

CIMC ENRIC

CIMC Enric Holdings Limited

(Stock code: 3899. HK)



Environmental, Social and Governance Report | 2022

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About the Report



The Report is the seventh Environmental, Social and Governance (“ESG”) Report issued by the CIMC Enric Holdings Limited (Referred to as “Company” or “the Company”, collectively, with its subsidiaries, referred to as “the Group”, “CIMC Enric” or “we”). In keeping with the principles of materiality, quantification, balance and consistency, it elaborates on the Group’s management approach and performance in environmental, social and governance (ESG), focusing on issues of concern to stakeholders and how the Group achieves environmental and social sustainability.

Scope of the Report

This report contains information on the ESG performance of CIMC Enric Holdings Limited and its subsidiaries for the period from January 1, 2022 to December 31, 2022 (some of which extend to early 2023), and five additional overseas companies have become its subsidiaries compared with 2021. The data in the environmental areas of this report covers 18 subsidiaries of the Group¹. For details of the subsidiaries, please refer to the appendix of this report. For details of corporate governance, please refer to the “Corporate Governance Report” in the 2022 Annual Report of the Company.

Reporting Standards

This Report is compiled in compliance with Appendix 27 Environmental, Social and Governance Reporting Guidelines (“ESG Reporting Guidelines”) of the Listing Rules on the Main Board of the Stock Exchange of Hong Kong Limited (“Stock Exchange of Hong Kong”) and the “core” options of GRI Standards issued by the Global Reporting Initiative (GRI), and in accordance with the actual situation of the Group referring to the United Nations 2030 Agenda for Sustainable Development and the Stakeholder Capital Metrics in the White Paper “Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation”², which is issued by the International Business Council of the World Economic Forum.

Publication

The Report is published in Chinese and English. Should there be any discrepancy between the Chinese and the English versions, the Chinese version shall prevail. Readers and all stakeholders can browse the Report at the Company’s official website (www.Enricgroup.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Contact Information

Address: Suites 1902-3, 19th Floor, Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong
 CIMC R&D Center, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong, China

Telephone: +852 2528 9386

Facsimile: +852 2865 9877

Website: www.Enricgroup.com

Email Address: Enric@Enric.com.hk

¹ The revenue of new energy business accounts for a small proportion of the total income of the Group and is not an important business of the Group. Therefore, the environmental data of this report does not include the data of new energy business and related subsidiaries.

² Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, World Economic Forum, September 2020.

Statement of the Board of Directors

As a leading provider of energy, chemical and food equipment services in China, the Company adopts robust and practical business strategies that align with industry trends and market dynamics, and we aim to provide high-quality products and solutions to our clients while also achieving our sustainability goals. The Company is fully committed to engaging in green, low-carbon and sustainable development to accelerate business upgrading, and we are exploring various scenarios related to energy conservation and emission reduction. We remain true to our original aspirations, and we diligently strive to fulfill our social responsibilities in order to make a greater contribution to our stakeholders and society as a whole.

The board of directors (the “Board”) takes full responsibility for the Company’s environmental, social and governance (ESG) reporting; identifies, assesses and determines the Company’s ESG-related risks; and ensures the effective operation of the Company’s ESG risk management and internal regulatory system. The Board and all directors of CIMC Enric Holdings Limited (also referred to as “the Company”) guarantee that there are no false records, misleading statements or material omissions in this Report, and we will bear individual and joint liability for the authenticity, accuracy and integrity of the Report’s contents.

The Company has set up an ESG management system encompassing the Board, the Sustainable Development Committee and the ESG Work Group, and we have defined the division of responsibilities at all levels to promote the implementation of ESG concepts. As the supreme decision-making body, the Board raises relevant issues at the beginning of each year and reports the Company’s current operating performance and progress on major projects, such as major research and development (R&D) projects, energy conservation and emission reduction projects, and talent development initiatives. The Board also conducts assessments and in-depth reviews of ESG issues, such as reviews of the Board Diversity Policy and the setting of gender and diversity goals. At the end of each year, the Board will review the achievement of ESG goals. For example, the Board reviewed the goals of HSE indicators in 2022 and 2020-2022, and formulate future goals. Meanwhile, the Audit Committee under the Board reviews anti-corruption performance biannually, and it has published the *CIMC Enric Anti-corruption and Anti-fraud Policy* to strengthen the Company’s overall governance standards and ensure business operations are conducted with honesty and integrity.

CIMC Enric adopts a client-oriented approach in providing quality products and services related to the energy, chemical industry, environmental protection and food equipment industries, and we are devoted to investing in product R&D and facilitating the healthy development of green products. The Company pays close attention to the demands of its stakeholders in order to collaborate with them and pursue win-win development. By leveraging resources across the industry and CIMC Enric’s unique advantages, we are creating more value for our shareholders, as well as for upstream and downstream companies in the supply chain.

Going forward, we will continue to strictly comply with ESG requirements, improve company-wide sustainability goals and assessments, optimize the Company’s internal management system and information disclosures, and strengthen our performance with respect to environmental, social and governance issues. In the coming year, we will listen to the demands of various stakeholders in order to improve our operating and management capabilities, bolster our sustainable development strategy and create a better future for the Company.

This report details the progress and effectiveness of the Company’s ESG work in 2022, and was reviewed and approved by the Sustainable Development Committee and the Board of Directors on March 20, 2023 and March 23, 2023.

President's Message



To all stakeholders:

As a leader in the global clean energy, chemical and liquid food equipment sectors, CIMC Enric pursues business development while maintaining stability and improving quality, efficiency and risk control, and we are committed to a corporate philosophy that focuses on “green energy, clean logistics and improving quality of life.” We are constantly improving the Company’s operations to meet the various challenges that arise on the sustainable development path, and we are diligently working with stakeholders to maintain a sustainable environmental ecosystem and improve the public’s well-being.

2022 was a year in which we reminded ourselves of our original aspirations and made new progress. During the year, the Company made significant contributions to energy conservation by accelerating its transition to greener development. We are committed to supporting the national vision of achieving carbon neutrality by 2060, and to this end, we are actively promoting green production and developing low-carbon energy. For example, the Company recently launched a model project for hydrogen fuelling stations, as well as a liquefied petroleum gas (LPG) micro pipeline network. By making breakthroughs in technological innovation, we are providing sophisticated solutions and products to our customers and empowering industry development. We manage, track and review our environmental performance; identify management goals with respect to environmental governance; and adopt a differentiated approach to risk at different levels to reduce the Group’s overall emissions.

At CIMC Enric, we pay special attention to R&D and technological innovation. By leveraging more agile and effective technologies, the Company will be able to raise the quality of its services, generate higher economic returns, align technological innovation with environmental protection, and minimize resource consumption, which are all important steps in developing an intelligent circular economy and pursuing digitalization. In 2022, the Company performed impressively in the fields of smart manufacturing, lighthouse factories, data intelligence security, and renewable energy use.

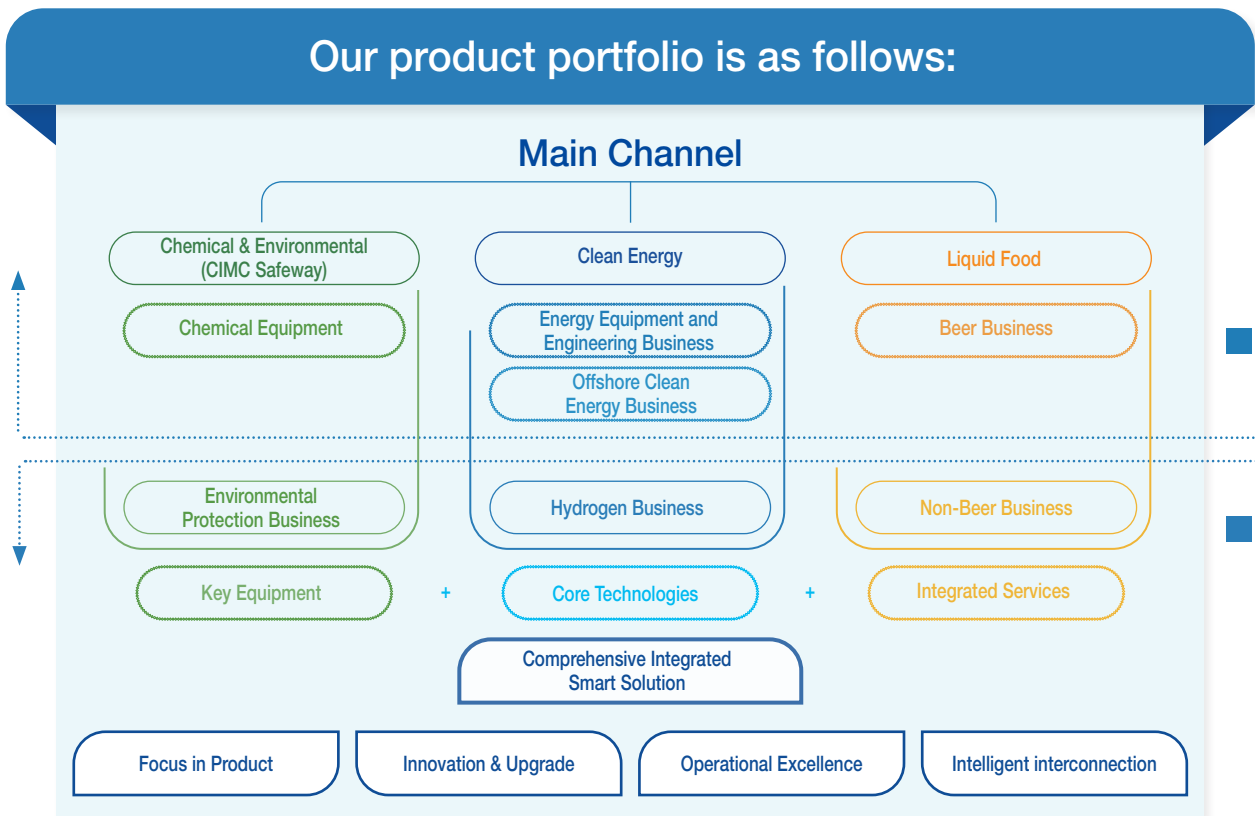
CIMC Enric strictly abides by the highest standards of business ethics, and our anti-corruption measures are a top priority for us. We are determined to comprehensively prevent corruption, with management taking the lead in cultivating a corporate culture that espouses the principles of anti-corruption, self-discipline, integrity and good faith. Our suppliers are required to sign the *Sunshine Cooperation Commitment Letter* to ensure that our supply chain is transparent and effective. We always put people first, and place employees’ safety and physical and mental health at the top of our agenda. The Company organizes regular safety training for our employees to raise safety awareness, and we are steadily innovating and reforming the Company’s employee development measures in order to build a strong team of talented professionals. While pursuing economic development, we strive to improve the Company’s health, safety and environmental (HSE) performance with the goal of strengthening our long-term competitive advantages.

CIMC Enric appreciates the attention and support provided by its stakeholders over the years. In the years ahead, we will continue to pursue sustainable development based on our own advantages, and we will more closely align our corporate strategy with the interests of society and the environment. Going forward, the Company will embrace development opportunities while meeting its social responsibilities and challenges; and by working alongside our stakeholders, we will create more value for all of us.

Executive Director, President
Mr. Yang Xiaohu
April 2023

About Us

CIMC Enric was established in 2004 and listed on the Hong Kong Stock Exchange in 2005 as a member of China International Marine Container (Group) Co., Ltd. ("CIMC Group"). We are mainly engaged in the design, development, manufacture, engineering and sales of various types of transportation, storage and processing equipment widely used in clean energy, chemical environment, liquid food and other industries, and provide related technical maintenance services.



Natural Gas-focused Onshore + Offshore Clean Energy Value Chain

Offshore clean energy industrial chain



Upstream (production and processing)

- Offshore oil and gas processing module



Midstream (Distribution)

- Small and medium-sized gas carrier (LEG/LPG/LNG)



Downstream (Application)

- Oil-to-gas conversion for ships (marine tanks and power systems) (inland waterways, coastal)
- LNG bunkering vessel and offshore/onshore bunkering

Onshore clean energy industrial chain



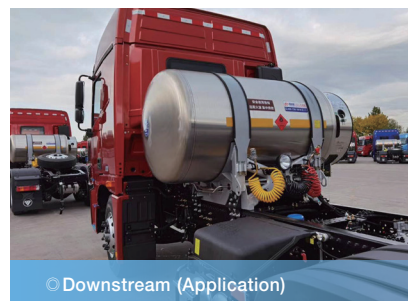
Upstream (production and processing)

- Liquefaction plant/wellhead skidmounted equipment
- Onshore wellhead gas treatment and processing



Midstream (Distribution and storage)

- Clean energy distribution equipment
- Other clean energy storage equipment and engineering
- LNG peak shaving storage equipment and engineering



Downstream (Application)

- Clean energy equipment for transportation
- Commercial and industrial LNG small fuel tanks

Hydrogen Industry Chain



Upstream (production and processing)

- Hydrogen production from methanol and hydrogen refueling demonstration project
- Hydrogen production from coke oven gas demonstration project



Midstream (Distribution and storage)

- Hydrogen Tube bundle trailer
- Liquid hydrogen storage tank



Downstream (Application)

- Hydrogen refueling station
- Mobile hydrogen refueling sub-station vehicle
- Type III and Type IV on-vehicle hydrogen cylinders

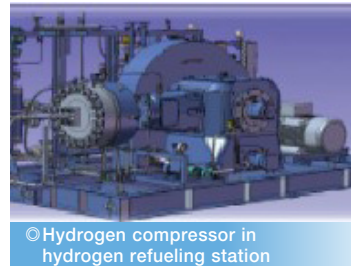
Core hydrogen energy “storage, distribution, refueling” equipment



© Hydrogen compressor for loading in mother station



© Long tube trailer for hydrogen distribution



© Hydrogen compressor in hydrogen refueling station



© On-vehicle hydrogen supply system



© Hydrogenator



© Hydrogen storage tank group for station

Chemical and environmental protection equipment



Standard liquid tank

Chemical Tank Containers

- Standard tank
- Special tank container



Environmentally-friendly building materials

Environmental protection equipment

- Environmental protection equipment
- Hazardous waste disposal
- Solid waste utilization

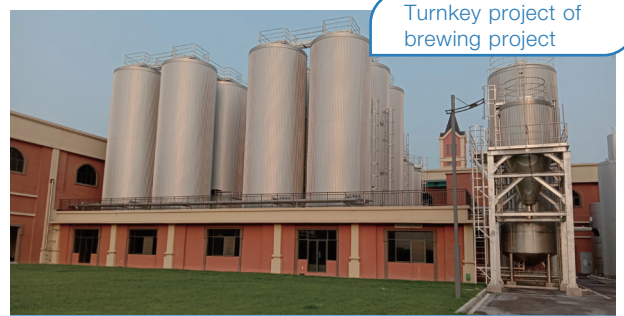
Liquid food equipment and engineering



Beer tanks

Liquid food storage tank

- Beer tank
- Non-beer liquid food storage tank



Turnkey project of brewing project

Turnkey project of brewing project

- Turnkey project of brewing project
- Turnkey project of spirits brewing

We provide clients with a comprehensive solution of “key equipment + process engineering + service”, such that a full suite of industrial services can be delivered.

