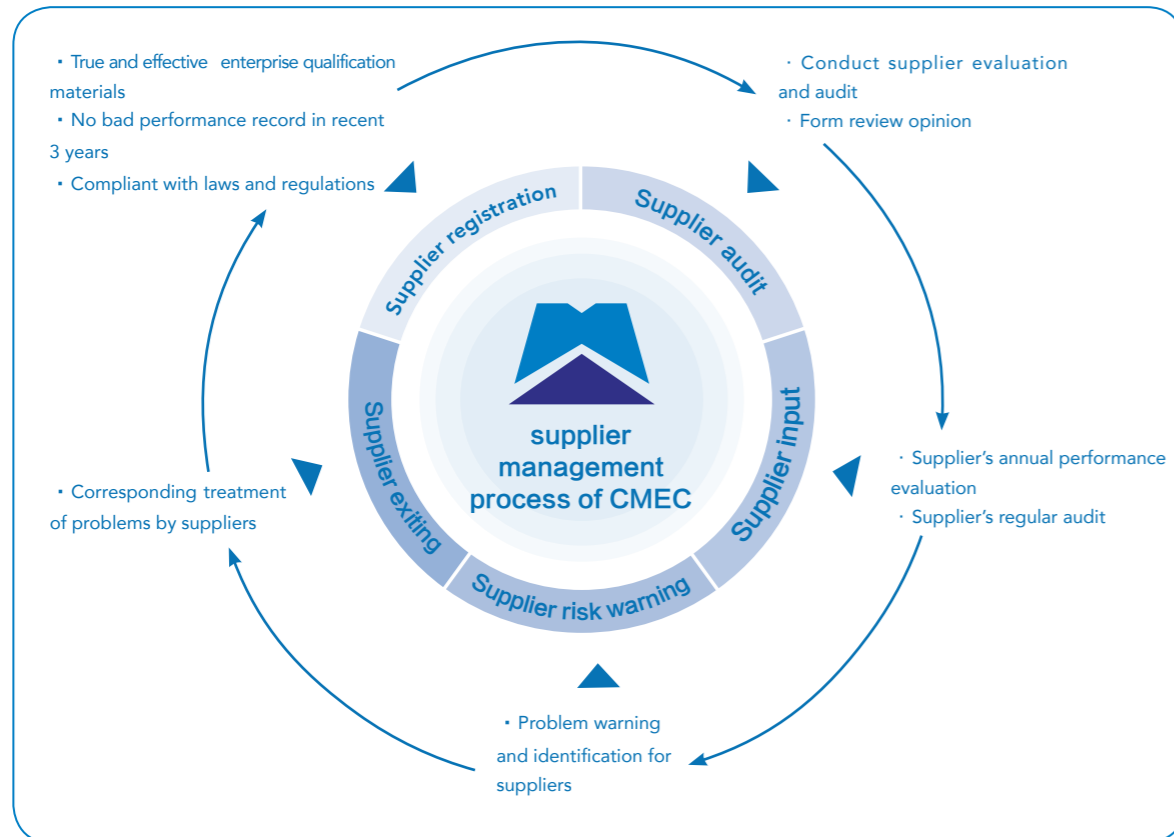
**Improve procurement and supply chain management capabilities**

From September 15 to 16, 2020, the company held the online training of 'Procurement Bidding Practice and Project Procurement and Supply Chain Management' to continuously improve the comprehensive procurement capability of the company's business personnel, improve the knowledge system of procurement and supply chain, and promote the development of project procurement in a more efficient and scientific manner.



**Promote the development of the industrial chain**

CMEC had been committed to organically integrating the maximum economic benefits and maximum social benefits of the company, and preferentially adopting local procurement method by assisting in local construction of infrastructure of electricity energy, railway transportation, and mineral development, combining with the demands of the project construction for construction materials, construction equipment and power, etc. and the large-scale demands of the field personnel for living materials to drive the development of local manufacturing industry, energy industry and service industry, support the local modern development, and promote the mutual construction, sharing and win-win.



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**Promote the development of local energy industry chain**

The Phase II of KOSTOLAC-B, with a capacity of 350 MW, is one of the largest investments in the energy sector in Serbia, and also the first large-scale energy plant to be built in Serbia in nearly three decades, which is of great importance to improving the security of Serbia's energy system. On December 24, 2020 local time, CMEC started the boiler hoisting work successfully for the Phase II project of KOSTOLAC-B power station, marking that the project had officially entered the installation and construction stage.

*'KOSTOLAC-B Power Station is of great importance for Serbia's energy system.'*  
 - Zorana Mihajlovic, Deputy Prime Minister and Minister of Mining and Energy of Serbia





## Promote industry prosperity

CMEC, as a promoter of the development of China's foreign project contracting industry, had grasped the development opportunity of the 'Belt and Road' initiative, actively participated in the dialogues of high-end platforms and forums, strengthened exchanges in the same industry, and jointly promoted the prosperity and development of the industry.

### Industry exchange activities participated by CMEC in 2020 (part)



On July 30, 2020, the company participated in the 'High-level Dialogue on Strategic Investment and Cooperation Opportunities' held by China Chamber of Commerce for Import and Export of Machinery and Electronic Products, and discussed cooperation prospects with diplomatic envoys in China from 10 countries and 14 key member enterprises of the chamber.



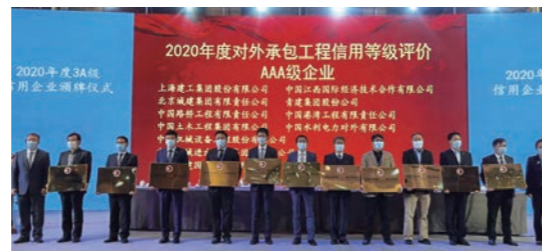
On December 2, 2020, the company attended the 11th International Infrastructure Investment and Construction Forum: the chairman attended the forum with the theme of 'Solidarity and collaboration: jointly promote the steady development of international infrastructure'; the general manager of the company attended the symposium themed of 'Promoting China-LAC Infrastructure Cooperation in the Face of the Challenge of the COVID-19 Epidemic' held in the 6th China-LAC Infrastructure Forum, aiming to join hands with industry partners to address the challenges and promote the development of global infrastructure.



On September 1, 2020, the company participated in the 19th China International Equipment Manufacturing Exposition and the 'Central Enterprise Procurement Fair', and conducted technical exchanges and cooperation talks with more than 50 equipment manufacturing and technical service enterprises, and carried out extensive exchanges with chambers, associations and other units in many countries and regions to strengthen cooperation in various fields.



On December 3, 2020, attended the 'Developing Sustainable Infrastructure in Africa together - Perspectives from Africa, China and Europe' and shared typical cases of the company's projects in Africa.

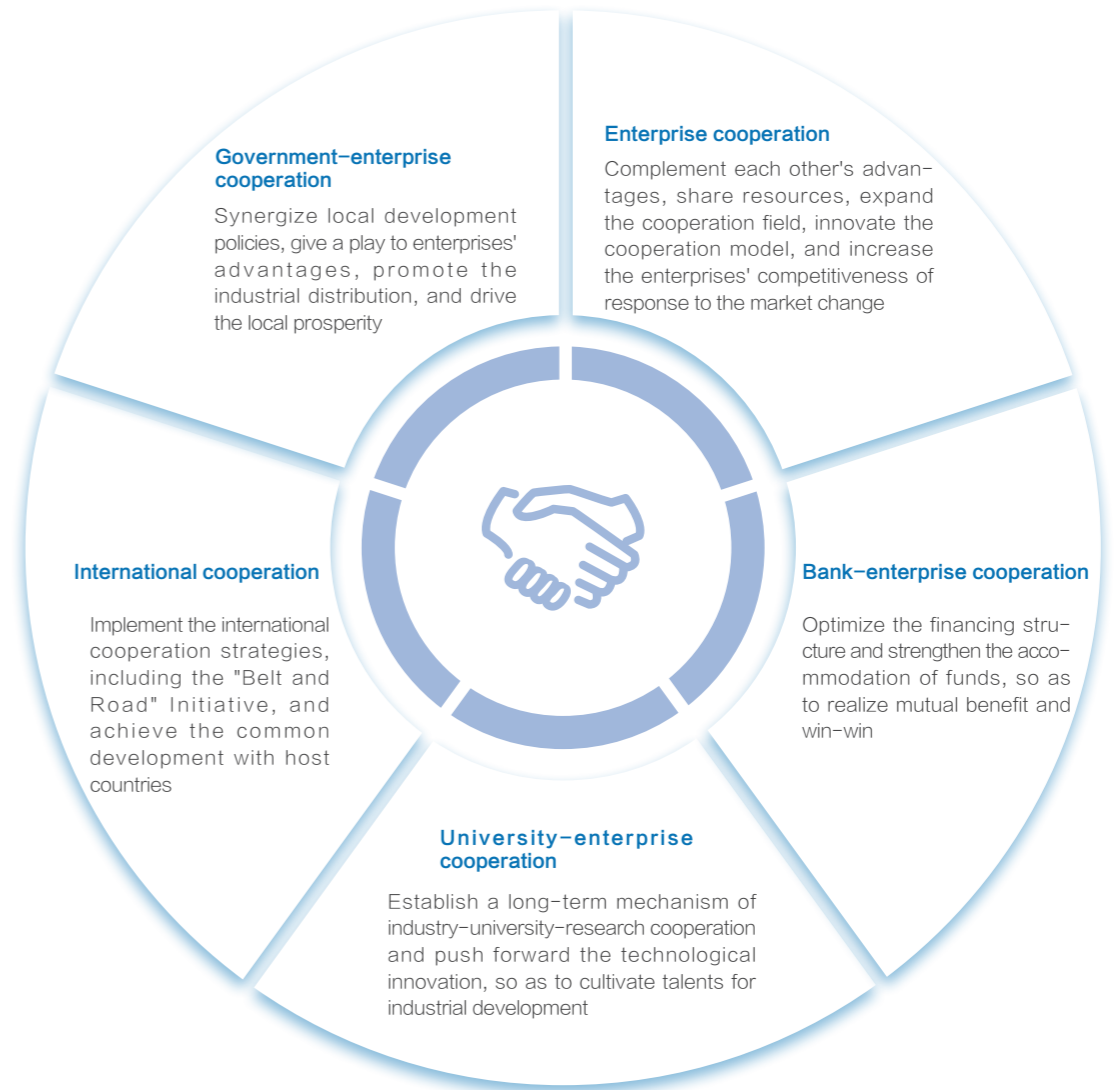


On December 24, 2020, the company attended the 6th Council Meeting of the 7th Session of China International Contractors Association and the 2020 Annual Industry Conference, and won the title of '2020 AAA Enterprise in the Credit Rating of Foreign Contractors'.



## Adhere to win-win cooperation

CMEC had been actively expanding its 'CMEC's circle of friends', promoting the cooperation with leading companies in various fields, establishing the pattern of complementary cooperation of resources and advantages with governments, domestic and overseas enterprises, financial institutions, universities and other institutions, giving play to their respective advantages of resources, expanding business cooperation, enhancing sustainable business competitiveness, promoting win-win cooperation with partners, and maximizing the comprehensive value.