	Equipment manufacturing	<ul style="list-style-type: none"> • Advanced technology in Europe and America • Competitive advantages of Chinese manufacturers • Manufacturing capability of key equipment • The world's leading lean capability 		Engineering services	<ul style="list-style-type: none"> • Consultation • Design • Construction • Engineering general contracting
	Solutions	<ul style="list-style-type: none"> • Solution to offshore liquefaction storage and transportation • Solution for marine from oil to gas solution • Solutions for natural gas and hydrogen production from coke-oven gas • Solutions for heat and electricity supply in buildings • Integrated solution for hydrogen production and hydrogenation in methanol 	<ul style="list-style-type: none"> • Solutions for LNG multi-modal transportation • Solution to natural gas peak-shift reserve • Solution to beer turnkey project • Financial solutions 		

The Group has production bases and R&D centres in China, the Netherlands, Germany, Belgium, Denmark and the United Kingdom, forming an interactive and mutually supportive industrial structure between China and Europe. We own product and service brands such as Enric, Sanctum, Hongtu, YPDI, CIMC SOE, CIMC Hydrogen, CIMC Tanks, Cryobest, Tankmiles, Anjehui, Ziemann Holvrieka, Briggs, DME, NSI, etc., with the sales network all over the world.

Major brands of the Group



石家庄安瑞科气体机械有限公司



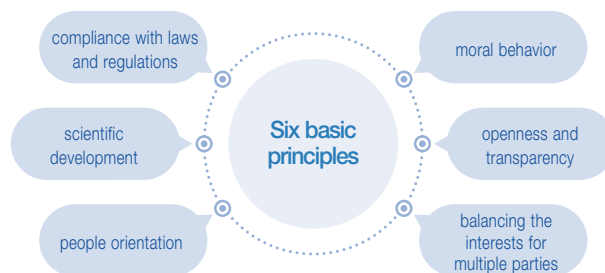
Sustainable Development Concept

Sustainable development strategy

Business operations not only make economic contribution, but also have a direct or indirect impact on the environment and society. The Company undertakes the sustainable development strategy formulated by the controlling shareholder of CIMC Group, fully considers the risks and challenges of sustainable development, and has clear plans and arrangements in terms of environment, society and governance.

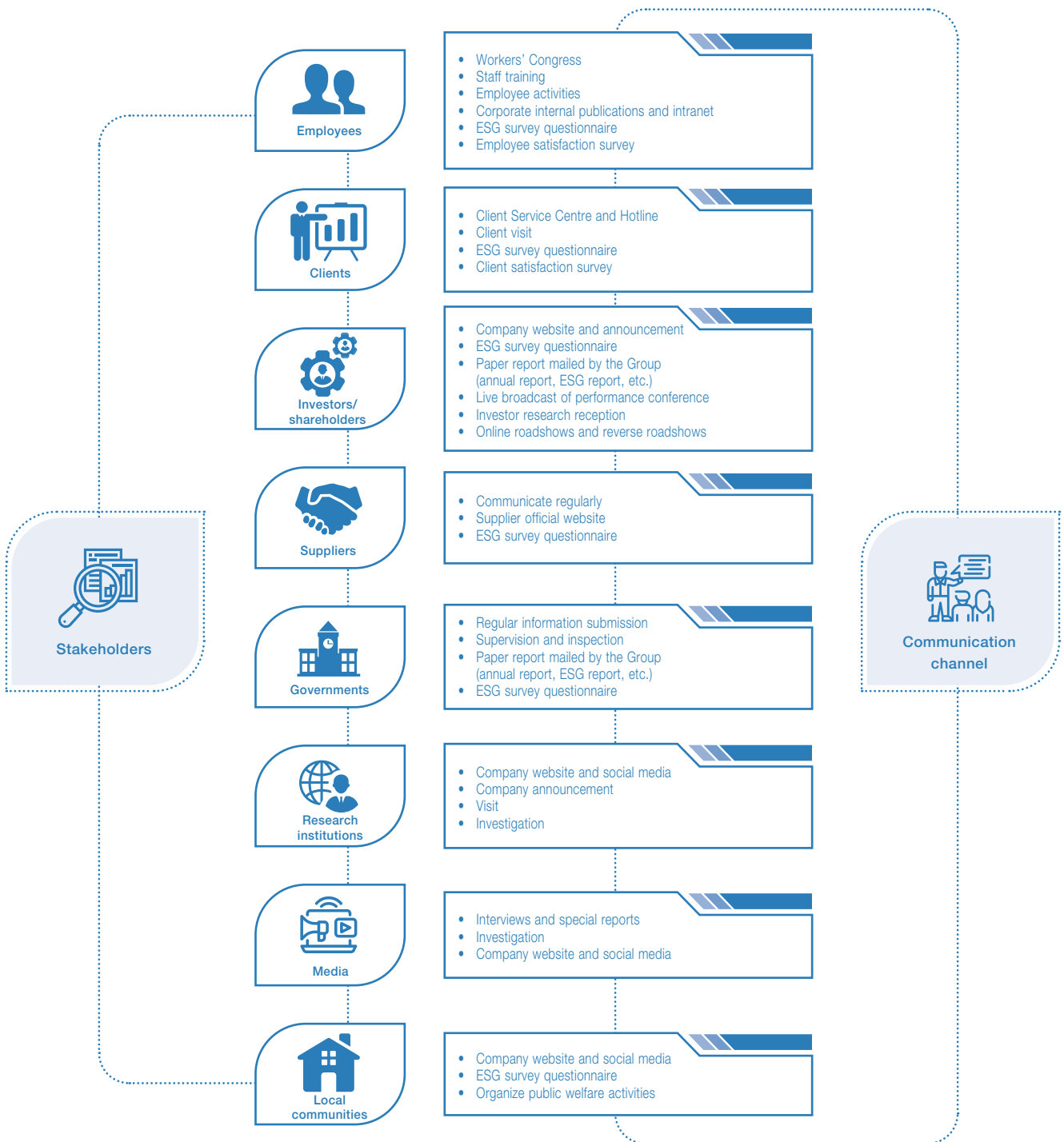
Strategic theme	Firmly adhere to the strategy of “scientific and technological innovation, smart and connected, growth with quality, and build a comprehensive service capability for clean energy integration”, focus on the clean energy industry, and pursue for high-quality, incremental business development.
Strategic Initiatives	<ol style="list-style-type: none"> 1) Strengthen scientific and technological innovation, promote intelligent manufacturing, and improve the level of refined management. 2) Pay close attention to the development of key equipment and core processes, combine with the underlying idea of Smart and Connected, and achieve to maintain the leading position for core products. All enterprises should give full play to their own capabilities and consolidate their position in the industry. 3) Adhere to the optimization of connotation, improve the efficiency of capital use, continuously improve the turnover of cash, and strengthen the ability to dispose of inefficient assets and inefficient businesses. 4) Strengthen comprehensive risk management, implement ESG-related management and control requirements, prevent major risks, and ensure sustainable development; vigorously promote green and low-carbon development, and gradually move towards the dual-carbon goal of “carbon peaking and carbon neutrality”.
Strategic support	digital operations, human resources, risk management and control, capital/resources.
Business Opportunities	<ol style="list-style-type: none"> 1) Focus on carbon neutral industry opportunities 2) Focus on the theme of clean energy, track and serve the overall national energy development strategy, so as to achieve the healthy development of the Group’s clean energy industry.
Strategy implementation	Firmly follow the path of sustainable development, gradually integrate ESG management concepts into corporate operations, seize historical development opportunities, and manage the risks in ESG.

We constantly improved the standard of sustainable development management, achieved conceptual transformation of ESG management, and foregrounded ESG management. CIMC Enric plays an active role in identifying and reducing its impact on the environment and society in business operation and management. We propose and manage our environmental and social impacts in accordance with six fundamental principles.



Communication with stakeholders

The Group understands that the key to sustainable development is to listen to the views and expectations of stakeholders that may impact our business processes. Our stakeholders are broad-based, including employees, clients, investors/ shareholders, suppliers, governments, research institutions, media and local communities. Adhering to the principle of balancing the interests of all the parties involved, we regularly communicate with major stakeholders through various channels such as annual reports, regular meetings and interviews to identify key issues related to them, and disclose our actions in dealing with these issues during the year.



Response to materiality issues

Determination process of substantive issues

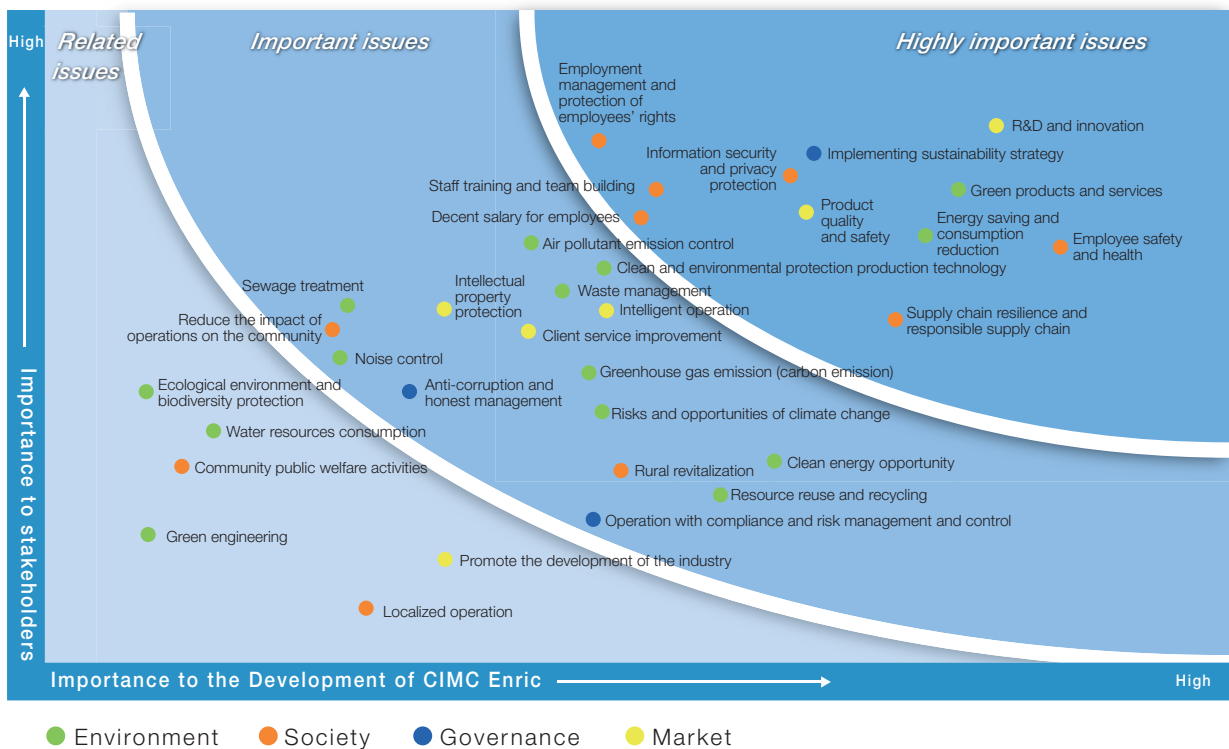
In 2022, CIMC Group carried out a substantive evaluation of ESG issues covering CIMC Enric, commissioned an independent third party agency to identify important ESG issues that are closely related to the business operations including CIMC Enric, and conducted a separate analysis and evaluation based on the Group’s situation:

- Understand their views and suggestions on the sustainable development of the Group through interviews with internal and external stakeholders;
- Through the online survey questionnaire, we obtained the scores of different stakeholders on the importance of ESG issues. In this year, we collected 5167 effective questionnaires, of which external stakeholders accounted for 91% (7% higher than the previous year).

Materiality Assessment results

Through the above steps, CIMC Enric identified 14 environmental issues, 10 social issues, 3 governance issues and 6 market issues in 2022. According to the importance ranking, it covers 10 highly important issues, 17 important issues and 6 related issues, as shown in the table below. With reference to the evaluation results of substantive issues, the Group focused on these issues in the ESG management of CIMC Enric.

Significance Matrix of ESG Issues in CIMC Enric in 2022



This report's response to the ESG issue in 2022














Category	Issues	Topic ranking	Importance	Ranking change	Ranking in 2021	Response to this report
Market	R&D and innovation	1	Highly important	↑ 26	27	Innovative products and services
Society	Employee safety and health	2		↓ 1	1	Occupational Health and Safety
Environment	Green products and services	3		↑ 5	8	Green Products and the Environmental Protection Industry
Environment	Energy saving and consumption reduction	4		↓ 1	3	Resources Conservation
Governance	Implementing sustainability strategy	5		-	5	Sustainability Development Strategy
Society	Supply chain resilience and responsible supply chain	6		Combined topic	19, 25	Supply Chain Sustainability
Market	Product quality and safety	7		↓ 5	2	Improving Product Quality
Society	Information security and privacy protection	8		↑ 21	29	Client Service and Privacy Protection
Society	Staff training and team building	9		↑ 8	17	Talent Development
Society	Employment management and protection of employees' rights	10		Combined topic	11, 21, 34	Equal Opportunity and Diversity
Society	Decent salary for employees	11		↑ 11	22	Protection of Employees' Rights
Environment	Clean and environmental protection production technology	12	Important	↓ 5	7	Green Products and the Environmental Protection Industry
Environment	Air pollutant emission control	13		↓ 1	12	Exhaust and Greenhouse Gas Emissions Management
Environment	Clean energy opportunity	14		New topic	/	Green Products and the Environmental Protection Industry
Market	Intelligent operation	15		↑ 8	23	Topic 2: Smart Manufacturing Drives Technological Innovation
Environment	Waste management	16		↑ 16	32	Waste discharge management
Environment	Greenhouse gas emission (carbon emission)	17		↑ 7	24	Exhaust and Greenhouse Gas Emissions Management
Market	Client service improvement	18		↑ 2	20	Excellent Client Relationships
Market	Intellectual property protection	19		↑ 9	28	Innovative products and services
Environment	Risks and opportunities of climate change	20		↓ 5	15	Addressing Climate Change
Environment	Resource reuse and recycling	21		New topic	/	Resources Conservation
Environment	Sewage treatment	22		↓ 9	13	Wastewater discharge management
Society	Rural revitalization	23	Relevant	↑ 7	30	Caring for People's Livelihoods
Society	Reduce the impact of operations on the community	24		↓ 13	9	Caring for People's Livelihoods
Environment	Noise control	25		↓ 9	16	Noise Management
Governance	Anti-corruption and honest management	26		↓ 22	4	Business Ethics and Anti-corruption
Governance	Operation with compliance and risk management and control	27		↓ 15	6	Business Ethics and Anti-corruption
Market	Promote the development of the industry	28		↓ 18	10	Leading the Industry's Development
Environment	Ecological environment and biodiversity protection	29		↓ 11	18	Biodiversity Conservation
Environment	Water resources consumption	30		↑ 1	31	Resources Conservation
Society	Community public welfare activities	31		↑ 4	35	Caring for People's Livelihoods
Society	Localized operation	32		↑ 1	33	Caring for People's Livelihoods
Environment	Green engineering	33		↓ 25	8	Innovative products and services

Based on the analysis of materiality issues, the Report discloses highly important issues in detail in response to internal and external concerns. Among the highly important issues this year, the following issues leapfrogged in the importance ranking:

- Information security and privacy protection:** The ranking of this issue has risen significantly, indicating that stakeholders still attach great importance to information security and privacy protection, and we take active actions to strengthen the promotion of information security protection network action to ensure the information security of the company's internal and external supply chain upstream and downstream.
- R&D and innovation:** The ranking of this issue has risen significantly, suggesting that stakeholders attach great importance to the company's R&D and innovation capabilities, and we are increasing our investment in R&D and innovation to push the boundaries and improve the quality of our products to further shape our future competitiveness.

Sustainable Achievements in 2022

Paying particular attention to the evolving trend of global ESG-related guidelines and standards, we closely tracked the impact of relevant guidelines on us, and responded positively in our report, by reference to the UN's 2030 Agenda for Sustainable Development and the Stakeholder Capital Metrics issued by the World Economic Forum, including 13 of the 17 UN 2030 Sustainable Development Goals, and four pillars of Stakeholder Capital Metrics (Principles of Governance, Planet, People and Prosperity). The results that we achieved concerning the above goals and indicators this year are shown as follows:

<p>Corporate Governance, Integrity and Compliance (Principles of Governance)</p>		<ul style="list-style-type: none"> • Women accounted for 33.3% of the Company's executive management • The Company has set a measurable goal on gender diversity of no less than 20% women on Board by 2028
<p>Green Manufacturing and Innovation-driven Development (Prosperity)</p>	  	<ul style="list-style-type: none"> • The Group had no product recalls in 2022 and customer satisfaction is 96.78% • Annual clean energy investment of RMB297 million and expected to invest no less than RMB1.5 billion in clean technology and project-related investments in the next three years • R&D expenses reached RMB560 million, up 7% from 2021 • 66 new patents in 2022 • The rate of qualified existing and new suppliers signing the Sunshine Cooperation Commitment Letter reached 100%
<p>Low Carbon and Environmental Protection, Care for the Earth (Planet)</p>	  	<ul style="list-style-type: none"> • 95 energy-saving and green development projects were carried out, and carbon emission reduction is about 9,000 tons for the year • The total investment in environmental protection and emission reduction operations amounted to RMB36.55 million • A total of 13 member companies have passed ISO 14001 environmental management system certification, 6 have passed ISO 50001 energy management system certification, and 5 have passed clean production audits
<p>Putting People First for All-Win Harmony (People)</p>	     	<ul style="list-style-type: none"> • A total of 13 member companies have obtained OHSAS certification, and 11 companies have passed the certification of production safety standardization • Conducted 1,316 HSE training sessions, with 122,035 HSE training participants • Conducted more than 236 emergency drills for fire, safety and environmental protection, with more than 6,971 participants • 9,458 employees, 22 employees with disabilities, overall employee turnover rate of 16.8% • 88% China-based employees participated in the training, total training hours 163,681.01 hours, per capita training hours 19.05 • 156 internal trainers with 1,916.95 hours of internal training • The Group donated a total of RMB202,057.03 in public welfare activities, the volunteer service time was up to 3,511 hours, and the volunteer service (person-times) for 370 people

ESG Goals and Review

The Group's HSE Committee identified 2022 HSE policy and goals and set goals for 2022 HSE indicators in 2021. As at the end of 2022, we reviewed our 2022 performance in achieving HSE goals. We have achieved all these goals as detailed in the following table.

CIMC Enric's 2022 HSE performance review

Indicators	2022 goals	Performance
Major environmental accidents	0	Achieved
Energy consumption per RMB100 million revenue (ton standard coal/RMB100 million)	201	Achieved
Amount of hazardous waste per RMB100 million revenue (ton/RMB100 million)	11.37	Achieved
Emissions of VOCs per RMB100 million revenue (tons/RMB100 million)	0.138	Achieved
Emissions of carbon dioxide per RMB100 million revenue (tons/RMB100 million)	911	Achieved
Water consumption per RMB100 million revenue (tons/RMB100 million)	7,277	Achieved
Number of workplace death accidents and number of serious injury accidents	0	Achieved
Number of major fire accidents (loss over RMB200,000)	0	Achieved
Number of major environmental accidents (major complaints or fines)	0	Achieved
Number of environmental administrative penalties	0	Achieved
Number of new occupational disease patients (recruits after 2014)	0	Achieved
Closing rate of hidden danger rectification (compliance audit, unannounced inspection, workplace death accidents)	90%	Achieved
Pass rate of team leader certification training	85%	Achieved
Injury accident rate of 1,000 persons (including workplace death, serious injury and minor injury accidents)	Decline by 5%	Achieved
Number of important hazard sources	Decline by 3%	Achieved
Number of employees exposed to occupational hazards	Decline by 3%	Achieved

CIMC Enric's 2020-2022 HSE performance review

Indicators	2020-2022 goals	Performance
Number of major environmental accidents (major complaints or fines)	0	Achieved
Compliance with the three wastes emissions goal (disposal)	100%	Achieved
Water consumption per RMB100 million revenue (tons/RMB100 million)	Keep declining by 5% year on year	Achieved
Energy consumption per RMB100 million revenue (ton standard coal/RMB100 million)	Keep declining by 5% year on year	Achieved
Amount of hazardous waste per RMB100 million revenue (ton/RMB100 million)	Keep declining by 5% year on year	Achieved
Emissions of VOCs per RMB100 million revenue (tons/RMB100 million)	Keep declining by 7.5% year on year	Achieved
The Group's green energy-saving contribution (RMB10,000)	500	Achieved
Number of workplace death accidents/number of workers killed	0	Achieved
Number of serious injury accidents/number of persons with serious injury	0	Achieved
Number of major fire accidents (loss over RMB200,000)	0	Achieved
Number of product safety accidents	0	Achieved
HSE compliance audit coverage rate of manufacturing enterprise	100%	Achieved
Injury accident rate of 1,000 persons	Keep declining by 5% year on year	Achieved
Number of new occupational disease patients (recruits after 2014)	0	Achieved
Number of employees exposed to occupational hazards	Keep declining by 5% year on year	Achieved
Holding rate of HSE-related certificates for enterprise compliance operation	100%	Achieved

For details on the Group's efforts on attaining HSE-related goals in 2022, please refer to the "Low Carbon and Environmental Protection, Care for the Earth" and "Putting People First for All-Win Harmony" sections of this Report.

According to the national and local HSE laws and regulations, we have adopted the CIMC's HSE policy and target plan, and effectively implemented the core values of "legal compliance, work safety, health and green operation". The Group's HSE Committee has finalized the HSE policy and goal management plan for 2023, and set long-term goals for 2023-2025 indicators:

2023 CIMC Enric's HSE goals (Environmental category)

Indicators	2023 goals
VOCs per RMB100 million revenue reduction (%)	Decline by 7.5%
Amount of hazardous waste per RMB100 million revenue reduction (%)	Decline by 4.5%
Energy consumption per RMB100 million revenue reduction (%)	Decline by 3%
Water consumption per RMB100 million reduction (%)	Decline by 3%

ESG Ratings

In 2022, the Group engaged in active communication with ESG rating agencies and responded to key ESG ratings for better ESG governance. We aim to raise the Group's ESG ratings on a gradual basis by disclosing detailed and transparent ESG information. In December 2022, the Group's MSCI ESG Score was raised to BBB. For details on the Report's response to the Group's issues and indicators covered in the MSCI ESG Score, please refer to the Appendix.



In May 2022, the Group was rated A in the Wind ESG rating, ranking seventh in the machinery industry.



Awards and Honors

CIMC Enric received the following awards and honors in 2022:



CIMC Enric won the “Talent-driven Best Practice Award” with its excellent talent development strategy and talent management system.



CIMC Enric won the “Human Resource Outstanding Contribution Award” with its good practices in human resource management and a positive brand image as an ideal employer.

CIMC Enric's member enterprises received the following awards and honors in 2022:

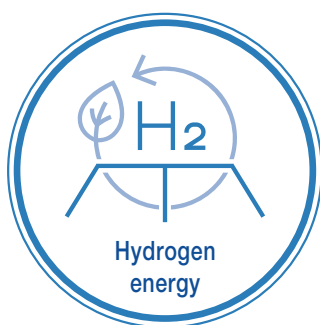
Categories	Awards and Honors	Enterprises
Social Responsibilities	The general manager of the company was awarded "Ten Entrepreneurs with Outstanding Contributions"	CIMC Safeway Technologies Co., Ltd.
	Top 10 Tax Paying Manufacturing Enterprises in Nantong	CIMC Safeway Technologies Co., Ltd.
	Hubei Engineering Research Center for Compressed Storage and Transportation Equipment	CIMC Enric Jingmen Hongtu Special Aircraft Co., Ltd.
	Hubei Industrial Design Center	CIMC Enric Jingmen Hongtu Special Aircraft Co., Ltd.
	Top Tax Contribution Enterprise	CIMC Enric Jingmen Hongtu Special Aircraft Co., Ltd.
	Model Enterprise recognized by Zhangjiagang Science and Technology Association	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.
	2022 4-star Enterprise in Jiangsu	Nantong CIMC Energy Equipment Service Co., Ltd.
Brands	Key Enterprises in Five Ten Project of the Service Industry in Jingmen	CIMC Enric Jingmen Hongtu Special Aircraft Co., Ltd.
	"Business Growth and Strategy Award" under the "National Manufacturing Award 2022"	Briggs of Burton PLC, Burton on Trent UK
	2022 Sophisticated, Special and New Medium and Small-sized Model Enterprises in Jiangsu	Nantong CIMC Energy Equipment Service Co., Ltd.
	One of the Eighth Batch of Smart Workshops in Nantong	Nantong CIMC Energy Equipment Service Co., Ltd.
	Model Protector of Commercial Secret in Chongchuan District	CIMC Safeway Technologies Co., Ltd.
	Model Enterprise in Intellectual Property Rights in Hubei	CIMC Enric Jingmen Hongtu Special Aircraft Co., Ltd.
Innovation	Third Prize of Science and Technology in Jiangsu	CIMC Safeway Technologies Co., Ltd.
	Industry and Education Joint Innovation Center in Hubei	CIMC Enric Jingmen Hongtu Special Aircraft Co., Ltd.
Product quality	National Manufacturing Champion Product	CIMC Enric Jingmen Hongtu Special Aircraft Co., Ltd.
	Model Enterprise in Green Design of National Industrial Products	CIMC Enric Jingmen Hongtu Special Aircraft Co., Ltd.
	Provincial Model Enterprise in the Service Manufacturing Industry	CIMC Enric Jingmen Hongtu Special Aircraft Co., Ltd.
	Model Pilot Enterprise in Smart Manufacturing in Hubei	CIMC Enric Jingmen Hongtu Special Aircraft Co., Ltd.
	First Prize of Quality Innovation Achievement (Project) of Hebei	Shijiazhuang Enric Gas Equipment Co., Ltd.
	Second Prize of Science and Technology of China Institute of Navigation	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.
	New Product and New Technology Verification and Acceptance Certificate	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.
	2022 Jiangsu Industrial Design Center	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.
	2022 Model Enterprise in Model System of Informatization and Industrialization Integration Management in Jiangsu	Nantong CIMC Energy Equipment Service Co., Ltd.
	Enterprise with AA Quality and Credit Rating in Jiangsu	Nantong CIMC Energy Equipment Service Co., Ltd.

Topic 1

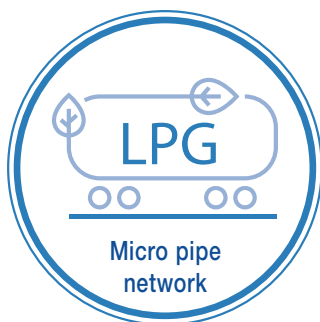
Addressing Climate Change and Promoting Green Development

Low-carbon products

The Group develops low-carbon products and optimizes industrial structure to embed the concept of green development and contribute to the national low-carbon policy and environment-friendly circular economy. Focusing on “scientific, green and quality development”, we are committed to green and sustainable development driven by green operation, green manufacturing and green products, in a relentless pursuit of green development.

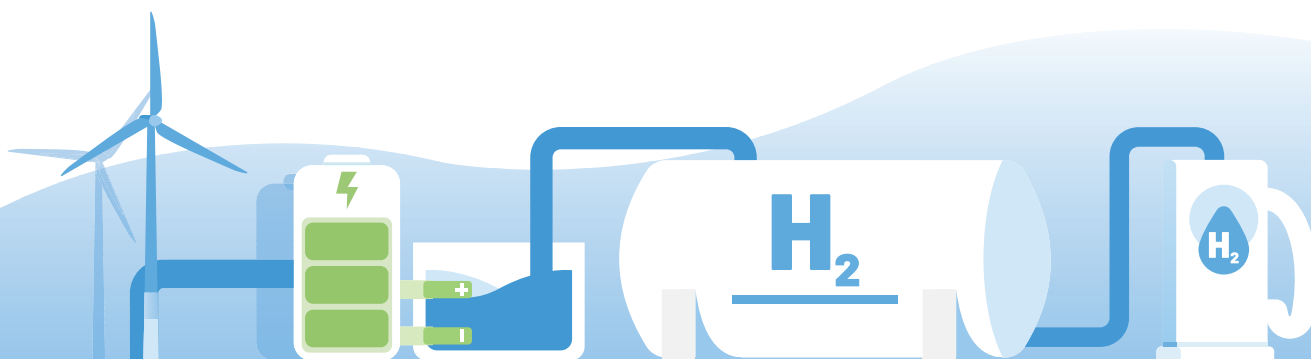


The Group is a leading player in the hydrogen energy market. We are exploring new areas for utilizing new energies including hydrogen energy and electricity to promote diversified development of hydrogen energy. We are developing end-to-end applications from electricity to hydrogen production, hydrogen storage and hydrogen fuelling, including products to deploy technologies. We will contribute to the development and construction of the hydrogen energy market by enhancing our competitiveness.



The Group will continue to optimize and upgrade the LPG micro pipe network. The micro pipe network is competitive in terms of its shorter construction duration, lesser investments, flexible utilization and higher energy efficiency. Under this network, fixed small propane storage tanks are installed nearby to supply gas to users in rural areas, small residential areas, commercial and industrial buildings, etc. Services are customized by user category, gas consumption scale, and turnover days. Propane tankers with special unloading pumps deliver gas regularly to small storage tanks.

In the future, we will continue to increase our investment in clean technology and we expect to invest no less than RMB1.5 billion in clean technology and project-related investments in the next three years. CIMC Enric was recognized as one of 2022 best practice cases in enterprises' green and low-carbon development by the China Enterprise Confederation for its role in building the micro pipe network in rural areas by providing key equipment.



• Case

CIMC Hongtu – “Compressed liquefied gas storage pressure vessels”

In response to the national call for carbon neutrality, CIMC Hongtu, the Group’s member enterprise, has made remarkable contribution by developing the distributed propane gas supply system (micro pipe network), the network has been accredited as the national “Three New Technologies”, and the first LPG special tank with pumps in China was licensed and launched in Qinghai. The introduction of clean energies in rural areas is one of our contributions to rural revitalization and the national goal of carbon emission peak and carbon neutrality purpose.

Since 2010, CIMC Hongtu has been reconsidering the feasibility of sharing LPG special tanks with pumps in compliance with the national standard and started to work with gas companies in related fields of technologies. During 2022, CIMC Hongtu completed two prototypes for special tanks with pumps and small tanks respectively and finalized two special tanks with pumps and two small tanks. We completed the accreditation of special tanks with pumps as the “Three New Technologies” and publicized the resolutions. Meanwhile, the production line designated for small tanks with an annual production capacity of 12,000 units (single shift) was put into operation. As at the end of 2022, CIMC Hongtu has declared five invention patents and constructed a management platform for LPG micro pipe network manufacturers and a training base for network operators. We also obtained the decision from the market supervision and management regulator to use new materials, new technologies, and new process for trial manufacturing and pilot use. With the support of Jingmen CPC Municipal Committee and Government, CIMC Hongtu follows a new course of industrialization and sustainable development. Guided by green, low-carbon and environmental protection concepts, and relying on our own strength in R&D, CIMC Hongtu has successively developed many green products to the benefit of both the country and the people. For example, the special tanks with pumps for the distributed propane gas supply system has been accredited as the national “Three New Technologies”.



Constructed a designated production line for manufacturing 12,000 small LPG (commercial propane) storage tanks per year

Based on the concept of green design and without affecting the overall product quality or performance, the Company analyzes the impact of materials and pressure resistance of different tank processing techniques from the perspective of technology and economy, optimizes the equipment structure, and completes new products for key storage and transportation equipment for the green LPG micro pipe network. New structures and new functions have been developed to upgrade new products.

(1) Completed the R&D of four special tanks with pumps of **5 m³**, **7.5 m³**, **10 m³** and **15 m³**.

(2) Complete the R&D of small tanks of **1 m³** and **2 m³**.