### Government-enterprise cooperation



- ◆ On January 20, 2020, the general manager of the company visited Uzbekistan and communicated with Mr. Mirzamakhmudov, the First Deputy Minister of Energy of Uzbekistan, about the projects in various modes and fields such as thermal power, hydropower, PV power and wind power.



- ◆ On January 21, 2020, the general manager of the company called on Tajikistan Prime Minister Rasulzoda aiming to promote in-depth cooperation in the technical upgrading of aluminum projects and other projects of Tajikistan.

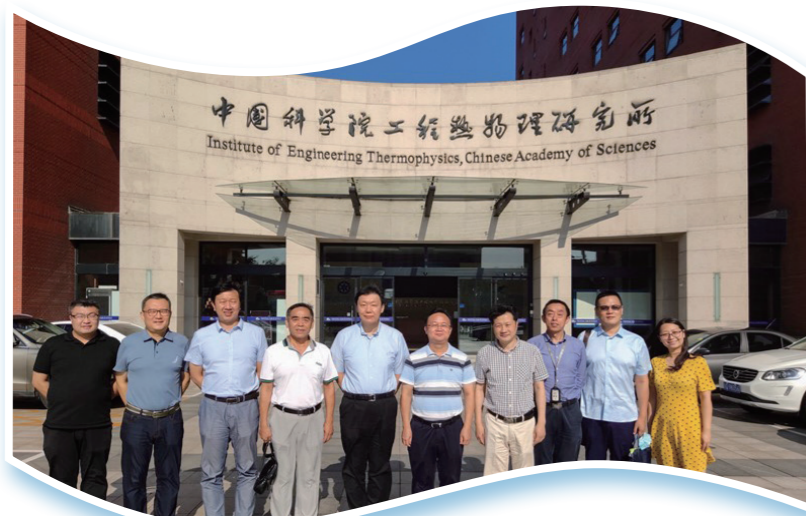


- ◆ On October 23, 2020, the company had in-depth exchanges with the Charge d'Affaires Ambassador of the Embassy of Belarus in China to expand the areas of cooperation between the two countries.



- ◆ On November 25, 2020, the company signed the 'Maldives National Stadium Project Cooperation Framework Agreement' with the government of Maldives.

### University-enterprise cooperation



- ◆ On August 13, 2020, the company went to the Institute of Engineering Thermophysics, Chinese Academy of Sciences for study and exchange, and promoted the in-depth cooperation between the company and university's research institution in the field of compressed air energy storage.

On December 31, 2020, signed the contract of 'Multi-stage Rotating Turbine Flow/Cooling Integrated Test Bed' with the Institute of Engineering Thermophysics, Chinese Academy of Sciences. This project is a key national science and technology infrastructure project and plays an important role in improving the development level of gas turbine in China

### Enterprise-enterprise cooperation



- ◆ On June 22, 2020, the company discussed with GE for potential project cooperation opportunities in Pakistan, Vietnam, Mozambique, Turkey and other markets, as well as how to further enhance communication and cooperation in the face of the global epidemic.



- ◆ On December 8, 2020, we conducted in-depth discussions on joint development and cooperation with Suez Environment (China) Co., Ltd., aiming to find new cooperation opportunities in many fields at home and abroad on the basis of the existing cooperation



- ◆ On July 10, 2020, the company signed a global strategic cooperation agreement on energy storage business with CATLStar Technology Co., Ltd.

### Bank-enterprise cooperation



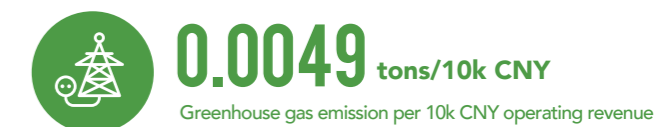
- ◆ On November 3, 2020, we held a high-level video meeting with Mr. FarhanTalib, General Manager of HBL Singapore - China to promote the cooperation between the two sides in multiple fields, countries and business types



# 02

## New development mode, contributing to sustainable ecological civilization

Promoting the comprehensive green transformation of economic and social development is a fundamental solution to China's resource, environmental and ecological problems. To accelerate the establishment and improvement of a green, low-carbon and circular economic system, CMEC had continued to strengthen green management, build green project, support the development of clean energy projects, implement low carbon environmental protection concept, strive to protect the ecological environment, contribute to sustainable ecological civilization, push forward the realization of China's peak carbon dioxide emission and carbon neutral goals.





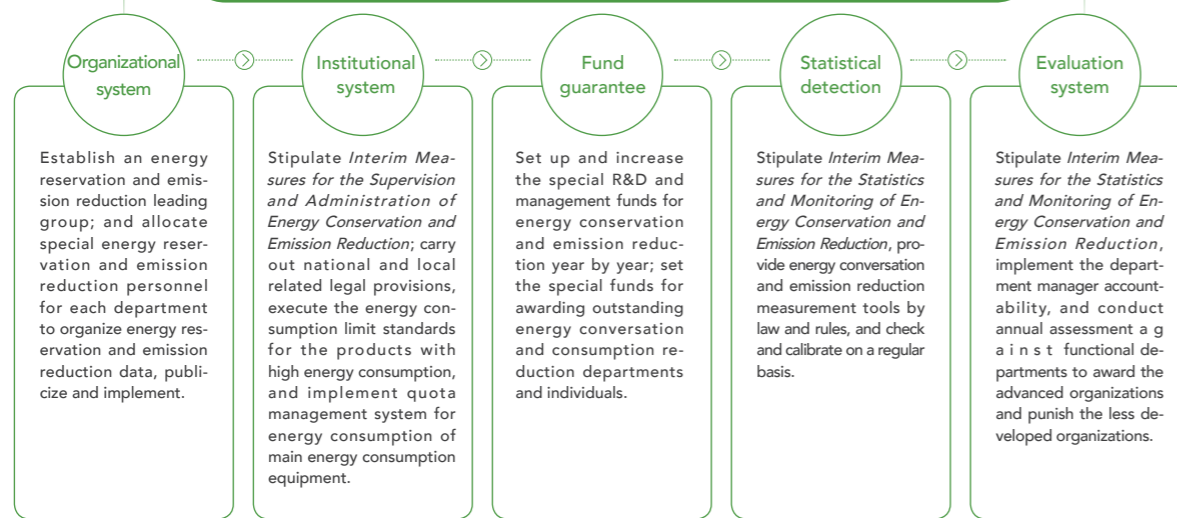
## Green management to lead the development

CMEC had strictly abode by the *Environmental Protection Law of the People's Republic of China*, the *Air Pollution Prevention Law of the People's Republic of China*, the *Soil Pollution Prevention Law of the People's Republic of China* and other national laws and regulations on energy conservation and environmental protection as well as relevant local laws and policies; actively coped with climate change to formulate the *Interim Measures for Supervision and Management of Energy Conservation and Emission Reduction*, the *Interim Measures for Energy Conservation and Emission Reduction Statistical Monitoring*, the *Interim Measures for Energy Conservation and Emission Reduction Assessment*, draw up the *new Implementation Rules on Energy Conservation and Ecological Environment Protection*, push forward the energy conservation and ecological environment protection construction of the company, comprehensively recognize the company's environmental factors and environmental protection management risks, prevent environmental risks, and minimize the impact on the environment.

Greenhouse gas emissions by CMEC in 2020

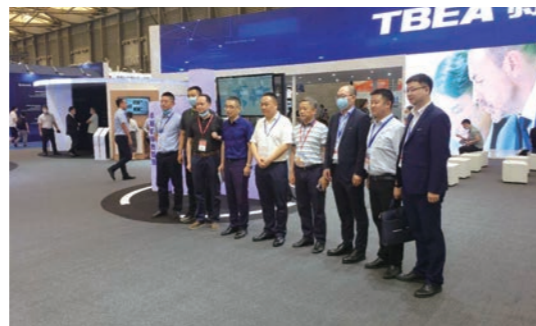


### Promotion System for Energy Conservation and Emission Reduction of CMEC Group



### CMEC delegation attending the International Solar Photovoltaic and Smart Energy Exhibition

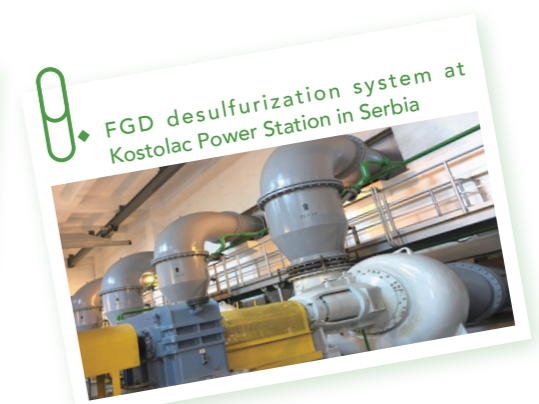
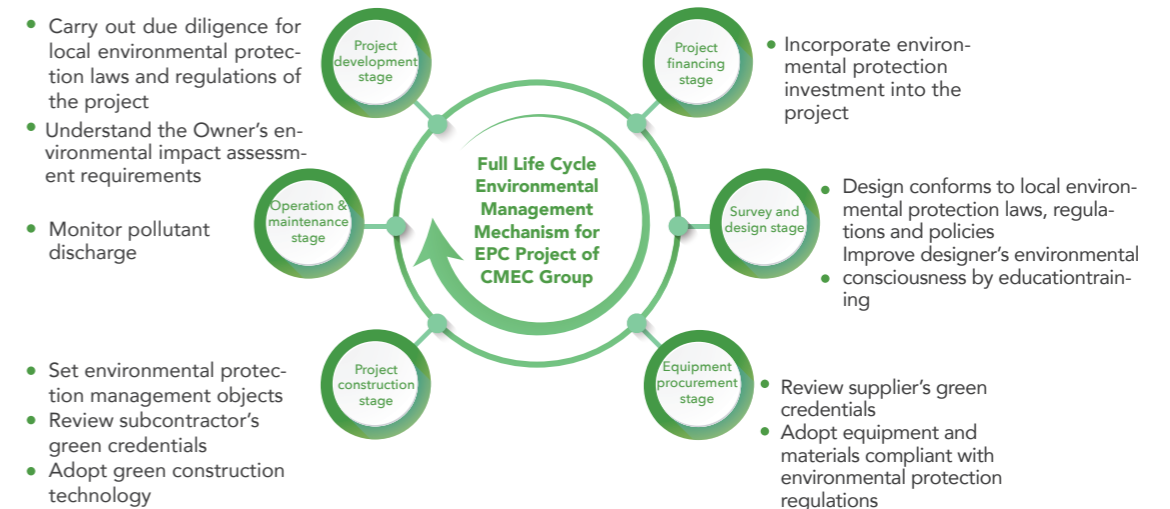
From August 8 to 10, 2020, the company attended the 14th SNEC International Solar Photovoltaic and Smart Energy Exhibition. During the exhibition, representatives of CMEC had in-depth exchanges with many well-known PV enterprises, and learned about the cutting-edge technologies and development trends of the PV industry. In addition, they also demonstrated the company's comprehensive ability along the whole industrial chain involving investment, construction and operation of the field of new energy, and promoted the company to strengthen market development, resource sharing and other all-round cooperation and exchange so as to jointly promote the high-quality development of the company.



## Setting a benchmark for green projects

CMEC had actively practiced the concept of going green and environmental protection in project development, construction and operation, and had built environmental protection projects such as sewage treatment, garbage treatment and flue gas treatment in China and many other countries in Europe, Asia and Africa; continuously improved process flow and improved energy efficiency; strictly managed and effectively controlled the discharge of pollutants such as waste water, waste gas and solid waste, so as to reduce the impact of the company's production and operation on the ecological environment, and promote the green and sustainable development of the company's project development and construction.

◆ Full Life Cycle Environmental Management Mechanism for EPC Project of CMEC Group





**Green Thar - Sustainable development of traditional energy industry on the 'Belt and Road'**

CMEC actively responded to the 'Belt and Road' development strategy and took actual actions to implement the green development concept in the coal-power integrated project in Block II of Thar Coalfield, which was one of the 14 priority energy cooperation projects of the China-Pakistan Economic Corridor.



Prior to construction

- The discharge standards of all mining equipment, transport equipment and ancillary equipment were higher than Pakistan's environmental requirements
- The two units of the power station were all equipped with electrostatic dust removal equipment and other environmental protection equipment, and their emissions meet the environmental standards of European Union



During construction

- In the process of earthwork work, measures such as shortening the transportation distance and raising the dumping mound layer were adopted to reduce the occupation of original lands, avoid destroying the sparse green vegetation, and retain hundreds of thousands of square meters of original soil for future reclamation
- Promote the efficiency of sprinklers and reduce dust
- In the coal processing zone, construct high-standard dust nets and dust shelters to reduce coal dust
- Construction had be carried out in strict accordance with the demarcated boundary of the mining area to avoid impact on the production and living of local people and the ecological environment



After construction

- Actively cooperated with the local environmental protection authority to conduct regular third-party testing of the air, water and toxic substances in the mining area to ensure that all of them meet environmental protection standards
- Cooperated with suppliers with waste material treatment qualification to uniformly classify and dispose waste oil products, filter elements and other production and household wastes, so as to avoid pollution to the Thar Desert



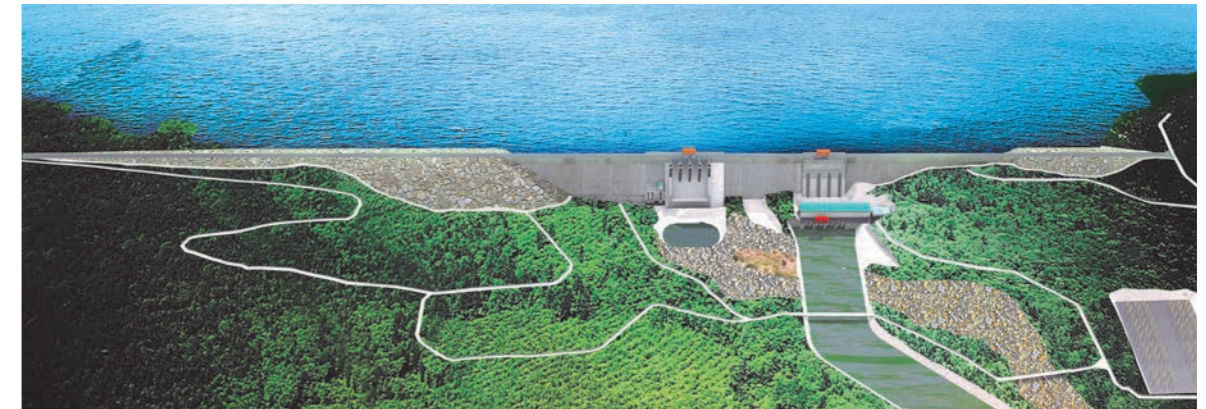
Project results

- The sewer drainage resources of the Project Department formed the artificial oasis of the Thar Desert - the Gorano Reservoir and the Thar South Lake
- Promoted the development of biodiversity: the Gorano Reservoir and the Thar South Lake are home to more than a dozen species of birds and a large number of fish, creating a small regional ecological home
- Constructed the green ecological park in Thar, completing self-sufficiency to some extent and taking the road of sustainable development



## Clean energy contributes to environmental protection

CMEC had actively promoted the green and low-carbon transformation of the energy system, supported the development of clean energy and renewable energy, and vigorously promoted the development of clean energy such as hydropower and wind power, basically achieved full coverage of new energy projects, so as to meet the demand of the market and customers for the pursuit of green value, and promote green development to a new level.



◆ Zungeru 700 MW Hydropower Project in Nigeria

### Types of clean energy projects

Hydropower	By the end of 2020, hydropower projects with a total installed capacity of more than 4,600 MW had been built in 26 countries and regions around the world
Photovoltaic power	By the end of 2020, PV power stations with a total installed capacity of more than 1,144.5 MW had been built globally
Wind power	By the end of 2020, wind power plants with a total installed capacity of more than 206.5 MW had been built globally
Waste power generation	By the end of 2020, waste power plants with a total installed capacity of more than 50 MW had been built globally
Biogas power generation	By the end of 2020, biogas power plants with a total installed capacity of more than 4.8 MW had been built globally



◆ Pakistan's NJ Hydropower Project



◆ 200 MW PV Power Plant Project in Nikopol, Ukraine





◆ 102 MW wind power project in Kipeto, Kenya

**Agriculture-PV complementary PV power generation project connected to the grid**

On June 30, 2020, Hebei Jieryuan 30 MW Agriculture-PV Complementary PV Power Generation Project contracted by CMIE on an EPC basis, was connected to the grid and started power generation. After its completion, the project will generate about 38,727,200 kWh of electricity annually, save 13,800 TCE per year compared with thermal power plants of the same size, and reduce the emission of various types of air pollution accordingly.



**EPC contract for UAE Al Dhafrah PV2 Solar Power Plant Project was successfully signed**

On October 23, 2020, the company signed the EPC contract for the PV2 Solar Power Plant Project in Al Dhafrah, UAE with EDFR and JINKO Holding Co. Ltd. The project is the world's largest single solar power station so far, and will also be a milestone EPC project under the 'Belt and Road' initiative in the field of green energy, as well as a demonstration and benchmark project in the whole solar power station field. The signing of this PV project means that CMEC will continue to maintain its world-class position as a PV power station project contractor and service provider, and has successfully entered the high-end market in the six Middle East and Gulf countries. It is also another effective practice of the company's strategy of 'Fostering New Opportunities and Breaking New Ground'.

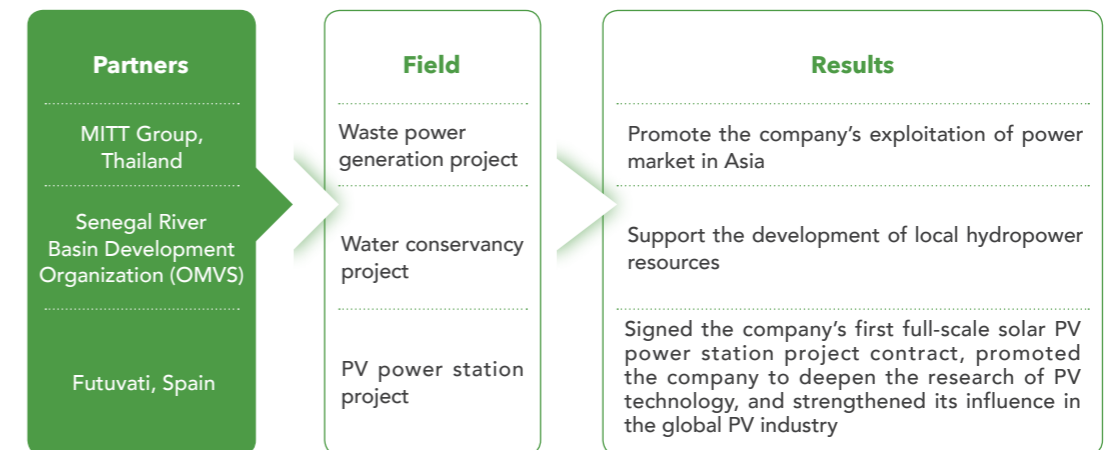
**Green development of waste power generation**

In the grim situation of the continued spread of COVID-19 abroad, the operation of the Reppie Waste-to-Energy Plant project in Ethiopia, which CNEEC is responsible for construction and operation, made important progress. By 18:08 of April 20, 2020 local time, the project achieved the contracted performance guarantee index of annual output of 185 million kWh, completing the annual output goal ahead of time. The Reppie Waste-to-Energy Plant is the first EPC project contracted by CNEEC in Africa. It is also a landmark project of China-Africa 'Green' Cooperation, and will create economic and social benefits for the local people and promote green development on the African continent.



**International cooperation to promote clean energy development**

On 26 June 2020, CMEC signed contracts for three new projects in waste power generation, hydro-junction project and PV power station with MITT Group of Thailand, the Senegal River Basin Development Organization (OMVS), and Futuvati, a Spanish company.





**The sewage treatment plant project of CMEC in Europe was successfully signed**

On January 20, 2020, in the news hall of the Belgrade City Hall, the Vice President of Central and Eastern European Platform of CMEC signed the EPC contract for the Phase I Project of Serbian Central Area Sewage Treatment Plant on behalf of the company with Zorana Mihajlovic, a Deputy Prime Minister and Minister of Construction, Transport and Infrastructure, and Djordjevic, General Manager of Belgrade Water Company of Belgrade Municipality, Serbia, which promoted the layout and development of the company's sewage treatment projects in Europe, and was significant for the development of the company and its platform in the Central and Eastern Europe region.



**Sinland Development Pte., Ltd. attended the Clean Energy Technology Exhibition**

From September 15 to 16, 2020, Sinland Development Pte., Ltd. attended the online exhibition of 'Clean Technology for Infrastructure 2020' sponsored by Singapore Infrastructure Asia (IA, which was set up by Singapore government to use Singapore's resources to promote the construction of Asian infrastructure), aiming to promote exchanges and cooperation in the field of clean energy.



◆ Maldives 1.5MW PV power plant project



◆ Murum Hydropower Station Project in Malaysia

**Green culture to raise awareness**

CMEC had actively advocated a green and low-carbon lifestyle, promoted the classification, reduction and recycling of office and household wastes as well as energy and resource conservation; actively promoted publicity on energy conservation and environmental protection, saving water and electricity, and guided employees to travel and consume in a green manner; performed public welfare in environmental protection to enhance public awareness of green and environmental protection, and jointly created a livable living environment.

List of resource usage by CMEC in 2020

Direct energy consumption	1,435 TCE
Direct energy consumption density	0.0008 TCE/10k CNY
Indirect energy consumption	2,352 TCE
Indirect energy consumption density	0.0012 TCE/10k CNY
Oil	960 TCE
Total density of oil consumption	0.000503 TCE/10k CNY
Electricity consumption	19.135 million kWh
Comprehensive electricity consumption per 10k CNY of operating revenue	0.001235 TCE/10k CNY
Total water consumption	306,200 tons
Water consumption density	0.1607 ton/10k CNY
Natural gas consumption	360,000 cubic meters
Comprehensive energy consumption per 10k CNY of operating revenue	0.002 TCE/10k CNY
Total amount of packaging materials used	N/A

**CMEC built 'Green Culture' via the Energy Conservation Publicity Week**

During the National Energy Conservation Publicity Week from June 29 to July 5, 2020, CMEC focused on establishing and popularizing the concept of ecological civilization and green development to promote energy conservation knowledge and enhance environmental protection awareness, and performed all-round online and offline publicity activities on the 'Energy Conservation Publicity Week' by forms of signs, exhibition boards and so on; took the 'Four-Every' measures (save every drop of water, every kilowatt hour of electricity, every piece of paper, and every grain of food) to save energy and reduce emissions, and encourage all staff to practice low-carbon environmental protection; strengthened the management of the use of official vehicles and advocated the concept of green travel; changed the form of dining to avoid waste; in addition, well performed the garbage and waste water classification treatment in the headquarters building to eliminate various pollution hidden dangers and promote environmental beautification.