Four special tanks with pumps



Small tank

• Case

SOE – Successful delivery of LNG fuel tank of 2,800 m³

On 22 September 2022, SOE successfully delivered two LNG fuel tanks of 2,800 m³ built for Shanghai Waigaoqiao Shipbuilding Co., Ltd. (Shanghai Waigaoqiao) as a tribute to the Group's 40th anniversary. The tank delivered by SOE has been the third (four in total) of Shanghai Waigaoqiao's series of LNG fuel tanks of 2,800 m³, and also the seventh LNG fuel tank delivered on time since SOE established working relationship with Shanghai Waigaoqiao. This fuel tank of 2,800 m³ will be deployed on the 190K dual-fuel bulk carrier owned by U-ming Marine Transport Corporation.



LNG fuel tank



LNG fuel tank

• Case

CIMC Enric Hydrogen Energy – Multiple hydrogen energy solutions for the first model project of zero-carbon smart energy application

CIMC Enric Hydrogen Energy, a member enterprise of CIMC Enric, provided solutions to produce hydrogen from electrolyzed water; solutions to store and transport hydrogen energy; solutions to regulate pressure of hydrogen supply system and related core equipment for the model project of zero-carbon distributed smart energy center at Yulin Sci-Tech Innovation City. This project has demonstrated practical and large-scale utilization of a supply and demand system for zero-carbon energies, including hydrogen energy for the first time, which has initiated a new course of technology for achieving the goal of carbon peaking and carbon neutrality. The system provided energy for the Seventeenth Shaanxi Games which took place on 6 August 2022.

A distributed cogeneration system is directly connected to end users. It directly provides users with different categories of energies, which can minimize transportation consumption, and effectively utilize the waste heat generated in the power generation, thereby improving energy utilization efficiency, in comparison to the traditional energy consumption mode of centralized production, transportation and end consumption. CIMC Enric Hydrogen Energy's equipment and technology deployed in the model project of zero-carbon distributed smart energy center at Yulin Sci-Tech Innovation City is CIMC Enric Hydrogen Energy's step forward in the field of distributed energy storage technology. Going forward, we will continue to increase our efforts in hydrogen production, storage and transportation R&D, actively explore practical and large-scale utilization of zero-carbon energies and contribute to the achievement of the national dual-carbon goals.

• Case

Shijiazhuang Enric – Multiple high-voltage energy storage equipment for the first project to verify new carbon dioxide storage in China

The 18 large storage tanks customized by Shijiazhuang Enric for domestic R&D were officially put into operation on 25 August 2022, marking a substantial step forward of pressure vessels manufactured by the Company in the field of new energy storage technology. This project is the first project to verify new carbon dioxide storage in China, which plays a key role in the system engineering of the new carbon dioxide storage and its scaled development and will have a profound impact on the entire energy storage industry.

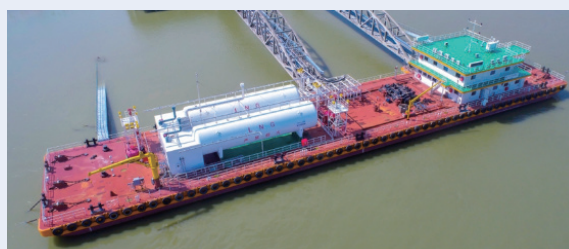


Carbon dioxide storage tanks manufactured by Shijiazhuang Enric

• Case

Gasification for Xijiang River – CIMC Enric completed the energy conversion of Qingyuan's first LNG-powered ship, as Qingyuan ushers in an era of new energy for inland shipping

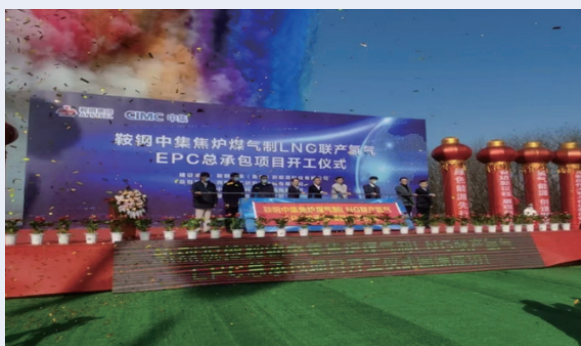
The Group was engaged in the model project of green shipping "Gasification for Pearl River" in Guangdong, and the first batch of two converted ships have completed all commissioning work and successfully delivered to the ship owner, marking the successful LNG power conversion of the first inland ship in Guangdong. Through secondary design of the ship, the Group converted the original propulsion diesel engine and power generation diesel engine into an LNG-powered engine using clean energy. The equipment related to the newly designed power system, including LNG fuel tank, gas supply equipment, control equipment, security equipment, monitoring equipment, etc., has achieved near-zero emissions and pollution. LNG has become an important source of fuel for reducing ship pollution due to its safety, cleanliness and economy. As a vanguard in green shipping, CIMC Enric and its member enterprises have always been committed to promoting the clean energy power transformation and China's inland ships, and innovatively demonstrated LNG tank replacement for ships to solve the problem of difficult and slow filling of LNG tanks.



• Case

LNG and hydrogen production from coke-oven gas project between Angang Steel and CIMC was officially launched

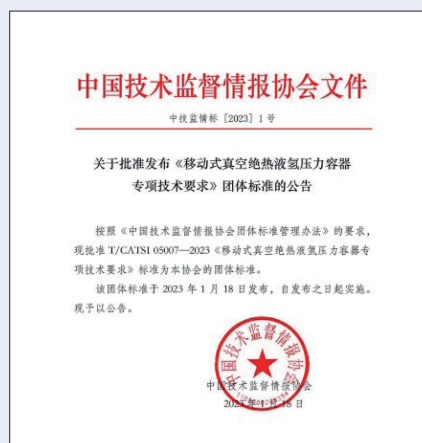
LNG and hydrogen production from coke-oven gas project between Angang Steel and CIMC is the first key project focusing on the national "dual carbon" strategy and deepening the cooperation between central enterprises. It is also the first key project to mark CIMC Enric's entry into the upstream clean energy industry chain in Northeast China and demonstrate the ecological system of green industry from resources, storage, to application. This project utilizes coke-oven gas and converter gas produced by Bayuquan Branch Company of Angang Steel as raw materials to cogenerate LNG and hydrogen. The project is expected to generate 125,000 tons of LNG and 24 million standard cubic meters of hydrogen (maximum 80 million standard cubic meters) for vehicles annually after its operation, while the by-product is 2.5MPa (G) saturated steam available for external supply. The highly valuable utilization of coke oven gas and converter gas increase and extend the industrial chain and enhance the enterprises' economic benefits and core competitiveness.



• Case

Industry standards for portable liquid hydrogen transport containers initiated and drafted by Nantong Energy were officially released

In January 2023, industry standards for portable liquid hydrogen transport containers initiated and drafted by Nantong Energy, one of the Company's member enterprises, were officially released. These standards provide the basis for the design and manufacturing of portable vacuum insulated liquid hydrogen pressure vessels and are strategically important as a strong support and basis to ensure the safety and reliability of liquid hydrogen storage and transportation, drive the development of the liquid hydrogen industry, and help achieve the national goal of "double carbon". Leveraging its own advantages, Nantong Energy will continue to Enrich the content of relevant industry standards, improve and optimize standardization, actively explore possible course for developing portable liquid hydrogen containers, and provide experience for developing various standards in the future as our practical action to create a future of zero carbon.



Low-carbon Operations

The Group adopts a low-carbon operation model in strict compliance with the national strategy of green and low-carbon development. The Group continuously improves environmental management measures, actively responds to climate change risks, and is committed to reducing the potential impact of its own business operations on the ecological environment and natural resources.

We have increased resources investment to promote the technological transformation toward “green smart manufacturing” in recent years, and carried out technological transformation, research and development activities in accordance with national green environmental protection standards. We have successively implemented projects such as green pickling operations, the development of a green platform for liquefied gas storage and transportation equipment, and energy and power cost optimization, putting the Group at the forefront of the industry in terms of energy conservation and emission reduction. The Group’s total investment in environmental protection and emission reduction reached RMB36.55 million in the year and has obtained two national green factory certifications and three provincial green factory certifications.

• Case

CIMC Safeway was recognized “Green Factory” in Jiangsu

CIMC Safeway, one of the Company’s member enterprises, was recognized as a “Green Factory” in Jiangsu in January 2023, which demonstrated CIMC Safeway’s good result in adhering to green development practices. CIMC Safeway will continue to put the idea of “scientific development, green development, quality development” into practice, and contribute to China’s green manufacturing initiative and the achievement of the “dual carbon” goal by aiming at “energy conservation and efficiency, environmental protection, and circular economy”.



Topic 2

Smart Manufacturing Drives Technological Innovation

Smart manufacturing is one of the drivers to promote industrial transformation and upgrading, and an important support for high-quality economic development. In 2022, the Ministry of Industry and Information Technology and other three departments launched a pilot campaign to demonstrate smart manufacturing. The campaign aims to select a group of smart factories with advanced level of smart manufacturing that can play a leading role in China to promote digital transformation, manufacturing industry networking and intelligent transformation, to facilitate low-carbon transformation and high-quality development of smart manufacturing.

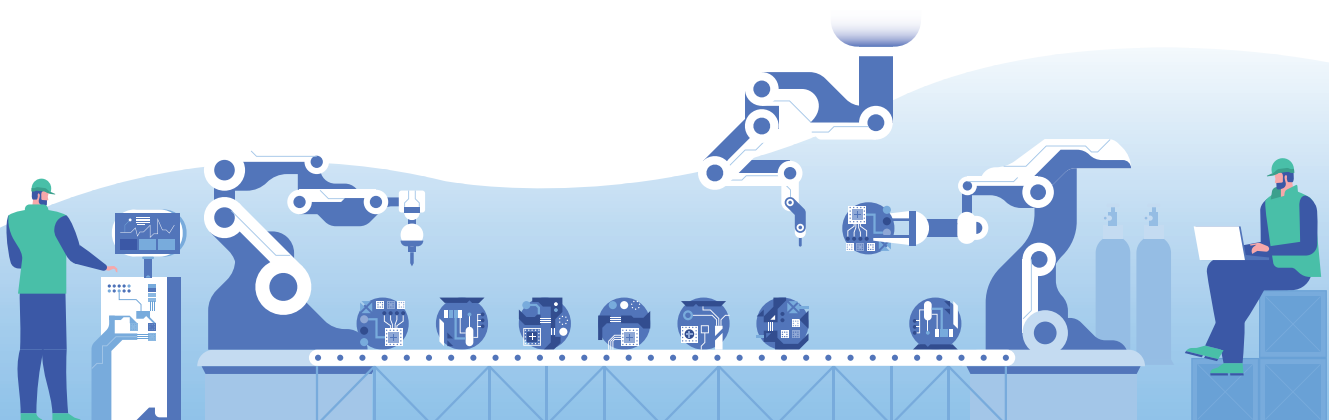
Based on scientific and technological progress, CIMC Enric has been capturing the technological advancement and economic benefits, reducing resource consumption and environmental pollution, and realizing intelligent, digitalized and circular development. The transformation covers new process and equipment, new production line construction/production line transformation, development and application of new technologies and intelligent equipment, and digitalized management and application.



the Group's initiative to introduce a collaborative innovation mode of "industrial Internet + safe production". CIMC Safeway, a member enterprise, invested millions of RMB in the HSE digital platform for employee safety supported by the computer network under digitalized supervision.



tank container spraying was upgraded to powder spraying, and the first automated line for powder spraying in the tank container industry was completed. The workshop production line is equipped with intelligent equipment, including automated tracking system for the welding of tank containers, automated and HSE comprehensive improvement to typical equipment for automated punching and cutting of tank container reinforcement rings.



Lighthouse factory

As a leading player in the energy, chemical and liquid food equipment industries, CIMC Enric closely follows the strategic arrangements related to smart manufacturing made by CIMC Group and continues to innovate toward “smart manufacturing” and “Lighthouse” Factory. “Lighthouse” Factory, which is championed by Enric Smart Manufacturing Research Institute in collaboration with related enterprises, is five-fold: energy-based intelligent equipment technology, application of new materials and new processes, digital quality management, green manufacturing and smart production management.

CIMC Sanctum’s lighthouse factory of LNG vehicle tanks

CIMC Sanctum’s LNG vehicle-tank “Lighthouse” Factory project will be put into operation at the end of 2023

with an annual capacity of **60,000** at a production cycle of **3** minutes/tank (Phase I)
capacity of **1.5** minutes/tank is reserved for Phase II

Cutting edge

The manufacturing cycle is shortened by **40%**
the number of workers is reduced by **30%**
the mileage for material transfer is reduced by **80%**



CIMC Safeway’s M7 lighthouse factory

CIMC Safeway intelligent factory to manufacture special stainless steel tanks

with a planned annual production capacity of **10,000**
at a production cycle of **20** tanks/
8 hours per shift

Cutting edge

The number of workers is reduced by **35%**
the standard working hours are reduced by **10%**
the anti-wave plate containers increased by **15%**



Intelligent upgrade of oasis production line

An additional powder spraying line to the existing workshop of carbon steel tank containers for mixed spraying of standard tanks and carbon steel tanks

the planned production cycle is **6.5** minutes per tank

Cutting edge

Nearly zero emission of VOCs, paint utilization rate increased by **60%**
trans-shipment cost decreased by **75%**
line balance rate increased by **13%**



• Case

CIMC Eric – Communication meetings for HSE digitalization

Based on CIMC’s “9 + 8” system, CIMC Eric implements safety management focusing on identification and control of hazardous sources through activities such as notice boards, special thoughts, designated operations, and recurrence prevention. CIMC Eric implements a safety responsibility system for all employees by organizing all employees to conduct risk identification, hierarchical management, and formulate control measures, so that employees at all levels understand the safety risks, preventive measures, operating procedures that should be followed, and safety responsibilities in operating activities.

- Following laws and regulations and relying on the library of safety technical specifications and safety experts’ on-site guidance, assistance is provided to pilot enterprises in comprehensive identification of risks, review of management and control measures, and provision of implementation guidance. A high-quality risk identification list is generated to guide enterprises in implementing safety management system and safety improvements.
- Based on the gaps identified, enterprises are guided to improve safety operation procedures and prepare risk notification cards for post in prominent positions, so that all employees learn regional safety risks and corresponding control measures through scanning. In alignment with the “9 + 8” system and risk control measures, enterprises are guided to establish a safety check list for personnel at all levels, then tasks are generated through IT tools. IT tools are utilized to translate safety regulations and requirements, risks and preventive measures into resources for employee safety education, and these tools are also used to monitor the performance of safety activities and safety inspections. Digital safety education and training pilot will be used to develop training course materials and assist in the implementation of the dual prevention mechanism of classified risk control and potential risk inspection and governance. AI technology will also be used to achieve more intelligent safety management.