# 03

## New drivers of development

### to enhance sustainable development resilience

CMEC has been regarding every employee as an asset for the sustainable development of the company, adhering to a people-oriented approach, actively promoting equal employment and democratic management, ensuring occupational health and safety, and safeguarding the legitimate rights and interests of employees; continuing to pay attention to the growth and development of employees, strengthening the construction of talent training system, broadening the promotion channels; caring about the work and life of employees, growing together with them, enhancing the development power of the company, and constantly enhancing the resilience of the sustainable development of the company.



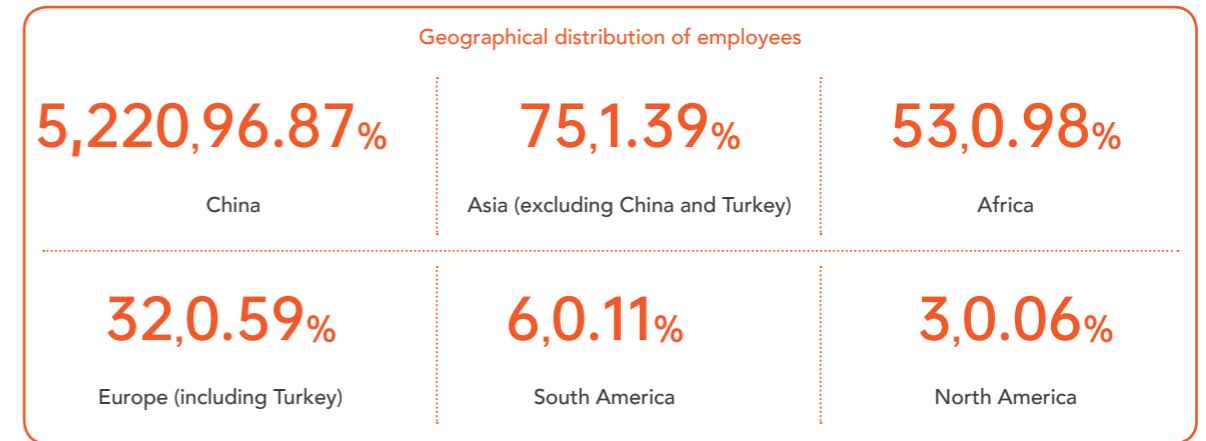
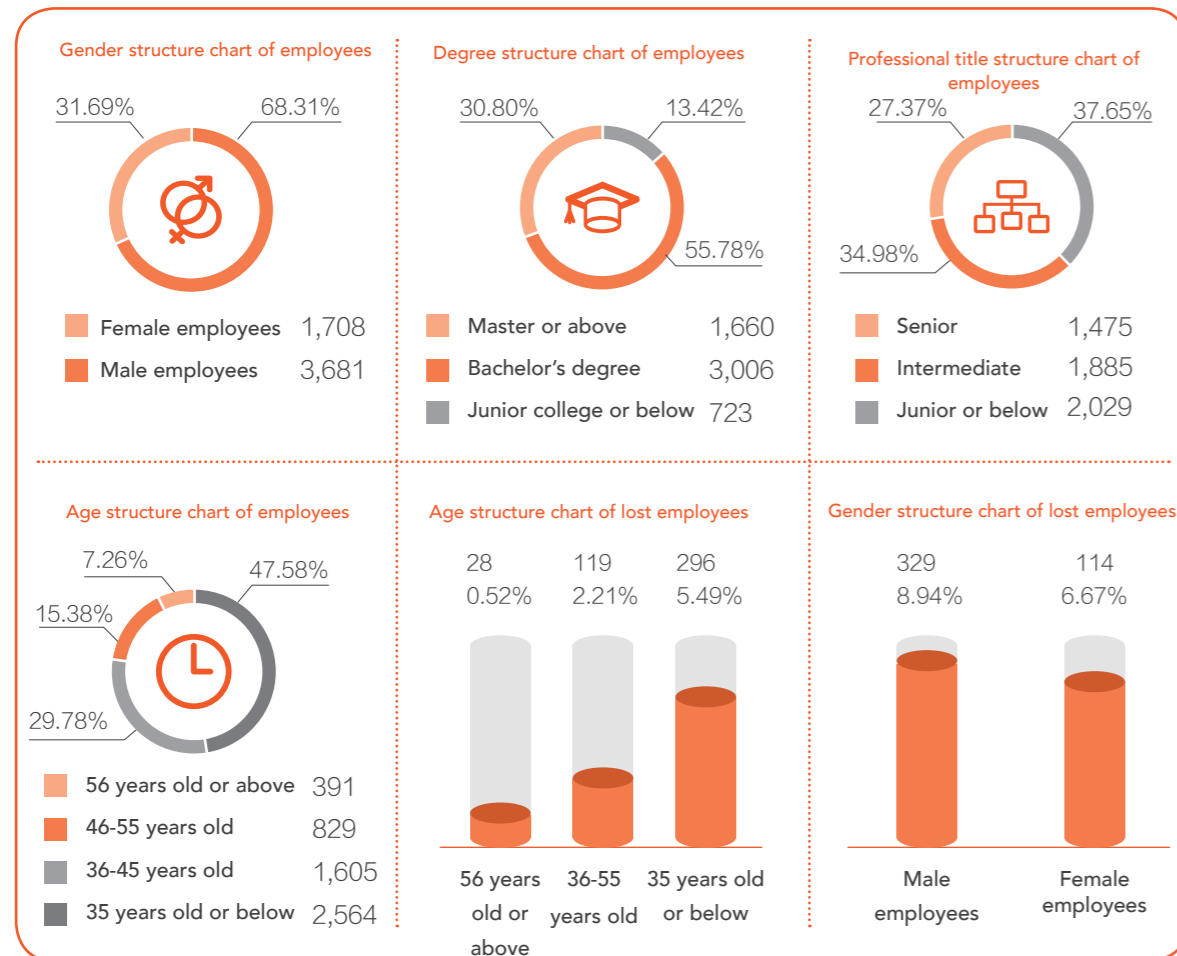
## People-oriented and growing together

CMEC adhered to the people-oriented concept, strictly abode by the national laws and regulations, company rules and regulations, eliminated all forms of child labor and forced labor, adhered to the principle of equal employment, equal pay and equal remuneration, and safeguarded the remunerations and benefits of employees and their basic rights and interests. CMEC unblocked career promotion channel to help employees grow and develop; strengthened occupational health and safety management to protect employees' occupational health and safety; organized a variety of recreational and sports activities to enrich the work and life of employees and enhance their happiness.

## Safeguard the legitimate rights and interests of our employees

### Employment management

CMEC had seriously implemented the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law* and other laws and regulations, improved the employment management measures such as the *Fresh Graduate Employment Management Measures*, the *Short-term Personnel Employment Measures*, and the *Measures for the Administration of Initial Employment of Professional and Technical Posts*, strictly followed the recruitment process, normatively carried out the management of labor relations, and opposed discrimination and employment of child labor. By the end of 2020, the company had 5,389 employees, including 273 ethnic minority employees, 18 employees with disabilities, and 1,697 retired employees. The employee turnover rate was about 8.2%, and the labor contract signing rate was 100%. Neither the company nor its subcontractors had employed child labor or forced labor.



### Democratic management

CMEC had attached great importance to democratic management, established a democratic management system based on the staff congress, established the Female Staff Committee and the Staff Appeal Committee, etc., unblocked the channels for employees to participate in democratic management, democratic supervision and democratic decision-making, and safeguarded the rights and interests of employees in democratic management.



◆ On August 28, 2020, the Labor Union of CMEC held the 7th General Assembly of Members, with 102 representatives attending the meeting. Through reviewing the proposals and feedbacks of employees, the level of democratic management of the company was continuously improved

### Compensation and benefits

CMEC had strictly abode by relevant national laws and regulations, standardized compensation and performance management, and constantly improved and optimized the company's compensation system and assessment and distribution system; timely and fully paid social insurance premiums, achieved full coverage of 'five social insurances and one housing fund'; in addition to mandated benefits, the company had actively improved the employee welfare system and offered statutory holidays, annual leaves, marriage leaves, maternity leaves and other holidays to employees, and, according to the company's labor union expenditure management regulations, provided related benefits and good welfare guarantee for work and life of employees.



## Promote employee growth and development

CMEC paid attention to staff training and development, and integrated education and training into staff's career growth; established and improved the company's talent training mechanism, innovated in characteristic training model to help employees grow; expanded the career development channel of employees to stimulate the vitality of employees and maintain the dynamic and sustainable development of the staff structure.

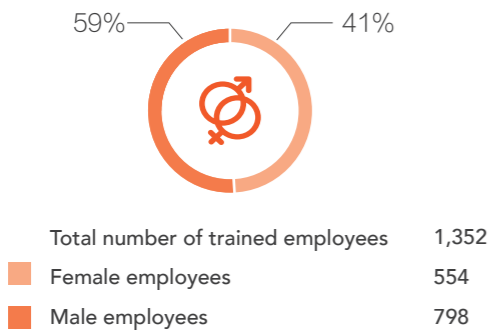
### Strengthen education and training

Based on the requirements in the Staff Education and Training Management Measures, and aiming at training 6 talent teams of 'senior management personnel, project management personnel, engineering and technical personnel, party affair and professional management personnel, marketing personnel, investment and capital operation personnel', CMEC had established a 2-level and diversified, up-down linked and hierarchically responsible training system to improve the training effect by means of online and offline training management and implementing key training projects; focused on local personnel training, expanded the scope of training and increased the flexibility of the training methods to build the company's first-class talent team. In 2020, the company invested 2.156 million CNY in employee training, and had trained a total number of 1,352 employees with the total training time of 47,628 hours. The average training time for the trained employees was 7 hours. The training satisfaction of employees was 94.67%.

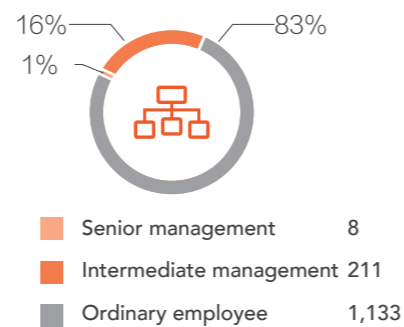
**3,000**

Appropriate number of courses offered by the online learning platform of CMEC

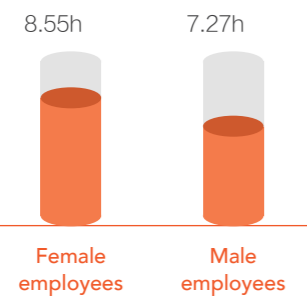
Gender structure chart of trained employees



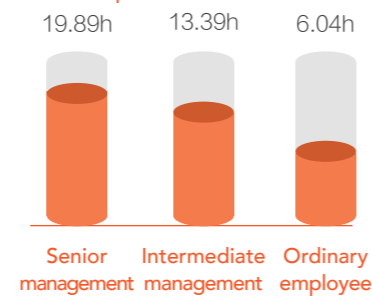
Professional title structure chart of trained employees



Structure chart of average training hours and genders



Structure chart of average training hours and professional titles



### Internal mentor training camp for talent training and mentoring

From August 24 to 27, 2020, the company's 'internal mentor growing camp' invited visiting professor of the School of Government Peking University to conduct an online training themed of 'how to shape a quality mentor'. A total of 115 cadres and employees including new staff mentors attended the training. It was to help the internal mentors understand the thoughts, methods and relevant management tools of trained employees, making them to teach employees how to plan the career development channel better and faster and promote the efficient development of 'mentor and apprentice' talent training mode.



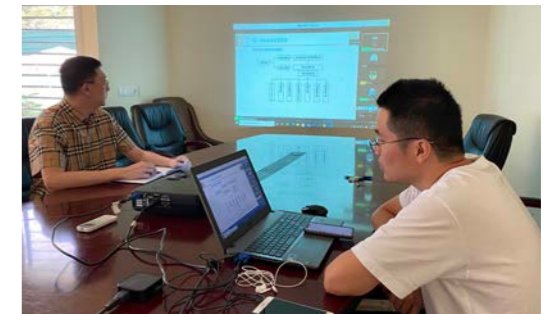
### The company launched the 2020 Project Manager Training Course

From September 7 to 11, 2020, the company held an online project manager training course to improve the ability and level of project managers to solve practical problems, help project managers grow into outstanding international project managers, and promote the establishment of the company's characteristic project management talent team training mode.



### The company's 2020 training course for heads of overseas agencies was successfully concluded

From October 16 to 23, 2020, the company held the 2020 online training course for heads of overseas agencies. Totally 120 trainees, including the on-site heads of overseas projects and business backbones, attended the live training. Overseas staff shared learning resources with staff members at home, which comprehensively improved the market development and risk control abilities of heads in overseas agencies, enhanced the core competitiveness of overseas agencies of the company, and promoted the company to build international business platform and realize the fast and high-quality development of business.



### Broaden the promotion path

CMEC had actively unblocked the exchange channels for employees, introduced new assessment and incentive systems, set up a talent pool of 'CMEC experts', and established an exchange system between chief technical experts and young talents; strengthened talent introduction and opened up talent exchange channels; performed functional optimization and adjustment and broadened promotion channels to make leading cadres younger; improved the talent echelon construction of the company to boost the sustainable development of the company's main business.

## Protect occupational health and safety

CMEC had continued to improve occupational health and safe production management, responded to COVID-19 epidemic in a timely manner, promoted the epidemic prevention and control works in all domestic and foreign project, overcome various difficulties in the 'two stable, two struggles and two guarantees' work for overseas epidemic prevention and control to ensure the epidemic risk controllable; provided complete occupational health and safety services to cultivate safety culture and protect employees' occupational health and safety.

### Strengthen the occupational health and safety management system

CMEC had promptly formulated and released documents on COVID-19 epidemic prevention and control, such as the Emergency Notice on the Prevention and Control of COVID-19 Epidemic and the Emergency Plan for COVID-19 Epidemic Prevention and Control of CMEC to guide the prevention and control of the epidemic in an orderly manner; strictly abode by the Law of the People's Republic of China on Safe Production, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other laws and regulations of the state and the relevant laws, regulations and policies in the project place, formulated the Implementing Rules for the Occupational Health Supervision and Management, the Safe Production Management Measures and other special occupational health and safety management systems to avoid occupational patients from work and prevent occupational disease and hazard factors from further impairing the health of employees. In 2020, the company had no personal death accident, equipment accident, fire accident, traffic accident or environmental pollution accident.

#### Strengthen the foundation for safe production

- The company overcame the difficulties of COVID-19 epidemic, and realized the official operation of the safe production management platform
- Prevented and resolved various safety risks, and improved the monthly and quarterly assessment quality to ensure that the company's safe production work can be stable and orderly
- Carried out special inspections on the safety of hazardous chemicals at home and abroad, and identified loopholes and various potential accidents in the storage, use, transportation and management of hazardous chemicals

#### Clarify the responsibilities for safe production

- Decomposed the safe production responsibility to the subordinate units and posts layer by layer, and signed the annual production safety responsibility statement
- Divided the safety responsibility of each post into two parts: safety management responsibility and personal safety behavior, and performed assessment

#### Safety management system Standardization

- Reviewed the 2020 occupational health and safety management system, promoted HSE standardized management of projects, and created HSE standardized demonstration projects

## Prevention of occupational health and safety risks

CMEC had strengthened the risk investigation for COVID-19 epidemic prevention and control, as well as the detection and rectification of hidden dangers of various levels and types, safety inspection and emergency drills to ensure the effective prevention and control of COVID-19 epidemic and occupational health and safety risks; established a systematic occupational health and safety risk assessment and monitoring system, took the initiative to analyze and judge the hazard sources affecting occupational health and safety, and defined management measures to reduce occupational health and safety risks. In 2020, the rectification rate of major production safety hazards was 100%, and the lost working days of employees due to work-related injuries were 0 day.

#### COVID-19 epidemic prevention and control

- The company issued more than 70 circulars and documents concerning epidemic prevention and control abroad to guide the epidemic prevention abroad
- The company established the leading group and working group for epidemic prevention and control abroad, held daily video meetings and totally more than 30 video conferences to coordinate and resolve difficulties in epidemic prevention abroad
- The company established regular communication mechanism, and, through SINOMACH, worked on various reports assigned by the State-owned Assets Supervision and Administration Commission (SASAC) and the Ministry of Commerce, and submitted a total of more than 300 daily reports, 40 weekly reports, 9 monthly reports and more than 30 other reports and statements

#### Strengthen security risk management

- We carried out special work of overseas epidemic risk investigation and rectification, cooperated with SASAC and SINOMACH to conduct video inspection of overseas units for more than 20 times, and carried out special work such as 'two stabilize' investigation for 3 times, so as to eliminate epidemic prevention hidden dangers in a timely manner
- In 2020, the company investigated production safety hazards in key units and projects by means of self-inspection, mutual inspection and patrol inspection, found 8,056 production safety hazards, and completed 8,023 rectification of production safety hazards
- We carried out fire safety knowledge training and fire emergency drills to improve fire safety response ability

#### Fire emergency drill to improve emergency response capability

CMCEC Zambia Water Supply Project Department strictly implemented the company's emergency capacity construction requirements, and, combining with the local seasonal and climate change characteristics of Zambia, actively carried out targeted emergency drill subjects (fire drill, and flood control emergency drills, etc.) in key months of each year to simulate the actual scenes, in which Chinese and local workers actively participated in, which significantly increased the on-site emergency ability of the staff.

## Enhance occupational health and safety services

CMEC implemented the overall deployment of epidemic prevention and control and overseas epidemic prevention, strictly followed the occupational disease prevention regulations and relevant policies, and provided a safe, healthy and comfortable working environment for its employees. CMEC proactively distributed epidemic prevention materials and protective materials to prevent occupational hazards, diseases and accidents, optimized and improved dust, noise and radiation prevention facilities to ensure the occupational health of employees; strengthened occupational health examination of employees to minimize the damage and impact of occupational health and safety risks on employees. By 2020, the occupational health examination rate of employees was 100%.

#### Inform occupational health and safety information

- We made public the progress of epidemic prevention and control in a timely manner, and ensured that employees had timely access to epidemic prevention information
- When signing labor contracts with employees, the company truthfully informed the employees of the possible occupational hazards in the process of work and their consequences as well as the protective measures against occupational hazards, and clearly indicated them in the labor contract
- Notice board was set up at an eye-catching position in the workplace where the source of occupational hazards was produced to publicize the rules and regulations for the prevention and control of occupational hazards, operating procedures, emergency and rescue measures for occupational hazards and accidents and the testing results of occupational hazards and factors in the workplace
- Regularly or irregularly supervised, inspected and guided the implementation of the occupational hazard notification system to ensure the implementation of the notification system

#### Distribution of safety protection equipment

- In the early stage of the epidemic, we purchased and distributed epidemic prevention materials, including 756,000 disposable masks, 1,900 KN95 masks, 6,100 sets of protective clothing, 5,700 goggles and 1,300 protective masks, etc., and assisted the divisions in purchasing drugs totaling more than 0.12 million CNY
- For high temperature, ultraviolet, noise and other hazards, provided protection conditions and PPE
- Performed periodic inspection, maintenance and service of occupational hazard protection equipment and facilities
- Educated and supervised employees on the proper use and safekeeping of PPE

#### Carry out occupational health examination

- Intensified the occupational health examination of the employees before, during and after service, and established the health and medical records of the employees
- People going abroad were requested to accept physical examination, and overseas physical examination activities were organized irregularly



### Build an occupational health and safety culture

CMEC actively carried out seminars and training on COVID-19 epidemic prevention and control and occupational health to enhance staff's knowledge on COVID-19 epidemic prevention and occupational health; organized emergency drills to improve staff's emergency response capacity; organized safety activities, created safety culture atmosphere, and improved employees' awareness of occupational health and safety risks. In 2020, the company provided 20,607 person-times of safety education and training.



#### Occupational health and safety publicity

- Compiled the Overseas Epidemic Prevention and Control Case Compilation and the 'Overseas Epidemic Prevention and Control Tip', urged the staff to learn and effectively master the key points of overseas epidemic prevention
- Organized domestic and foreign entities to carry out the 18th publicity week of the Law on Prevention and Control of Occupational Diseases, changed the inappropriate production layout and labor system, carried out the themed publicity activities for 88 times, printed 11,780 copies of publicity materials, and the number of publicity audiences was 15,200

#### Occupational health protection training

- Organized overseas employees to attend expert lectures organized by the SASAC, and provided remote consultation and related consulting services to overseas entities through 'Xingshulin Doctor' and 'Guoyao Dongfeng'
- Invited external experts to hold video lectures on occupational health protection training, so as to help employees have a clearer understanding of professional management of occupational hazard factors and improve their knowledge of occupational health protection

#### Create a safety culture atmosphere

- We launched the 'Safe Production Month' and the 'Safe Production Route'
- Conducted video conference on safety publicity, took accidents as a guide, and established safety awareness

#### CMEC safeguarded the occupational health and safety environment of employees

CMEC actively built a health, safety and environment (HSE) system in the Cameroon Water Plant Project under construction, insisting on providing safety training for new entrants and working with certificates; carried out weekly training on electricity safety, canteen hygiene and safety knowledge to enhance employees' safety awareness; performed daily site inspection, guided site staff for safe construction, timely found hidden risks and made rectification to reduce safety risk.