Safety risk notification card

Scan the QR code

Scan the code to show risk reminders

Forklift checklist

Employee: check risk reminders, operation procedures, emergency measures and task assignments

Safety expert: understand and develop precautionous measures based on potential risk and risk identification

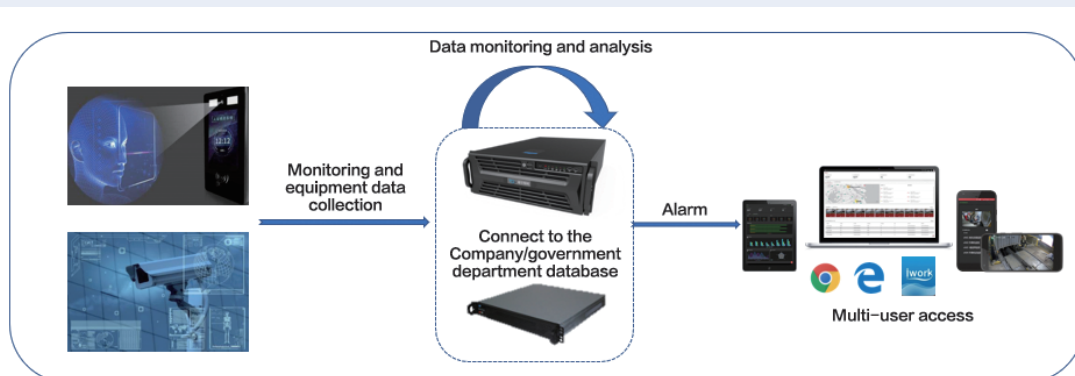
Management: understand potential risk rectification, risk distribution, responsibility performance and safety education and training status

• Case

CIMC Safeway builds the HSE digital platform to promote IT applications in work safety-related operations

On 10 October 2020, the Ministry of Industry and Information Technology and the Ministry of Emergency Management jointly issued a circular outlining an “Industrial Internet+ Work Safety” Action Plan for 2021-23 (Gong Xin Bu Lian Xin Fa No. 157 [2020]). A collaborative innovation mode of “industrial Internet + safe production” was introduced. CIMC Safeway, one of the Group’s member enterprises, has been proactive in implementing safety digitalization. So far, it has AI and IoT digital monitoring in high-risk areas such as operations with spatial constraints, hazardous chemical area, natural gas facilities, hoisting operations, in-plant traffic, high-altitude operations, and positive result has been achieved by digitalized safety supervision. For example, the number of potential violations in areas under digital monitoring has dropped significantly, and the number of unsafe behaviours per hour of employees declined from 4.2 in 2021 to 3.7 in 2022. Through VR digitalized safety training, the Company attracts employees to participate in safety training by providing safety training of more interesting content.

1. Digitalized safety training and education: Introduce a training system for firefighting, VR training equipment and scene software to create an area for “immersive” safety training and education. These trainings provide immersive, experiential training experience to participants, and thereby effectively attracted employees to participate, they also improve participants’ ability in practical operation, reduce the cost of teaching and training, improve the environment for practical training, which has become a low-cost and high-efficiency road to digitalized safety training and education.
2. Digitalized special equipment management: use advanced IT to analyze behaviours through smart cameras applying technologies such as face recognition, electronic fence monitoring, and AI algorithms, and give warnings of violations and potential risks during the operation of special equipment to reduce the safety risk of special equipment accidents.



• Case

Shijiazhuang Enric – Passed the national model project for smart manufacturing pilot

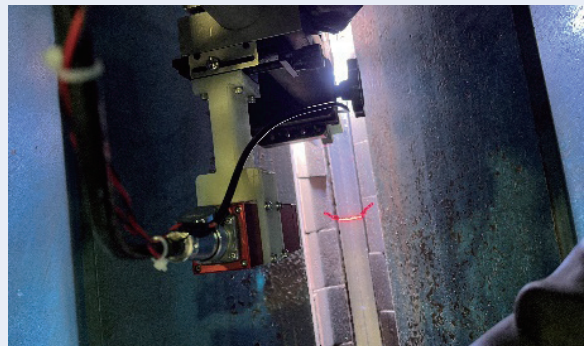
Smart manufacturing is one of the factors driving industrial transformation and upgrading, and an important support for high-quality economic development. In 2022, the Ministry of Industry and Information Technology and other three departments launched a pilot campaign to demonstrate smart manufacturing. The campaign aimed to select a group of smart factories with advanced level of smart manufacturing that can play a leading role in China to promote digital transformation, manufacturing industry networking and intelligent transformation, to facilitate low-carbon transformation and high-quality development of smart manufacturing. Shijiazhuang Enric has been paying special attention to the digitalization of smart manufacturing. It reports better scenarios of supply chain management, procurement strategy optimization and supply chain visualization to display smart manufacturing and visual management of the procurement process. Application of smart manufacturing scenarios significantly avoids risks and ensures procurement compliance.

• Case

CIMC Safeway's optimization and transformation of tank container production line

CIMC Safeway upgraded tank container spraying to powder spraying and completed the first automated line for powder spraying in the tank container industry in 2022. The workshop production line is equipped with intelligent equipment, including automated tracking system for the welding of tank containers, automated and HSE comprehensive improvement to typical equipment for automated punching and cutting of tank container reinforcement rings. The new production line is equipped with an automated logistics system, robots and automated reciprocating spraying equipment, automated pre-treatment and automated drying system, which leads to more intelligent and automated tank coating process, and more environment-friendly and green development of CIMC Safeway's key processes and the industry as a whole.

When optimizing and transforming its production line in 2022, CIMC Safeway optimized the final assembly and logistics distribution lines during its carbon steel production line transformation. The final assembly platform was transformed from a "silo" to a pulsating pass-through connecting the final assembly welding line. Meanwhile, the ground-air three-dimensional automated distribution system has been connected to the carbon steel tank container assembly line, and the overall efficiency of assembly production and materials has been increased by about 50%. Regarding the production line optimization and key equipment upgrade, the automated tracking system developed for tank box assembly was first applied in the special tank box production line this year, and the intelligent tracking and digitalization of the whole welding process laid the foundation for the subsequent promotion and application of this technology.



• Case

Shijiazhuang Enric production line transformation – Construction of a production line for type III tanks

Shijiazhuang Enric's type III hydrogen storage transportation gas cylinder production line has been equipped with intelligent machinery, automated control and other functions. It is a relatively complete line of automated and intelligent production, which can manufacture 2,000mm-3,500mm aluminium liner fully-wound gas cylinders (some equipment has the production capacity of type IV cylinders). After the completion of the production line for type III hydrogen storage gas cylinders, Shijiazhuang Enric will have production capacity for type III hydrogen transport gas cylinders, which will diversify the product line and align with the international and domestic trends of energy saving and emission reduction, carbon neutrality and carbon peaking. We also aim to increase deployment of clean energies such as hydrogen, and actively respond to the rapid development of the hydrogen storage and transportation market. The automated, intelligent and digitalized production line for type III hydrogen storage and transportation gas cylinders provides a basis to upgrade and transform Shijiazhuang Enric's production lines in theory and in practice.



• Case

CIMC Hongtu technological R&D of an intrinsically safe gas supply system for natural gas fuel

For new and rebuilt inland ships, the engine room is close to the stern, and it is relatively difficult to place the gas tank and gas supply system due to restricted length of ships. CIMC Hongtu optimizes the layout of the fuel system to suit the restricted ship length, and design and manufacture the LNG storage tank, cold box, heat exchanger, security system, etc. as a whole to form a modular "air supply unit". The highly modular integration of LNG fuel storage, engine fuel supply and LNG fuel filling functions in the cold box enables central control of gas leakage risk to meet the requirements of intrinsically safe ship layout. CIMC Hongtu has developed a variety of double cold box designs to provide gas supply solutions for LNG-powered ships as the single fuel.



Natural gas fuel supply system with double cold boxes on both sides



Natural gas fuel supply system with double cold box on one side

1

Corporate Governance, Integrity and Compliance



Good corporate governance is the foundation of CIMC Enric's sustainable development. We actively respond to Sustainable Development Goal 16 of the United Nations. Adopting the corporate governance system of CIMC Group, we have established a sound governance structure, maintained an honest and anti-corruption work atmosphere, and eliminated all bribe taking and giving practices.



Corporate Governance and ESG Governance

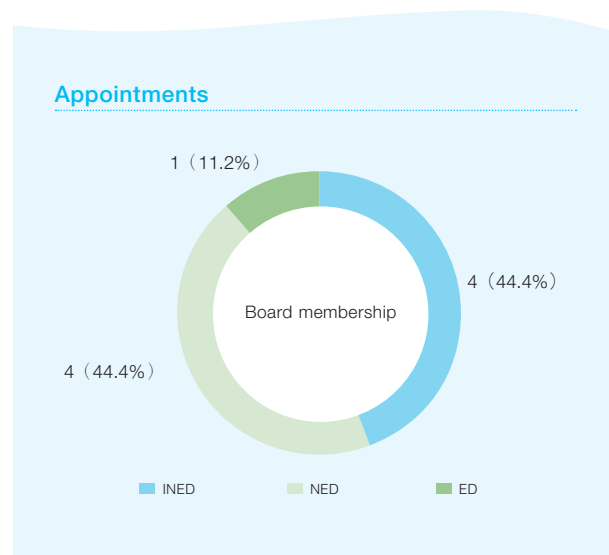
Corporate Governance

The Board of the Company is composed of nine members, four of whom are independent non-executive directors (INEDs), an executive director President and four non-executive directors (including Mr. Gao Xiang, the Chairman). Board members have a diverse range of professional qualifications and educational backgrounds, including legal, accounting and management expertise, to maintain an appropriate balance and diversity of expertise, experience and viewpoints between Board members, and lay a foundation for the Company's stable development by effectively diversifying the organizational structure of the executive management. Furthermore, the Board has a female member, and the Company is deeply aware of woman's contribution to the Board.

Independence of Directors

Aiming at the best practice of corporate governance, the management of the Board is separated from the Company's daily management, for which the Chairman and the President are responsible for respectively to ensure the balance between authority and delegation. A non-executive director (NED) chairs the Company's Board, who is responsible for overseeing the effective operation of the Board, formulating the Group's strategies and policies, identifying business targets and relevant plans, supervising the performance of the executive management and developing sound practices for corporate governance. The President is responsible for leading the executive management team to implement the Board's strategies and plans, managing the Company's normal business and development, and reporting to the Board on a regular basis to ensure that the Board's decisions are properly implemented. Among the Board members, Mr. Yang Lei was a new independent non-executive member to the Board in 2022. Mr Yang has about 25 years of rich experience in energy strategic research and practice.

To ensure the Board's independence, Mr Xu Qipeng, an independent non-executive director of the Company, chairs the Remuneration Committee. According to the Company's Remuneration Policy of Directors and Executive Management, Mr Xu is not allowed to participate in making decisions related to his own compensation or benefits and needs to abstain from relevant deliberation. The Nomination Committee is chaired by Mr Gao Xiang, Chairman of the Board and a non-executive director, he is independent from the Company's daily operation, and needs to abstain from voting on the deliberations involving his own interests. Decisions related to transactions between the Company and its controlling shareholder is made by all independent non-executive directors.



Board Diversity

The Company's Board has formulated the Board Diversity Policy to state the Company's policies on Board diversity and conducts review each year. In 2022, after comprehensive consideration of the current Board diversity proportion, number of Board members, the feasibility of directors' rotation, the talent pool of female directors, and the characteristics of the industrial equipment manufacturing industry, especially women's role in management, the Board set a measurable goal on gender diversity of no less than 20% women on Board by 2028 to ensure and facilitate the implementation of Board diversity strategies. The Company is also deeply concerned about the gender diversity of employees at all levels. At present, there are six executive management members apart from Mr Yang Xiaohu, executive director and President, two of them are women. Women accounted for 33.3% of the Company's executive management.



Women accounted for **33.3%** of the Company's executive management



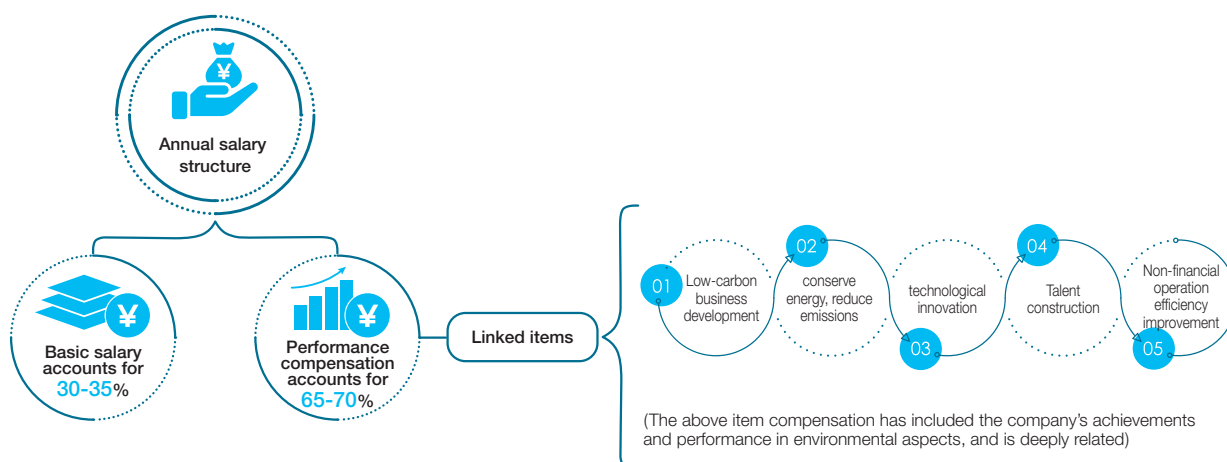
The Company has set a measurable goal on gender diversity of no less than **20%** women on Board by 2028



ESG-linked remuneration of directors and executive management and clawback mechanism

According to the Company's Remuneration Policy of Directors and Executive Management, performance-based compensation of the Company's executive directors and executive management has been linked with ESG issues to ensure that ESG goals and strategies are effectively implemented. Remuneration-linked ESG issues include low carbon business development, energy conservation and emission reduction, technological innovation and/or non-financial operational efficiency improvements, etc., while issues like health and safety, anti-corruption and operation compliance stressed by the Company are bottom lines not to be challenged. A system of point deduction or one-vote veto is implemented, under which performance-based compensation might be deducted, and corresponding administrative and/or economic liabilities might be imposed should there be any major event subject to the circumstances and impact. ESG issues have become an indispensable component determining the outcome of annual remuneration appraisal of the Company's executive management. Remuneration appraisal indicators are linked with ESG-related issues subject to the roles and responsibilities of people involved. To illustrate, the remuneration of the Company's executive director and President is structured as basic compensation (30-35%) + performance-based compensation (65-70%), ESG-related issues linked with performance-based compensation include low-carbon business development, energy conservation and emission reduction, technological innovation, talent development and non-financial operation efficiency improvement, ESG-linked remuneration is closely related to the Company's achievements and performance in the environmental areas.

Take the compensation structure of the executive director and President of the Company as an example:



We have policies on deferred payment of remunerations and Clawback provisions:



Regarding the deferred payment, the Company's Board started a long-term equity incentive plan in April 2020 for employees, to award outstanding employees and retain key personnel for the Company's long-term development. To selected qualified participants, long-term incentives are vested in three phases during 2022 to 2024 on the condition that participants meet established criteria in terms of current KPIs upon the approval of the Company's Board.