#### Multiple measures taken to protect employees for 'zero infection'

After the COVID-19 outbreak in 2020, the construction and installation project team of Angola SOYOI Combined Cycle Power Plant timely formulated the Implementation Rules for the Prevention and Control of COVID-19 in the SOYOI Power Plant Project to ensure the orderly implementation of the prevention and control work; reduced the risk of staff exposure by setting up quarantine areas and equipping them with adequate epidemic prevention materials; implemented centralized procurement and reduced the travel of procurement personnel; actively publicized knowledge of epidemic prevention and control, and strictly performed body temperature exam and travel screening, so as to ensure the safety of personnel travel; provided psychological counseling and intervention for employees in time, and stabilized the thoughts of on-site personnel in the form of regular video condolence by domestic leaders. In 2020, there was neither confirmed cases nor safe production accidents at the site of the SOYOI Power Plant project, which ensured the health and safety of employees.

### Provide workplace care for employees

CMEC had been striving to create a heart-warming spiritual home for its employees and enrich their cultural life; caring for employees' life and providing maximum convenience for employees, promoting the balance between their work and life, aiming to create a relaxed and healthy working environment, and enhance the sense of belonging among employees.

#### Care for employees' lives

CMEC had been paying full attention to employees' expectations and appeals, conducting field research and analysis, and providing buses for commuting of employees; actively listening to the staff's comments and suggestions on the staff canteen, and making timely feedback and rectification; caring for overseas employees, retired employees and female employees, and helping them solve their practical difficulties by launching one-day charity donation and establishing mutual funds for serious diseases, so that they can feel the care and warmth like home.



#### Care for overseas employees

- The company had established a dynamic file management and communication mechanism for the families of overseas employees, and appointed 5 party members to 'one-to-one' take full charge of the daily contact and docking with the families of overseas employees to express their concerns
- Established daily communication online group for the family members of overseas employees to get timely information about the company's epidemic prevention work, so as to ease the worry of overseas employees.
- From mid-February to March, more than 3,000 masks and 600 bottles of disinfectant were sent to family members of more than 100 overseas employees
- During the 'July 1 Party Founding Festival', comforting activities were carried out for the family members of employees working abroad and those who were stranded overseas due to COVID-19 epidemic, and comforting letters and comforting products were distribute to the family members of employees working abroad

#### Care for female employees

- Guarantee the right of equal pay for equal work between male and female employees
- We had strictly implemented the 'five-phase' protection system for female employees to ensure their physical and mental health
- Additional maternal and infant rooms were added in new headquarters building

#### Care for financially difficult employees

- Visited and provided financial support
- Resolved the reasonable appeals for the post transfer of employees in difficulties

#### Care for retired employees

- Organized spring and autumn tours, museum visits, Chinese New Year tea parties and other activities to enrich healthy cultural life
- Holiday comforting to care for the socialized work progress of retirees

The chairman of the company presented the '70<sup>th</sup> Anniversary for the Chinese People's Volunteer Army to Fight against the US and Aid Korea' memorial medal to Li Yizhi and Zhang Benze





### Expand responsibilities for employees

CMEC had continued to extend its responsibility boundaries, actively expanded its responsibilities for employees while meeting the basic needs of its employees, and provided overseas Chinese employees and local employees with services including medical diagnosis, emergency treatment, cultural exchange and living subsidies, so as to create a harmonious atmosphere for the smooth implementation of the project. By the end of 2020, the company had provided safe evacuation, medical assistance and other services to more than 1,500 subcontractor employees.

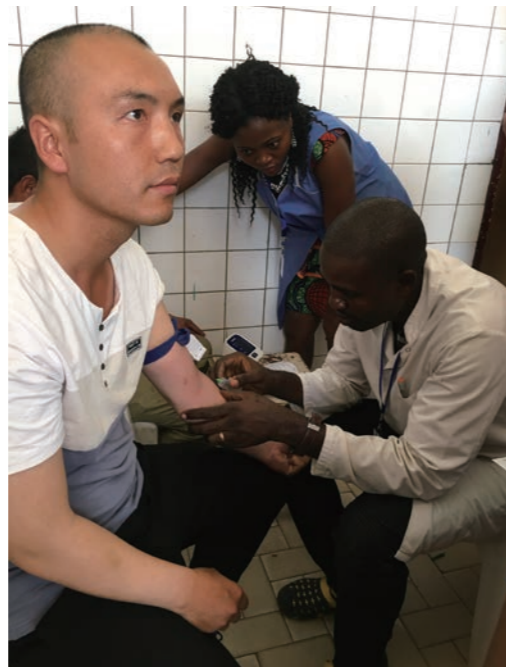
By the end of 2020  
**1,500**  
 the company had provided safe evacuation, medical assistance and other services to more than 1,500 subcontractor employees

#### CMEC donated blood to cope with emergencies and help the subcontractor's employees recover health

On May 14, 2019, an employee of a subcontractor of CMEC's Cameroon Water Plant Project suffered from malaria combined with typhoid fever, causing hemolysis and symptoms of hematuria. The patient's condition was very critical and needed a large amount of blood transfusion. CMEC's field project department immediately initiated the emergency plan and transferred the patient to Yaounde Emergency Center Hospital for blood transfusion with the assistance of international SOS doctors on site.

In order to ensure the blood source, CMEC's Project Department promptly organized on-site employees to donate blood, and each of the 5 project department managers donated 450ml. During the hospitalization, the leaders of CMEC's Project Department and the international SOS doctors paid close attention to the patient's physical condition. Since the patient still did not get better after a day's treatment and blood transfusion, the Project Department initiated the SOS emergency transfer plan to transfer the patient to a hospital in South Africa with better conditions for treatment with medical charter plane. 2 days later, the patient was successfully transferred to South Africa. After two weeks of treatment, the patient gradually recovered and returned safely.

CMEC Cameroon Water Plant Project team fully considered the local complex social environment and medical conditions in Cameroon, and cooperated with International SOS to provide medical protection for all overseas on-site staff, and developed a perfect emergency plan. In the whole process of patient rescue, the Project Department adhered to the policy of safety first and people-oriented, and mobilized all resources to participate in the treatment. The on-site staff enthusiastically donated blood and carried forward the spirit of saving the dying and healing the wounded with practical actions.



◆ The Puttalam Coal Fired Power Plant Project Team were together with children in the Sri Lankan community



◆ Conducted activities with local staff at Thar project site in Pakistan

### Enrich spare time

CMEC advocates a healthy and happy working atmosphere, and enriches the spare time of employees and creates a good atmosphere for happy working through regular sports competitions, knowledge contests, art performances and other recreational and sports activities.



◆ Football activities



◆ Badminton activities



◆ Basketball game



◆ Table tennis competition



◆ CMEC held a series of activities to celebrate the first 'Machinery Industry Memorial Day' of SINOMACH



◆ May 4th themed Youth League Day activities



◆ New employee meeting in 2020



◆ Youth League Committee of CMEC held the study seminar on 'Fostering New Opportunities and Breaking New Ground'



## Harmonious community for a better life

In the process of project development and construction, CMEC fully respected the local residents' human rights, identity, culture and way of life based on natural resources, and provided opportunities for them to participate in the work related to the project, and helped people in underdeveloped areas get better resources in terms of education, medical care, recreation and sports, and realize their expectation for better development.

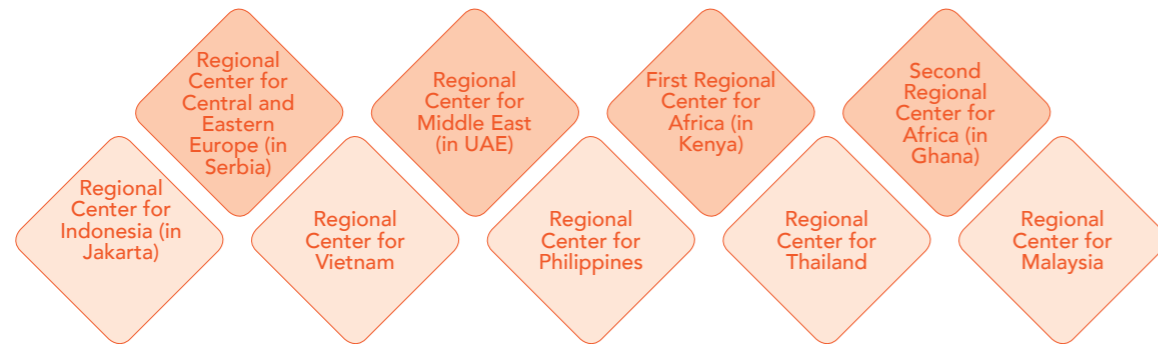


### Implement localized operation

While working hard in operation and development, CMEC had actively promoted localized operation of overseas projects, hired local staff, increased local procurement, set up local institutions, and implemented construction of overseas institutions and regional centers, so as to drive employment of local personnel, promote economic and social development of project locations, and benefit local people's livelihood.

### Set up local offices

CMEC had strictly abode by the laws and regulations of local places where the projects were located and set up local offices to improve the operation efficiency during the project development and construction; deepened localization, standardized the management of country deputies, improved the management of core markets, and unleashed the vitality of market development.



◆ Construction of regional platforms of CMEC

### Implement local employment

CMEC fully respects and protects local customs, culture and habits, and had made differentiated employment plans to enable local employees to participate in the project construction; actively provided necessary knowledge and skill training for local staff to enhance their vocational skills; actively carried out cultural exchanges and fellowship activities to promote mutual understanding and respect among employees from different cultural backgrounds and create a more harmonious and pleasant working atmosphere.

### Who made 'Sheep Boys' create miracles

The lignite open-pit mine project of CMEC in Block II of Thar Coalfield, Sindh Province, Pakistan is a key project of 'China-Pakistan Economic Corridor', one of the important routes of the 'Belt and Road'. Not only did the Thar Coal Mine project employ a large number of Pakistani laborers, but the equipment, surveying, and personnel departments also recruited many Pakistani management personnel.

CMEC had actively designated professional training personnel to prepare training courses, and selected experienced employees for 'one-to-one' coaching and teaching, so that Pakistani managers can quickly master vocational skills. In addition, the project had also established the mine truck driving training base, constantly explored and improved the training content and methods, and launched the '28-day' driver training plan to provide a large number of outstanding technical personnel for the mine construction.

Today, as the project continues to develop, more and more 'Pakistani apprentices' have been recruited by Chinese mentors. At the peak of the project, there were totally 5,712 trainees, of whom 4,173 (73%) were local employees in Thar. We transform local people from shepherds into drivers of mines and power plant workers, which will truly benefit the local people.



### Local employment to improve people's lives

The Hilla Sewage Treatment Plant project in Iraq contracted by CNEEC has provided hundreds of local jobs, with the highest percentage of local staff employed throughout the project reaching over 60%. The project team member Sami Azari is from the northern Iraqi city, Mosul, where constant instability has made life difficult for his family. After working in the Chinese enterprise, his stable income helps him regain his confidence in life.

*'There are more than 10 colleagues from poor families like me. When we are out of money, the company will give us an advance on our salary and often visit us at home. In our work, we have developed deep friendship with Chinese friends.'*

— Sami Azari, Mosul, Iraq

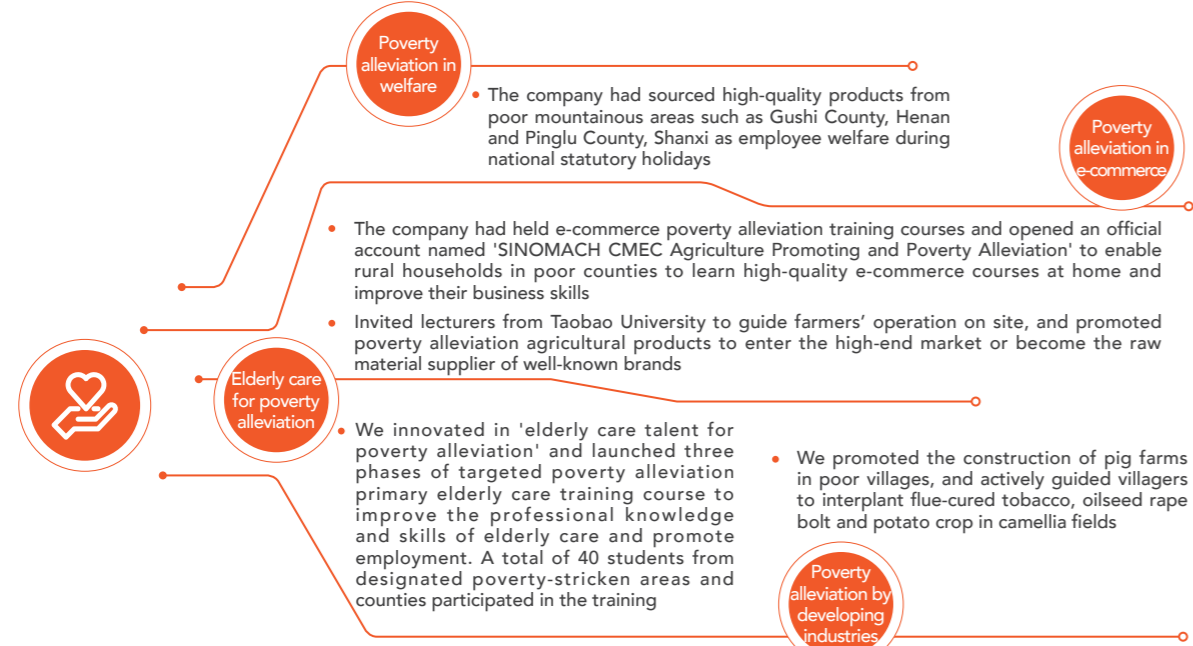


### Carry out local procurement

CMEC had abode by the local procurement principle for local operation. Under the premise of quality assurance, CMEC had constantly strengthened local procurement management, made local procurement plans, helped local suppliers improve their technology and management level, and promoted the dual role of local procurement in project guarantee and local development.

## Help fight poverty

CMEC had innovated in poverty alleviation mode and explored the company's characteristic 'elderly personnel poverty alleviation' and 'e-commerce poverty alleviation', integrated the advantages of resources, and, through elderly personnel training and e-commerce poverty alleviation training classes, taught people to make money, improved the 'profit making' ability of poverty alleviation, and helped poor areas to get rid of poverty and become well-off.



## Contribute to community development

CMEC had actively integrated itself into the communities where the projects were located, fulfilled its social responsibilities, supported local infrastructure construction in terms of transportation, drinking water and sanitation, and improved the communities' living environment with its own resources and business advantages; supported communities' public welfare undertakings, and contributed to community development by donating money for school, building hospitals, and donating facilities and equipment.

## Improve the livelihood of the community

CMEC had been committing itself in participating in community construction and improvement of people's livelihood, investing resources to improve the community environment, engaging in large-scale infrastructure construction in the communities, realizing the communities' living vision of clean drinking water, unblocked roads, living and working in peace and contentment, and beautiful city, and providing infrastructure guarantee for the improvement of people's well-being and sustainable development of the communities.

### CMEC helped 300,000 people in Sri Lanka obtain clean drinking water

As an important livelihood project in Sri Lanka, the Jaffna and Kilinochchi Water Supply and Sanitation Project undertaken by the consortium of CMEC and local Sri Lankan enterprise, is committed to helping the people in Jaffna obtain stable, sustainable and reliable drinking water. The project will benefit 300,000 residents of Jaffna region in northern Sri Lanka. The clean water provided by the project will reduce the incidence of kidney diseases, dengue fever, hepatitis and other water-borne diseases, and significantly improve the living standards and health of local residents.



### Teach to make living, a pattern of 'elderly care talent for poverty alleviation'

As of December 7, 2020, CMEC's training course - 'elderly care talent for poverty alleviation' - had been launched for three phases, which, with premium teaching quality and practice, helped poor people in Gushi County, Henan and Pinglu County, Shanxi change their conception of thinking, set up the confidence, master the skills, become the backbone of supporting their families out of poverty, and become useful talents supporting for social and national construction. A total of 70 graduates of the three phases of the training course all obtained the certificate of Medical Care and Nursing Care Combined Certificate, which solved the unemployment problem. Some of them stay in the nursing homes in Beijing and Shanghai and became the backbone of business.

*'After one month of theoretical training, I changed my conception of thinking and thought from a poor village woman with no life goal. Through this training, I understand that caring for the elderly is not only about food and clothing, but also about details, respecting the inner thoughts and privacy of the elderly, making use of the remaining ability to support themselves and living with dignity!'*

—Li Jinping, a poverty-stricken resident in Gushi County, Henan Province



### Build garden-style sewage treatment plant to promote environmental health of communities

In Hilla, the capital of Iraq's Babylone Province, the large-scale garden-style sewage treatment plant newly built by the Iraqi Branch of CNEEC has a daily sewage treatment capacity of 107,000 cubic meters, which has significantly improved the municipal sewage treatment capacity and the local sewage treatment capacity. The project can meet the sewage treatment needs of about half a million people in Hilla over the next 25 years. As what local residents said, 'the city's 'water purifier' has solved a big problem'.

*"The technology and quality of Chinese enterprises in constructing sewage treatment plants are first-class. We hope to have more cooperation with Chinese enterprises."*

— Abbas, Director General of Iraq's Wastewater Treatment Bureau

### The launch ceremony of Bahrain Sitra East Affordable Housing Project was held

On December 27, 2020, under the witness of the Deputy Prime Minister of the Kingdom of Bahrain and Anwaer, Chinese Ambassador to Bahrain, the launch ceremony of Bahrain Sitra East Affordable Housing Project contracted by CMEC on an EPC basis was successfully held. At the ceremony, the Minister of Housing Services of Bahrain expressed his appreciation to CMEC for overcoming various difficulties caused by the COVID-19 epidemic and ensuring the construction of the project on schedule. He said the Ministry of Housing Services of Bahrain will work closely with CMEC to ensure the smooth construction, completion and delivery of the project.





**CMEC and the Argentine Ministry of Transport signed a series of major projects to revitalize the railway industry in Argentina**

On December 11, 2020 local time, in the presence of Argentine President Alberto Fernandez, CMEC and the Argentine Ministry of Transport signed the Supplementary Agreement V for the Belgrano Freight Railway Renovation Project in Argentina and the Memorandum of Cooperation for the Railway Renovation Project in the Northern Patagonia Corridor. The Supplementary Agreement V for the Belgrano Freight Railway Renovation Project in Argentina, with a total value of \$816 million, is the first phase of the Supplementary Agreement witnessed by the leaders of China and Argentina in 2017. The signing of the new supplementary agreement will create 6,202 jobs in 13 Argentine provinces, a major step forward in the reconstruction of Argentina's railway project.



*'The successful implementation of the first phase of the railway project has enhanced the competitiveness of Argentine goods, boosted regional economic development and provided a sustainable impetus for Argentine goods to explore new international markets.'*

—Meoni, Argentina's Minister of Transport

**Donation of agricultural machinery and equipment to benefit farmers' development**

Since 1997, Gangaramaya Temple in Colombo, Sri Lanka, known as the 'royal temple', has trained 650,000 people in social work skills to increase the income of local people and help the government solve social problems. On February 11, 2020, CMEC Attanagalla Water Supply Plant Project donated equipment for agricultural machinery engineering to the temple. The equipment will be used for the temple's labor skills training and organic agriculture promotion program, which will help solve the shortage of irrigation, agricultural machinery and other engineering equipment, benefiting more than 2,000 local farmers.



*'This donation from CMEC meets our urgent need and is a sign of CMEC's commitment to fulfilling its social responsibilities.'*

—Kilde Asaki, Chief Incumbent of Gangaramaya Temple, Sri Lanka

**Enthusiastic volunteer service**

CMEC supported the development of local educational, cultural and sports undertakings by donating school construction, supporting school infrastructure construction and subsidizing students; it was enthusiastic about volunteer services and sharing the fruits of development.



**Participate in the international charity sale themed of 'Love Without Borders'**

On December 12, 2020, the general manager of the company attended the opening ceremony of the 12th International Charity Sale themed of 'Love Without Borders' as the representative of Chinese enterprise. The theme of this activity was 'Love Without Borders - Let Dreams Fly', and the funds raised will be used to fund the unsupported children in Jinping County and Malipo County of Yunnan Province, including the student grant for growth and the provision of long-term care services for growth. The company donated 0.3 million CNY for this activity and got the certificate of donation.

**Dig wells to benefit local residents**

In Cameroon, where there is no shortage of water, the lack of drinking-water treatment infrastructure has left many villagers drinking dirty water mixed with sediment. The Yaounde Water Plant Project in Cameroon built by CMEC is designed to supply 300,000 cubic meters of water per day. When completed, it will fill the drinking water gap of more than 250,000 cubic meters per day in the capital Yaounde and its surrounding areas and benefit 2 million people. In addition, in a village of BATCHENGA, the project helped local villagers to dig 7 wells to provide clean water to the surrounding villagers. Clean water is not only to quench their thirst, but also to keep them away from cholera, typhoid fever and parasites.