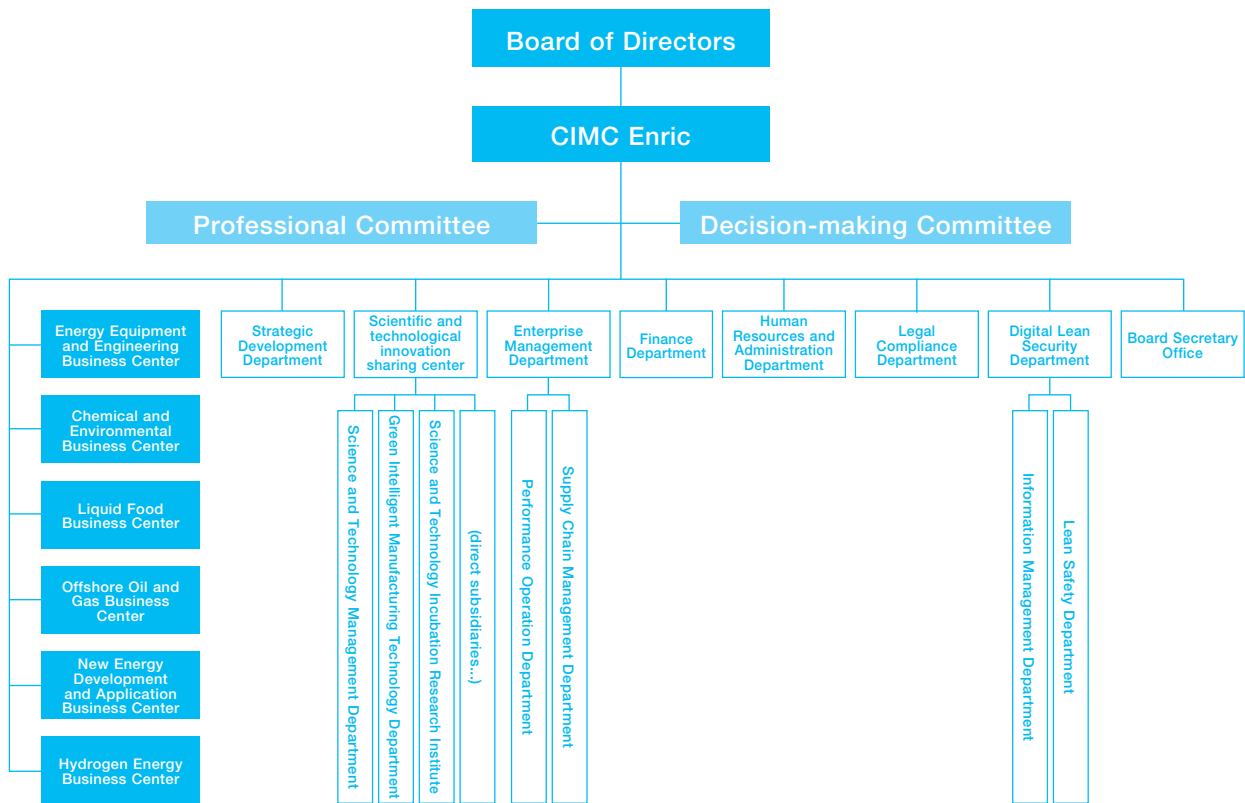
The clawback provisions is implemented in strict compliance with the Company's Regulations on Integrity of Cadres and Personnel in Sensitive Positions of CIMC Group which specifically define employees' (including executive directors and executive management) behaviors in violation of regulations and discipline. The salary clawback provisions and bonus clawback system include, but are not limited to, the deduction of year-end bonuses, options and share awards, withholding of bonuses paid and/or additional financial compensation, etc. The performance of the executive directors and senior management will be reviewed and appraised annually or upon significant changes to ensure the compliance awareness and ability of the executive directors and senior management to perform their duties to safeguard the long-term sustainable and healthy development of the Company.

For details on the corporate governance, please refer to the corporate governance report of the Company's 2022 annual report.

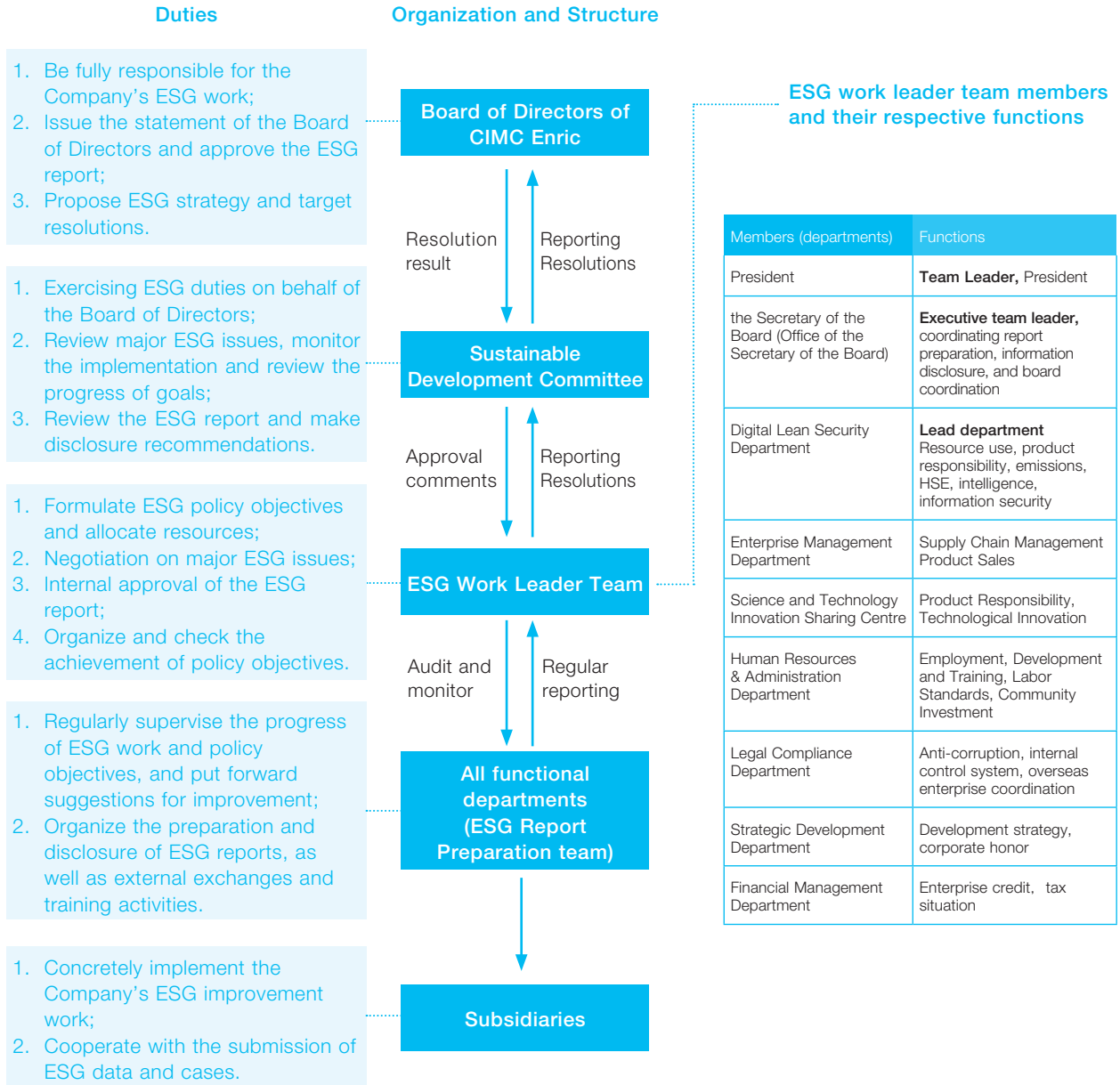
ESG governance

The ESG governance structure of CIMC Enric covers CIMC Enric’s Board, which is the supreme governing body, while the Sustainable Development Committee at the board level, the ESG work leader panel at the management level (Leadership Panel) and the ESG report preparation group at the executive level (Preparation Group) are responsible for top-down promotion of the ESG management system. Through this top-down governance structure, starting from the Board of Directors, leaders and representatives of relevant departments of sustainable development are organized to implement the sustainable development strategy and annual goals.

CIMC Enric Organizational Structure



CIMC Enric's ESG Governance Structure



Tier 1 functions	Tier 2 functions	Responsible functions	Responsibilities
Board of directors	Subordinate Committees	Audit Committee	Responsible for finance, internal control, compliance, anti-corruption, related party transactions and other issues
		Nomination Committee	Responsible for Board independence and diversity
		Remuneration Committee	Responsible for discussing issues related to remuneration and appraisal mechanism (including the ESG-linked mechanism)
		Sustainable Development Committee	Responsible for coordinating and developing ESG-related development plans and targets, monitoring the relevant actions, conducting reviews and ongoing improvements
CIMC Enric	Special Committees	Operation management	Responsible for formulating, implementing, reviewing and continuously improving goals and plans of the Company's material ESG issues
		Strategic development and M&A	
		HSE	
		Technological innovation	
	Core talent management		
	ESG Working Team	Initiated by various departments	<ol style="list-style-type: none"> 1) Each is responsible for implementing the ESG work plan in its own field and reporting the progress to the Working Group 2) Working with related stakeholders to engage in daily communication 3) Promoting member enterprises in implementing ESG tasks and daily management in their respective fields

The Board recognizes the importance of ESG as a tool to promote corporate sustainable development. We believe that sound ESG governance helps the Company focus on the vision and mission of sustainable development. As ESG becomes increasingly important, we hope to truly integrate the concept and methodology of ESG issues with corporate strategy and daily operation, it has also been one of the Company's important ESG propositions in the past two years. The Board established the Sustainable Development Committee and the ESG Working Group at the end of 2020. They are responsible for coordinating and developing ESG-related development plans and targets, monitoring the relevant actions, conducting regular reviews and planning for ongoing improvements. In addition to the Sustainable Development Committee, other committees under the Board, such as the Audit Committee, Remuneration Committee and Nomination Committee, will also work with the Sustainable Development Committee to supervise the performance in respect with relevant ESG issues and propose improvement recommendations to the Board (e.g. incorporating ESG risk identification into internal control and risk management, independence and remuneration review, and other corporate governance issues).

In 2022, we made continuous improvements to the HSE system, including the development of *Guidelines on Leading the Safety Inspection* and *Manual on Leading the Safety Inspection*, to guide cadres in participating the HSE management, performing their HSE duties, and enhancing our capability and standard of HSE management.

In 2022, CIMC Enric developed a total of 16 new administrative rules and regulations, including the *Anti-corruption and Anti-fraud Regulations of CIMC Enric Holdings Co., Ltd.*, the *Core Cadres Committee Operating Procedure of CIMC Enric Holdings Co., Ltd.*, the *CIMC Enric Supplier Management Procedure*, the *Risk Management and Control System for Engineering Consortium Engineering Projects*, the *Measures for Managing "Gold Seed" Technological Innovation Projects of CIMC Enric Holdings Co., Ltd.* They cover areas of anti-corruption, supply chain management, internal risk management and control, technological innovation, and HSE management to improve the Company's management process.

Business Ethics and Anti-corruption

CIMC Enric strictly abides by the requirements of *the Criminal Law of the People's Republic of China, the Prevention of Bribery Ordinance and Competition Ordinance of the Hong Kong Special Administrative Region*. As an international enterprise listed in Hong Kong, CIMC Enric not only complies with domestic laws and regulations, but also needs to comply with the effective laws and regulations in all the countries involved in its international business operations. We abide by the regulatory requirements represented by *the Foreign Corrupt Practices Act (FCPA) of the United States, the Anti-Corruption Act 2010 of the United Kingdom, the United Nations Convention against Corruption, the European Union Convention on Combating Corruption Involving Officials of the European Community or Officials of European Union Member States, the Criminal Law Convention against Corruption and the Civil Law Convention against Corruption*. Comprehensive prevention of corruption, definition of corruption crimes and transnational anti-corruption cooperation are aimed at creating a fair-trade environment.

In 2022, CIMC Enric formulated and issued *the Anti-corruption and Anti-fraud Regulations of CIMC Enric Holdings Co., Ltd.*, to consolidate and strengthen the Company's overall capability in preventing and controlling corruption, fraud and other improper behaviors. Based on the outcomes of the main audit findings self-inspections and rectification released by the Group on a quarterly basis, communications are carried out with the member enterprises every quarter regarding the key issues identified in the Group's audit to prevent corruption at the institutional and procedural level. We have formulated and issued *the Code of Conduct for Employees* of CIMC Enric, which provides guidance on matters that affect the integrity and honesty of employees, such as the acceptance of benefits, and publicizes and studies it throughout the Group. All employees of CIMC Enric and member enterprises at all levels have already signed *the Commitment Letter for Compliance with the Code of Conduct for Employees*. The Company's member enterprises have also formulated the *Management System of Honesty and Self-discipline of Employees, Anti-corruption and Anti-fraud Regulations* and other regulations to ensure that employees work with integrity.

CIMC Enric strictly abides by the requirements of the *Anti-Unfair Competition Law of the People's Republic of China*, and other laws and regulations to advocate fair competition, we enhance our core competitiveness by increasing investments in R&D and production line intelligence. Meanwhile, we take the initiative to participate in industry associations, compile industry standards, establish the industry order and improve the technical level of the industry. In 2022, there was no violation of relevant laws and regulations that imposed a corresponding penalty on the Company.

Anti-corruption Measures

CIMC Enric has taken a number of anti-corruption measures and procedures to ensure the effective operation of complaint reporting channels (including reporting telephone number, reporting email address, President's email address) established and disclosed by the Company. The Company has also worked with the Human Resources Department to sort out a list of key and sensitive posts. More than 140 employees on key and sensitive posts of the Company's member enterprises have added the reporting telephone number, and reporting email address to their email signature. Through special audit and responsibility audit, combined with internal and external reported cases and risk warnings issued by CIMC Group, CIMC Enric has focused on audit investigation of corruption-related risk points to prevent possible and potential risks. In 2022, the Company participated in and completed six audits and self-inspections, diagnosed and improved the defects found during the audit. Through the whistle-blower system, the Company has enhanced the overall level of anti-corruption and integrity. Informants can report in person or by post, mail, telephone or other forms, or entrust others for reporting. We encourage employees or related parties of the Company to report violation with their real names.



More than **140** employees on key and sensitive posts of the Company's member enterprises have added the reporting telephone number, and reporting email address to their email signature.



All of the Group's qualified existing and new suppliers have signed **the Sunshine Cooperation Commitment Letter**.

CIMC Enric revised the *Internal Reporting System of CIMC Enric Holdings Co., Ltd.*, streamlined and updated the internal reporting line based on the actual conditions at the Company, and devised more complete reporting investigation and reporting workflow. The Company has formulated the Regulations on the Prohibition (Red), Warning (Yellow) and Guidance (Blue) System of Sales Contracts of CIMC Enric Holdings Co., Ltd. to prevent fraud and corruption and formulated red-line guidelines for member enterprises. The Company introduced the *Sunshine Cooperation Commitment Letter policy* for suppliers of production materials and non-production supplies, under which all suppliers are required to sign the Letter by the first quarter of each year. In 2022, all of the Group's qualified existing and new suppliers have signed the *Sunshine Cooperation Commitment Letter*.

In response to CIMC's call, CIMC Enric and its member enterprises participated in the construction of a digital platform for risk control, including establishing risk management models for supplier management, bidding and other risk management: checking potential conflict of interests between suppliers and between suppliers and employees, identifying risks of related suppliers and risks during the procurement and bidding, and guaranteeing the secured and robust operation of the supply chain. In 2022, the number of the Group's lawsuits related to corruption was zero.

The Company's 2022 anti-corruption indicators are shown in the table below.

Name of indicators	2022 performance
Total number of lawsuits related to corruption	0
Handling rate of valid reports	100%
Number of anti-corruption trainings for employees	33
Number of people attending anti-corruption trainings	3,203
Employee training coverage	33%
Number of anti-corruption trainings for the Board	10
Number of directors attending anti-corruption trainings	30
Board training coverage	100%
Number of audits conducted	16
Number of audit findings to be enhanced	127

Awareness of early prevention

The Company has formulated the *Code of Conduct for Procurement Personnel* of CIMC Group based on the CIMC Group's practice to promote relevant education and training to raise employees' awareness and create a corporate culture of integrity;

Process monitoring

Based on CIMC's procurement system, the Company has refined and formulated a number of related regulations, and been continuously improving the system to prevent employees from engaging in corrupt and bribery practices through business process control;

Subsequent mutual supervision

In addition to the key process supervision during the financial operation, the Company has also set up the President's email address, and various forms of supervision and reporting channels to supervise sensitive positions, which include employees' email address, dialogues, President's messages, etc. to encourage employees and other related persons to report fraud cases coming to their knowledge.