*"We are very happy that the people of Obala have received your help in cleaning up the city's garbage."*

— Pimon pierre Ediba- Pimon Pierre Ediba, Mayor of Obala, Cameroon



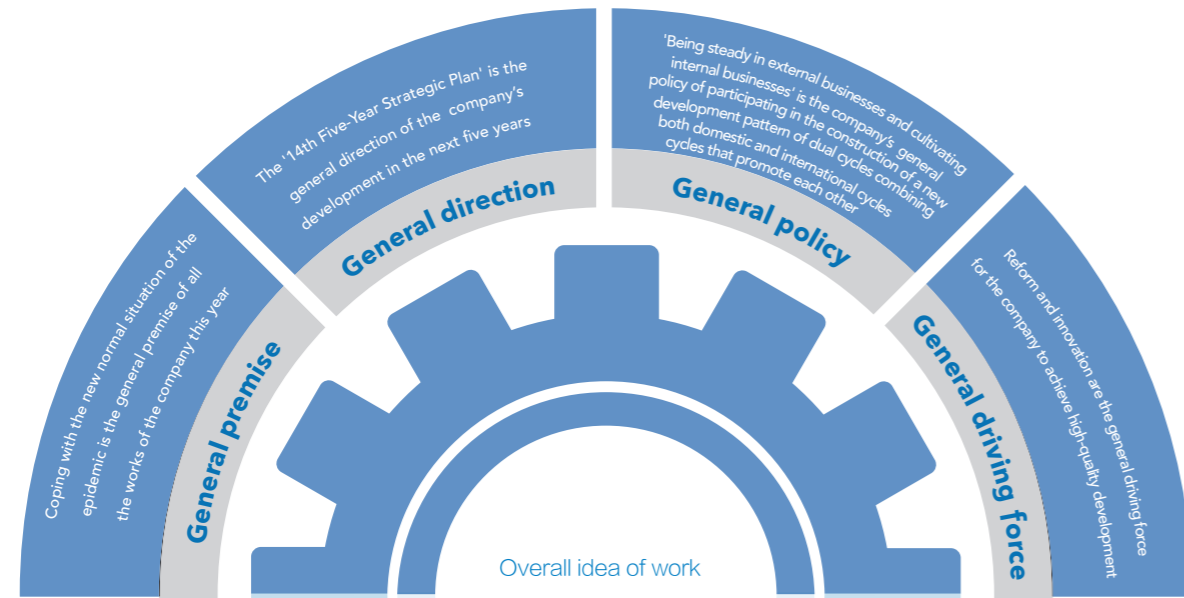
◆ Pakistani Thar youth funded to study abroad in China



◆ A sports field for a primary school in Bitra Village, Pakistan

# Outlook on 2021

The year 2021 marks the 100th anniversary of the founding of the Communist Party of China (CPC). It is the first year for China to embark on a new journey of comprehensively building socialist modernization. The journey is so long that we have no other choice but struggle. CMEC will actively practicing the strategic planning of the '14th Five-year Plan', carry out new development philosophy, uphold openness and inclusiveness, mutual benefit and cooperation, stick to the operational work deployment of 'being steady in external businesses and cultivating internal businesses', join hands with partners to push forward the steady and smooth development of global industrial chain and supply chain, improve the ability to cope with global challenges and build a new development pattern, promoting the development of the company to achieve a more resilient development with higher quality, and creating a more brilliant future!



Guided by the Spirit of the Central Economic Work Conference, led by the '14th Five-Year Plan for National Economic and Social Development', we will respond to the new normal situation of the COVID-19 epidemic, implement the new development philosophy with the spirit and courage of 'identifying change, responding to change, and seeking change', and go all out to create a new pattern of CMEC's high-quality 'dual-cycle' development.

## Key practice points for sustainable development

- We will give play to the role of the board of directors in corporate governance, scientific decision-making, operation and risk prevention and control
- We will step up efforts to follow up, supervise and rectify problems, promote full coverage and normalization of overseas auditing, do a good job in risk management and control, and promote compliant operation
- We will firmly adhere to the policy of 'being steady in external businesses and cultivating internal businesses', strengthen the linkage between the international and domestic markets, and actively integrate into a new pattern of dual cycles that promote each other
- Optimize the business layout of 4+X and build diversified and complementary business models
- Expand our circle of friends, establish diversified friendly and cooperative relations between the upstream and downstream industrial chains, and promote win-win cooperation



- We will establish a safe and healthy working environment, adhere to equal employment, and protect the legitimate rights and interests of employees
- We will innovate in talent training mode, establish high-end talent introduction mechanism, establish talent professional promotion system, and stimulate the vitality of the team
- We will focus on shared development, promote local operation of overseas projects, and encourage investment and development of local communities
- We will implement the national 'peak carbon dioxide emission, carbon neutral' action goal, and promote the application of green and low-carbon technology in the business field
- We will strengthen green management, build green projects, and promote the development of low-carbon and environment-friendly businesses such as the development of clean energy





# Company honor

Winner	Issuer	Award or honor	Winning date
CMEC	China Chamber of Commerce for Import and Export of Machinery and Electronic Products	The honorary title of 'AAA Credit Enterprise in Enterprise Credit Evaluation'	August 2020
	Global Corporate Sustainable Competitiveness Summit Forum	Excellence Enterprise in Overseas Sustainable Practice Award 2020	November 2020
	2020 Annual Industry Conference of the 6th Council Meeting of the 7th Session of China International Contractors Association	'2020 AAA Enterprise in the Credit Rating of Foreign Contractors	December 2020
	The Hong Kong Dagong Wenhui Media Group, the Hong Kong Chinese Enterprises Association, the Beijing Association of Listed Companies, the Chinese Financial Association of Hong Kong, the Chinese Securities Association of Hong Kong, the Hong Kong Securities Professionals Association, the Hong Kong Institute of Chartered Secretaries, and the China Mergers & Acquisitions Association	10th China Securities Golden Bauhinia Award - Most Socially Responsible Listed Company	December 2020
JK Institute	The People's Government of Shaanxi Province	First Prize in Science and Technology Award of Shaanxi Province	April 2020
	Chinese Society for Geodesy Photogrammetry and Cartography	Second Prize in Science and Technology of Surveying and Mapping of Chinese Society for Geodesy Photogrammetry and Cartography	April 2020
	Ministry of Natural Resources of the PRC	The Improvement Award in Science and Technology of Surveying and Mapping of Chinese Society for Geodesy Photogrammetry and Cartography	June 2020
	Shaanxi Provincial Department of Housing and Urban-Rural Development	8 excellent engineering survey and design awards of Shaanxi Province	July 2020
	Shaanxi Province Reconnaissance and Design Association	6 achievement awards from Shaanxi Provincial Quality Management Team	August 2020
	China Machinery Industry Investigation and Design Association	2 awards for excellent engineering investigation and design consulting achievements in machinery industry in 2020	September 2020
	China Engineering & Consulting Association	2 activity achievement awards for engineering investigation and design quality management team in 2020	October 2020
	China Association for Engineering Construction Standardization	The national standard <i>Code for Measurement Methods of Dynamic Properties of Subsoil</i> (GB/T 50269-2015) edited as the chief editor won the first prize of the 2020 'Standard Technology Innovation Award'	November 2020
	China Machinery Industry Investigation and Design Association	8 awards for excellent engineering investigation and design in machinery industry in 2020	November 2020
	China Machinery Industry Federation, Chinese Mechanical Engineering Society	1 SINOMACH Science and Technology Award	November 2020
SINOMACH	Second prize in 'SINOMACH Science and Technology Award'	November 2020	
SINOMACH	Second prize in 'SINOMACH Excellent Standard Award'	November 2020	

Winner	Issuer	Award or honor	Winning date
CMIE	SINOMACH	Third prize in SINOMACH Science and Technology Award	January 2020
	Ministry of Science and Technology, Ministry of Finance, State Administration of Taxation	'National High-tech Enterprise'	September 2020
CMCEC	SINOMACH	Second prize in 'SINOMACH Excellent Patent Award'	November 2020
	SINOMACH	The Ukrainian agricultural market collaboration project won the Regional Collaboration Prize	January 2020
CMIPC	National Railway Administration	The <i>Manufacturing Method and Device of Wheel Mounted Brake Disc and the Wheel Mounted Brake Disc Produced Therefrom</i> (Patent No. ZL201610170581.2) was selected into the Major Scientific and Technological Innovation Achievement Database of National Railway Administration in 2020	October 2020
	SINOMACH	Third prize in 'SINOMACH Excellent Patent Award'	November 2020
Angola SOYOI Combined Cycle Power Plant Project	Xuzhou XCMG Mining Machinery Co., Ltd.	'Excellent Supplier Award'	December 2020
	China Electric Power Construction Association	'2020 China Power Quality Project'	June 2020
230 kV Namxam power transmission and transformation project in Laos	Ministry of Energy and Mines in Laos	'Excellent Project of the Year 2019' award	July 2020

# ESG indicator index

Key areas, levels, general disclosures and KPIs		Report page
<b>A. Environment</b>		
Level A1:Effluent	General disclosure	P44
	KPI A1.1	P51
	KPI A1.2	P44
	KPI A1.3	P51
	KPI A1.4	P51
	KPI A1.5	P44-46
	KPI A1.6	P44-46
Level A2:Resource usage	General disclosure	P44
	KPI A2.1	P51
	KPI A2.2	P51
	KPI A2.3	P44-46
	KPI A2.4	P46, P51
	KPI A2.5	The total amount of packaging materials used by the company's business was small and not a substantive issue
Level A3:Environment and natural resources	General disclosure	P45-50
	KPI A3.1	P45-50
Level A4:Climate change	General disclosure	P44
	KPI A4.1	P18, P45-46
<b>B. Society</b>		
<b>Employment and labor practices</b>		
Level B1:Employment	General disclosure	P54-55
	KPI B1.1	P07, P54-55
	KPI B1.2	P54
Level B2:Health and safety	General disclosure	P58
	KPI B2.1	P07, P58
	KPI B2.2	P07, P58
	KPI B2.3	P58-61
Level B3:Development and training	General disclosure	P07, P56-57
	KPI B3.1	P56
	KPI B3.2	P56
Level B4:Labor criterion	General disclosure	P54
	KPI B4.1	P54
	KPI B4.2	P54
<b>Operating practice</b>		
Level B5:Supplier management	General disclosure	P35-36
	KPI B5.1	P35
	KPI B5.2	P36
	KPI B5.3	P35-36
	KPI B5.4	P35-36
Level B6:Product liability	General disclosure	P32-33
	KPI B6.1	P33
	KPI B6.2	P34
	KPI B6.3	P27
	KPI B6.4	P33
	KPI B6.5	P34
Level B7:Anti-corruption	General disclosure	P13-14
	KPI B7.1	P13-14
	KPI B7.2	P13-14
	KPI B7.3	P04, P13
<b>Community</b>		
Level B8:Community investment	General disclosure	P64-65, P67
	KPI B8.1	P07, P67-69
	KPI B8.2	P66-69

# Feedback form Readers

Hello! Thank you for reading our report. We look forward to your comments and thoughts on the report, which will help us continuously improve the way we prepare the report and our performance in sustainable development. You are welcome to fill out the following questionnaire, which you can send back to us through the contact information at the bottom of this page.

Thank you very much for your support to our work!

China Machinery Engineering Corporation  
May 2021

### Which of the following types of stakeholders best fits your identity?

- Shareholder     Employee     Customer     Supplier/Contractor     Government     Peer  
 Community/Public     Industry association/NGO     Media     Others (please specify) \_\_\_\_\_

### On the whole, how do you evaluate our report?

- Very good     Good     Average     Poor     Very poor

### What do you think of this report?

- Information disclosure:  Very good     Good     Average     Poor     Very poor  
 Layout design:     Very good     Good     Average     Poor     Very poor  
 Readability:     Very good     Good     Average     Poor     Very poor

### Which chapter do you think best suits your needs? (You can choose up to 2 of them)

- To Whom It May Concern     Liability subject     Board governance     New development pattern to build sustainable infrastructure  
 New development mode, contributing to sustainable ecological civilization     New drivers of development to enhance sustainable development resilience     Outlook on 2021     Others (please specify) \_\_\_\_\_

### What issues are of greatest concern to you? (You can choose up to 3 of them)

- Board operation     Investor relation management     Law-based enterprise governance     Risk management  
 Sustainable development management     Quality operation     Warmhearted service  
 Supply chain management     Industrial chain development     Promote industry prosperity     Partnership cooperation  
 Employment management     Salary and benefits     Democratic management     Staff training  
 Career development     Occupational health and safety     Workplace care     Green management  
 Green projects     Clean energy     Green culture  
 Local operation     Poverty alleviation     Contribute to community development

### Do you have any comments or suggestions on our sustainable development report or our performance?

#### Contact us:

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