Anti-corruption Training

To promote integrity, the Company fulfils its duties by continuing its anti-corruption work. In 2022, it adopted a series of policies for new recruits. On the first day when new recruits join the Company, the Human Resources Department provides rules and regulations that are closely related to the interests of each employee, and basic rules of practice or *Code of Conduct* that each employee needs to abide by. Employees are required to sign the “Personal Commitment Letter” upon completion of their study to promise that during their tenure with the Company, they will strictly abide by the Company’s rules and regulations and keep themselves updated of the Company’s latest information. The Company has also developed policies related to integrity training for new recruits and existing employees and put in place the following system relating to integrity training sessions:

1

The Company has formulated and issued the *Code of Conduct for Employees*, which provides guidance on matters that affect the integrity and honesty of employees, such as the acceptance of benefits, and the Code is publicized and studied throughout the Group. Employees at all levels within the Company have signed the *Commitment Letter for Compliance with the Code of Conduct for Employees*.

2

According to the *Regulations on Integrity of Cadres and Personnel in Sensitive Positions of CIMC Group*, the responsible persons of enterprises at various levels should faithfully perform their duties and must not use their powers to seek personal gain or harm the interests of the respective enterprises.

3

The *Administrative Measures for Self-Invitation Bidding of Engineering Construction Projects of CIMC Enric Holding Co., Ltd. (Trial)* issued by the Company also clearly stipulate those members of the bid evaluation team shall not contact bidders in private and shall not accept property or other benefits from the bidders.

As a member of the China Enterprise Anti-Fraud Alliance, we actively attended anti-corruption investigation training organized by the alliance, and studied the anti-fraud investigation report of Chinese enterprises. While ensuring the satisfaction the needs of production and business operations, member enterprises sent employees in key positions to attend internal or external anti-corruption training on a regular basis, and publicized relevant information to the employees. Furthermore, the Company promptly posted articles on national anti-corruption requirements and anti-corruption-related information concerning CIMC Group on the corporate official WeChat account and website.

• Case

CIMC Safeway – Internalized risk awareness to ensure corporate integrity

CIMC Safeway arranged for on-site training and promotional campaigns for internal control personnel from various departments on June 22 2022, a total of 25 attended the training. Based on the quarterly risk control situation and main risk points of CIMC Group and the Company, CIMC Safeway arranged for email promotion or special video conference (four times and 82 participants in total) to strengthen and regulate internal control and integrity trainings for business and new recruits (three times and 117 participants in total).



2022 Internal control training and promotional campaign

• Case

Shijiazhuang Enric – Small-scale courses to internalize risk control awareness



外包业务风控知识

结业条件: 课程学习

学习进度: 已完成

必修



合同管理风控知识

结业条件: 课程学习

学习进度: 已完成

必修

Risk control training

Through the DingTalk platform, Shijiazhuang Enric uses the *Code of Conduct for Employees of Shijiazhuang Enric Gas Equipment Co., Ltd.* As materials for training and upskilling all the Company's employees. Shijiazhuang Enric designed test papers based on training content to help employees understand.

Among attendees of these **training courses such as contract management and business outsourcing,**

136 have passed the test.

+

Among attendees of **promotional campaigns of employee handbook, and complaints and reporting management,**

1,008 have passed the test.



2 Green Manufacturing and Innovation-driven Development



Leveraging the production technological advantages of its subsidiaries, CIMC Enric develops green products such as clean energy equipment, chemical and environmental equipment in line with the evolving market demand, so as to achieve greener and cleaner business development while making production activities cleaner and more eco-friendly for society. In active response to Goals 9, 12 and 17 of the UN Sustainable Development, we are committed to establishing long-term cooperative relationships with clients, conducting regular communication with clients, and establishing a complete and effective information security management system to protect clients' information and privacy security. Meanwhile, we devote ourselves to creating a stable and sustainable supply chain and delivering harmonious and win-win results.



Green Products and the Environmental Protection Industry

Green Products

CIMC Enric continues to promote green product R&D and manufacturing. As a pioneer in environmental protection and sustainable development, Nantong Energy, a subsidiary of the Company, has upgraded the original paint spraying process to powder coating process through a special design of the painting part, which enables the Company to reduce the generation of pollutants containing VOCs from the source, supporting the implementation of the “Made in China 2025” strategy. In 2022, CIMC Enric sold 59 marine tanks, which are expected to help clients reduce carbon emissions by 6,000 tons/year.

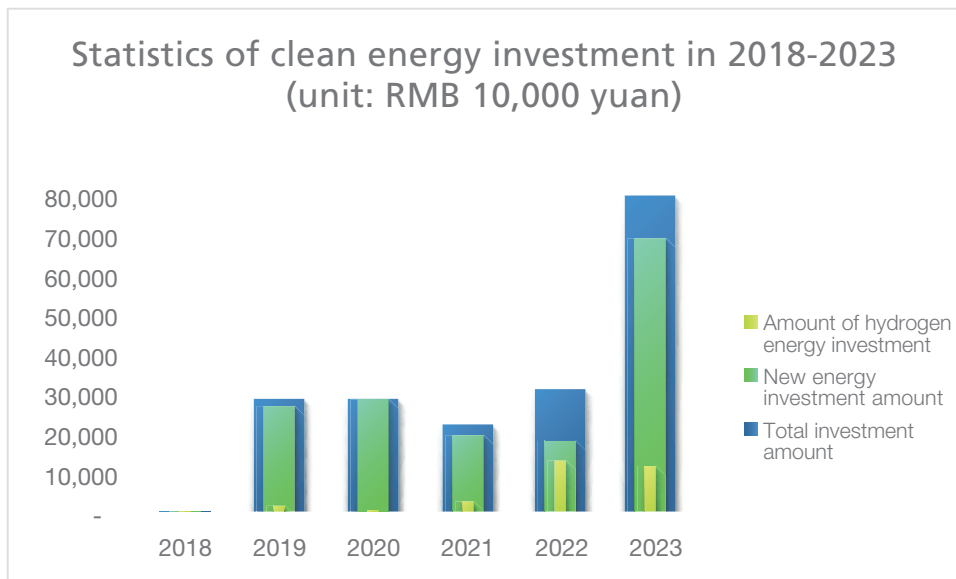
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sold
59 marine tanks

reduce carbon emissions by
6,000 tons/year

Clean energy investment in 2018-2023 (unit: RMB10,000)

	2018	2019	2020	2021	2022	2023
Hydrogen Energy Investment	170	1,152	176	2,570	12,498	11,038
New Energy Investment	–	25,862	30,955	18,132	17,155	67,664
Total Investment	170	27,014	31,131	20,702	29,653	78,702



Our low-carbon products are shown in the table below:

S/N	Products	Specification
1	Cryogenic tank car	LNG
		Industrial gas (oxygen, nitrogen, and argon, etc.)
2	High-pressure tank car	CNG
		Industrial gas (oxygen, nitrogen, and argon, etc.)
3	Medium-pressure tank car	LPG
		Others (liquid ammonia, propylene, and isobutene, etc.)
4	Desulfurization tower	8MW
		25MW
		60MW
		65MW
5	Marine tank	315 m ³ – Nantong Energy
		8 m ³ – CIMC Hongtu
		5 m ³ – CIMC Hongtu
		15 m ³ – CIMC Hongtu
		CIMC Shengdayin
6	On-board LNG tank	500L
		1,000L
		1,350L
7	On-board CNG tank	80L
		150L
8	On-board hydrogen tank (35MP)	140L
		160L
9	Cryogenic LNG tank	/
10	On-board hydrogen supply system	/
11	Hydrogen Refueling Station	Skid
	Hydrogen Refueling Station-	Parent refueling station

S/N	Products	Specification
12	Gas filling station	Standard
13	Hydrogen refueling machine series, hydrogen press series	/
14	Methanol hydrogen production and hydrogen refueling skid station (integrated station)	/
15	Hydrogen product portfolio	/
16	New business (Electrolyzer)	New business
17	Hydrogen power system	/
18	All-in-one solution	/
19	Liquid hydrogen tank	/
20	Hydrogen refueling station solutions	/
21	Industrial gas truck and tube bundle	Hydrogen – Type I
		Hydrogen – Type II
		Hydrogen – Type III
22	Industrial Gas Cylinder Sets	Hydrogen
23	High Pressure Cylinders	Hydrogen – Type III
		Hydrogen – Other
24	Industrial Gas Cylinder Container	– Hydrogen
25	Hydrogen other	/

• Case

CIMC Hongtu – “Compressed liquefied gas storage pressure vessels” won the national manufacturing single champion products

As a leading enterprise in the mobile pressure vessel industry, CIMC Hongtu has always been committed to promoting green manufacturing, smart manufacturing and manufacturing of key equipment for clean energy applications, relying on technological innovation to drive development, promoting high-quality and high-efficiency production with lean concepts, promoting the enterprise to complete breakthroughs and achieve leaps and bounds in intelligentization, greenization and digitalization. CIMC Hongtu has undertaken a number of national projects for the Ministry of Industry and Information Technology and the Guangdong Provincial Government, and has successfully developed the propane distributed clean energy supply system for “rural revitalization”, the ship oil-to-gas conversion for “energy saving and emission reduction”, and the “cost reduction and efficiency increase” project, a lot of green products such as high manganese steel pressure vessel.

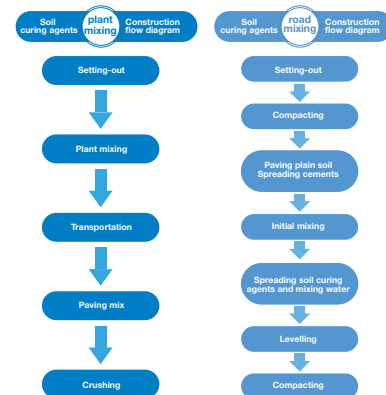


Environmental Protection Industry

Based on the production of clean energy equipment, CIMC Enric actively participates in the green industry, including equipment business and renewable resources and etc., leading the green development of the industry. On one hand, we respond to the national carbon emission reduction related plans and targets to achieve the popularization of clean energy, and on the other hand, we promote the downstream extension of the industry and make full use of the Group’s influence in the domestic energy equipment field to achieve green value chain management.

Enric (Bengbu) Compressor, a subsidiary of CIMC Enric, uses new materials for the construction of roads with soil and water-resistant foundations. The construction process is basically the same as that for traditional materials, with no special management requirements, no retraining of construction personnel and no need for any new equipment. Enric (Bengbu) Compressor uses abandoned soil, sludge, silt, mine waste instead of gravel, sand, etc., to realize the local transformation of waste sludge and bulk solid waste, which can not only solve the high cost of construction caused by the soaring price of sand and gravel, but also realize the utilization of solid waste and reduce the cost of waste disposal. Enric (Bengbu) Compressor’s new material follows the social trend, which is pollution-free and reduces the pollution of various kinds of waste to the environment, turning waste into treasure, effectively realizing the utilization of bulk solid waste and contributing to the cause of environmental protection.

In the future, we will continue to increase the development of low-carbon energy and environmental protection business, and strive to become the leader of green development.



Innovative Products and Services

CIMC Enric adheres to the principle of respecting and protecting intellectual property rights, strictly controls the scientific and technological achievements of internal R&D, applies for patent protection measures in a timely manner, and has formed a complete and independent intellectual property protection system. CIMC Enric strictly abides by the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other legal provisions to protect its legal rights and interests, while ensuring that it does not infringe on the intellectual property rights of third parties, and reasonably conducts search work on patents to protect intellectual property rights from infringement. We strive to process and normalize our intellectual property work to fully respect the intellectual property rights of our partners and improve our competitiveness in the market. In addition to patents, we also manage and protect intellectual property rights such as know-how and utility models for production processes and designs, and actively make contributions to build a harmonious and orderly intellectual property market with healthy development. With 19 R&D centers, including 9 overseas R&D centers, CIMC Enric has established an innovation mechanism oriented to innovation to drive value growth and achieve fruitful technological innovation results. Our R&D investment in 2022 will reach RMB562,498 thousand, up 7% from 2021.

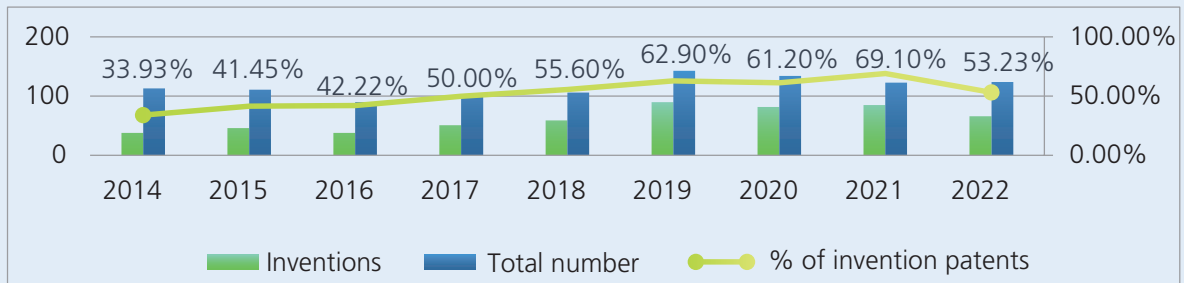
Categories	2018	2019	2020	2021	2022
R&D personnel	1,041	1,064	1,075	1,143	1,247
Employees	9,284	9,107	8,679	9,368	9,631
Percentage of R&D personnel to all employees	11.21%	11.68%	12.39%	12.20%	12.95%
R&D Investment (RMB1,000)	221,049	310,595	359,085	524,570	562,498

Under the guidance of the innovation mechanism oriented toward innovation-driven value creation, CIMC Enric has acted in lockstep with the state and CIMC Group's strategic upgrading, and has achieved fruitful results in technological innovations. CIMC Enric fully respects and attaches importance to IPR, and has produced many scientific and technological innovations throughout the entire industrial chain of natural gas storage, transportation, refuelling, marine/vehicle natural gas fuel systems, and in the hydrogen energy, chemical and food equipment markets as well, and applied for patent protection in a timely manner, thereby forming a relatively complete independent intellectual property protection system. By the end of 2022, we independently applied for more than 1,400 patents at home and abroad, including more than 740 invention patents. More than 1,200 patents have been licensed, including 161 inventions and 19 foreign authorizations. In 2022, we applied 66 new invention patents, and the percentage of invention patent applications reached 53.2%. We have won 4 Chinese Patent Excellence Awards, attesting to our technological innovation strengths. We have taken out patents for core products such as cryogenic LNG tanks, large-scale engineering storage tanks, CNG hydraulic substations, CNG ships, tank containers and food equipment in major global markets, completed 17 PCT international patent applications and 33 national applications, and secured 19 licensed patents in the United States, Germany, Japan, Australia, South Africa, Colombia and other countries and regions.

Number of patents applications	2016	2017	2018	2019	2020	2021	2022
Invention patents	38	51	59	90	82	85	66
Total number of patent applications	90	102	106	143	134	123	124
Percentage of invention patents	42.22%	50.00%	55.60%	62.90%	61.20%	69.10%	53.23%

Trends in the number of patent applications from 2016-2022

Trends in the number of patent applications from 2016-2022



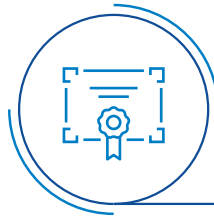
Improving Product Quality

CIMC Enric's products are used in the transportation, storage and processing processes of three industries: clean energy, chemical environment and liquid food. The quality and safety of our products are of paramount importance to our customers and local communities. We use the international system as a guideline for the relevant quality management regulations in our daily production operations to optimize quality management and improve efficiency.


CIMC Enric has drawn up several product quality management regulations, including *Inspection and Testing Quality Control Procedures*, *Management Review Procedures*, *Material Control Procedures*, *Nonconforming Product Control Procedures* and *Corrective and Preventive Action Management Procedures*. With a view to ensuring effective implementation of product quality management measures, we have introduced the *Product Quality Reward and Punishment Measures* to reward business units with outstanding quality management performance, and order rectifications in case of any substandard quality products detected.

For project quality management, we have established internal regulations, including *Project Management Procedures*, *Project Planning and Management Regulation*, *Project Design Control Management Regulation*, *Management Regulation of Quality Inspection and Finished Products Quality Assessment for Engineering Project and Construction Process Management Regulation* to strictly enforce control over construction quality. We also purchased product quality and product liability insurances to build on the Company's ability to resist risks, avoid major crises, and achieve stable operations. Our member companies have established and improved their quality management systems according to their product and business characteristics and the requirements of their sales regions. We have obtained many international quality

certifications and ensure that the certifications continue to be effective. Each manufacturing enterprise under CIMC Enric holds ISO9001 quality management system certificate. Pressure vessel products are products under national mandatory supervision and inspection, all products are supervised by the Institute of Special Equipment Supervision and Inspection Technology in the whole process and must be 100% qualified to obtain the supervision and inspection certificate. No product safety accident occurred for CIMC Enric products in 2022.



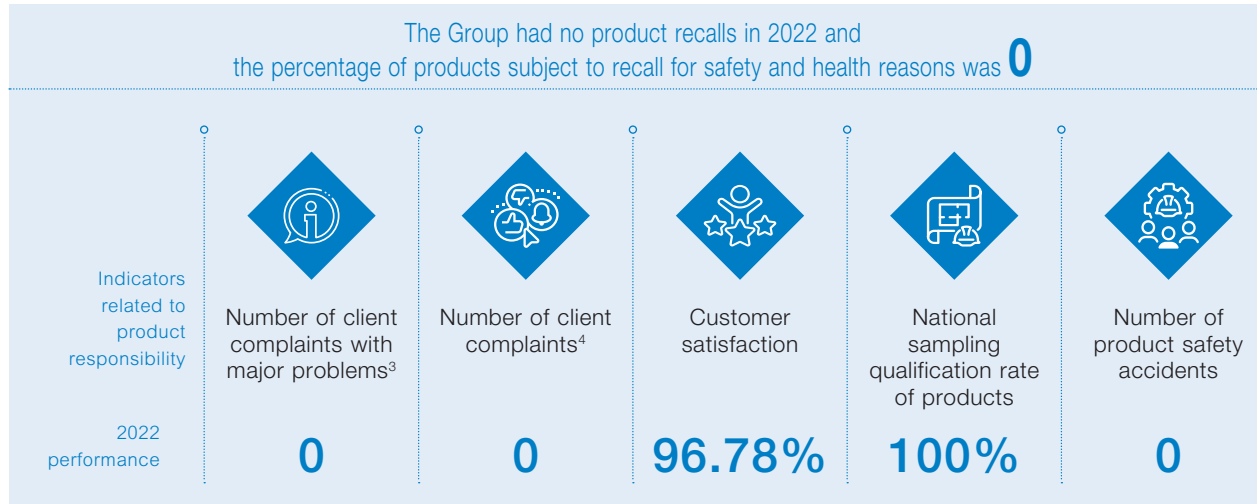
All the manufacturing companies under CIMC Enric hold ISO9001 quality management system certificate



Some certification obtained by subsidiaries of the Company

Special Equipment Production Licenses A1, A2, A3, D, SAD, B1, B2, B3, B4, C2, C3, GC1, GC2	ISO9001 Quality Management System Certification	IATF16949 Automotive Quality Management System Certification	
Quality Management System Certification of China Classification Society	American Society of Mechanical Engineers (ASME) Certification	Norway's Det Norske Veritas (DNV) GL Factory Certification	British's Lloyd's Register of Shipping (LR) Factory Certification
French's Bureau Veritas (BV) Factory Certification	Japan's Nippon Kaiji Kyokai (NK) Factory Certification	US DOT SP21090: Tank Re-inspection of DOT by UE Method	ISO13485: 2016 Medical Device Quality Management System Certification

In accordance with the *Law of the People's Republic of China on Special Equipment Safety* and other legal requirements, we have established the *Product Recall System* which governs the recall of defective products of the Group, such as pressure vessels. The system clarifies the responsibilities of various departments in the product recall process, and recall criteria and procedures, with the purpose of promptly eliminating hazards caused by defective products to users' and the public's personal and property safety, and improving product quality. We will recall the products, accessories and related other products of the same batch/model/category that are manufactured and sold by the Company, have a homogeneous nature, and endangers or causes unreasonable risk to human health and life safety due to design, production, instructions, etc. The Company regularly holds a recall group meeting – fills out a “recall plan” – issues a recall notice – stops sales of related products – conducts cause analysis and improvement measures, and recalls products for disposal. The company has a “Non-conforming Products Control Procedure” to ensure that the non-conforming products are controlled within the Company and minimize the chance of non-conforming products flowing into the hands of customers.



• Case

Shijiazhuang Enric won the first prize for quality innovation

In July 2022, Shijiazhuang Enric, a member company of the Company, won the First Prize of Quality Innovation Achievement (Project) from Hebei Quality Culture Association and the Professional Level Achievement Award from China Quality Magazine for its project “Quality Innovation of 980L High-End E-Gas HCL Steel Welded Gas Cylinders”.



Shijiazhuang Enric won the First Prize of Quality Innovation Achievement (Project)

3 It refers to the number of quality problems complained to CIMC headquarters, domestic and foreign quality supervision institutions and media exposure.
 4 It refers to the number of complaints from customers who complain to CIMC headquarters or whose loss exceeds RMB200,000.

Supply Chain Sustainability

Stable and sustainable supply chain serves as a foundation for CIMC Enric to create value for its clients. We have introduced relevant management regulations, including *Procurement Management Regulation*, *Supplier Management Procedure*, and *Bidding and Procurement Management Regulation*. We clarified the obligations of internal procurement personnel to avoid supply chain-related risks. The suppliers of the Group are mainly divided into four categories: manufacturers, outsourcing factories, agencies and service providers, and into three levels, namely, A, B and C. According to the types of materials supplied, supplies are divided into suppliers of alloy steel materials, parts, paint and carbon steel materials.

In 2022, CIMC Enric added 16 new management system documents, including *Anti-Corruption and Anti-Fraud Policy of CIMC Enric*, *Operation Mechanism of Core Management Committee of CIMC Enric*, *CIMC Enric Supplier Management Procedure*, *Risk Management System of Engineering Consortium*, and *Project Management Measures for "Golden Seed" of Science and Technology Innovation of CIMC Enric*, etc., covering anti-corruption, supply chain management, internal risk control, technological innovation, HSE management, etc., which further improve the management process of the Company. The currently executed Procurement Management Regulation and contracts all meet the requirements of the *Bidding and Tendering Law of the People's Republic of China* and the *Civil Code* to ensure business compliance.

Supplier Admission

Supplier admission is strictly examined and approved in accordance with requirements in Supplier Management Procedure, and supplier life cycle is regulated through management and information technology means, and it is strictly prohibited to place orders to non-qualified suppliers. The selection of regular production suppliers is subject to data review, on-site evaluation, sample trial production, small batch verification, business negotiations, etc. For suppliers who fail in the annual performance evaluation and still do not meet the standards after rectification, they will be excluded. Our procurement agreements require the suppliers to pay attention to the use of environmentally-friendly, recyclable packaging, and to maximize the use of recyclable products in the production process, or use biodegradability technology as much as possible if the use of recyclable products leads to high costs.

CIMC Enric details the Supplier admission and evaluation process in the Supplier Management Procedure, mainly including supplier basic information collection, supplier import audit (data audit and on-site audit), and the management requirements for temporary Supplier admission; for temporary suppliers, the Company will strictly control the number and time of purchases to ensure supply security. According to the requirements of the system, production-type, domestic suppliers basically need to be fully evaluated before access, we also completed annual audit on 602 suppliers of the Company's major companies in 2022. The supplier assessment is mainly through two modules: qualification evaluation and module analysis.

In terms of supplier admission, we first collect information on suppliers, including information reflecting suppliers' capabilities. For suppliers involved in HSE management, the *Questionnaire on Environmental and Occupational Health and Safety Status of Relevant Parties* should be completed. The admission review of candidate suppliers generally consists of data review, on-site review and sample trial. The on-site review mainly verifies the authenticity of the data provided, the actual process capability of the supplier, the operation effectiveness of the quality system, and the adherence of supplier's key process technical capability with the process disciplines enforced. Technical evaluation and sample validation shall be conducted for the suppliers that meet the admission criteria during the on-site/commercial review process. We prioritize suppliers capable of providing more environmental-friendly products.

Supplier Assessment

In terms of supplier annual audit, our current qualification evaluation is mainly conducted through SRM, and we have developed different modules for analysis of manufacturers, traders, etc. We audit information from customers, sub-suppliers, quality control and qualification. The Company also conducts regular audits on site every year. According to the annual audit plan, we will organize quality, technical and procurement personnel to conduct special reviews of suppliers, from quality system to process control, to ensure that suppliers' production processes are compliant and controllable, and also require suppliers to adopt environmental protection and sustainable solutions in packaging and storage. The Company formulates annual supplier review and help plan, in 2022, the Company's Supply Chain Management Department develops on-site exchange plan for 22 suppliers after making assessment with related enterprises, organize each enterprise to carry out the on-site review and exchange according to the plan on suppliers' quality and business.

In terms of supplier annual audit, the annual audit is divided into data audit and on-site audit. Data audit is mandatory, and a qualified supplier needs to complete data audit once every two years. The on-site audit is based on the performance scores of suppliers. Suppliers with the lowest 30% performance scores are subject to the mandatory audit, while those with overseas manufacturing bases do not fall within the scope of on-site audit. Our supplier performance appraisal indicators include quality, delivery time and related services. In principle, no more than four suppliers should be selected per variety (material category). According to the performance appraisal results, we divide suppliers into excellent, good, qualified and unqualified suppliers, giving priority to excellent suppliers in the procurement process. We encourage suppliers rated "good" to make improvements autonomously. Currently, our SRM system is connected to CIMC's risk control system, which can effectively identify potential risks and rectify them in a timely manner through data analysis and early warning in the direction of supplier risk, affiliated relationship and irregular bidding. In 2023 the SRM system will be used in 12 major enterprises and further improve the risk control model.

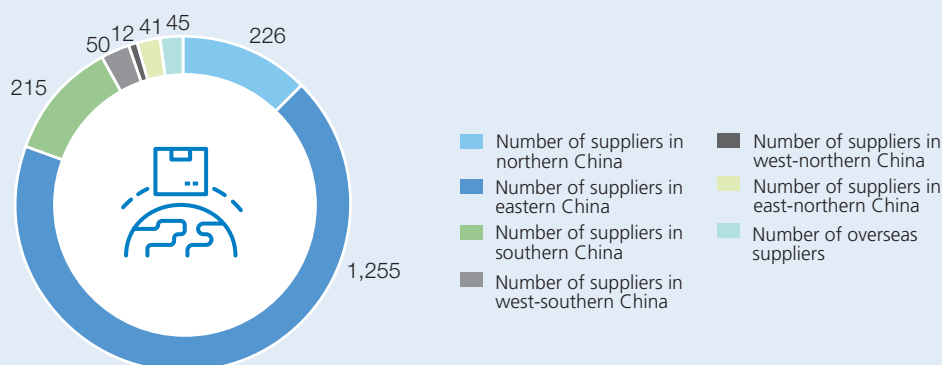
Process	Description
Admission	CIMC Enric will do basic investigation on HSE and ask suppliers to provide relevant qualifications to ensure suppliers' compliance in environmental protection production, waste discharge and other aspects.
Cooperation	CIMC Enric adds HSE-related terms and conditions, agreeing that suppliers focus on environmental protection and sustainable development. Outsourcing parties involved in the Company's production, construction, etc., are required to sign handover agreement to ensure safe construction and accountability.
Re-assessment	CIMC Enric will conduct annual review of key suppliers' qualifications and their situations, for example, before the expiration of qualifications, the SRM system will promptly generate a reminder, while key information will be audited offline at the same time.

Green Procurement

During cooperation with suppliers, we require them to minimize the packaging to protect the environment while reducing procurement costs. For example, in the past, in order to protect the steel plates from scratches and to facilitate loading and unloading, each package of steel plates was wrapped with a layer of waterproof paper and placed with wooden strips at a certain distance after flattening. Therefore, there will be a lot of waterproof paper packaging waste after the steel plate arrives at the factory for use, and it is not convenient for recycling. After communicating with the suppliers, in order to minimize the waste of resources, we have cancelled the waterproof paper packaging, and the wooden strips were no longer fixed and were recycled within the Company. This measure improves supplier delivery efficiency, reduces waste of resources, and lowers costs. Other suppliers try to use recyclable pallets, racks, etc. to reduce costs and achieve recycling. We also add clauses on environment and safety considerations in the procurement contracts.

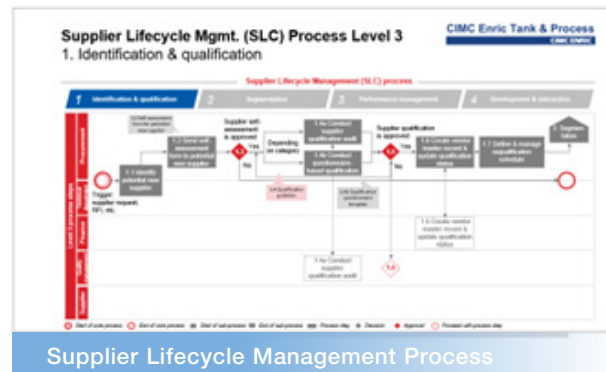
Indicators of suppliers	2022 performance	Percentage
Total number of suppliers	1,844	100%
Number of suppliers certified by quality management system	1,177	63.8%
Number of suppliers certified by occupational health and safety management system	859	46.6%
Number of suppliers certified by environmental management system	854	46.3%
Number of suppliers took part in annual performance appraisal	1,495	81.1%
Supplier performance evaluation factors include environmental and social issues (for suppliers whose performance are evaluated during the year, the assessment factors include the number of environmental and social issues)	720	39.0%
Number of new suppliers	232	12.6%
Number of new suppliers who passed ESG assessment during the year (for suppliers added during the year, the assessment factors include the number of suppliers who passed ESG assessment)	124	53.4%
Number of original suppliers reassessed (number of original suppliers reassessed for various reasons, such as annual spot checks, periodic re-evaluation or reassessment initiated for special reason)	533	28.9%
Number of original suppliers who passed ESG reassessment during the year (for original suppliers reassessed during the year, the assessment factors include the number of suppliers who passed ESG reassessment)	246	13.3%
Number of terminated suppliers for the year	4	0.2%
Number of suppliers terminated due to HSE in the year	1	0.1%
Number of suppliers trained	874	47.4%

Number of suppliers by geographical region



Overseas Supply Chain Management

For overseas suppliers, the Group has also developed a supplier cycle management system to improve the construction of the supply chain system for each overseas entity, which includes identification of, and certification on the qualification of potential suppliers, classification of suppliers, audit on external suppliers, creation of a supplier list to update their qualification status in a timely manner, and final decision on the admission of suppliers. We implement strict approval at all stages to ensure the smooth operation of the supply chain.



Client Service and Privacy Protection

Excellent Client Relationship

CIMC Enric consistently improves client services in its pursuit of better client services. We listen to the voice of customers and deliver better products with better quality. We regularly communicate with customers to establish long-term cooperative relationship and achieve win-win results. While pursuing high-quality service, we also pay attention to the performance and safety of products. We optimize management, improve customer service system to give our customers reassurance.

To ensure that clients clearly understand relevant product information and that the products cater to their needs, CIMC Enric has introduced the *Marketing and Planning Management Regulations* to standardize marketing planning, promotion, investigation and other marketing activities, and provide clients with accurate product information and brand image to avoid false or misleading information. The Company has set up an after-sales service team to deal with after-sales client queries, service and product complaints, so as to improve client satisfaction and loyalty to the Company.

The Group has established a sound client service system, covering pre-sales, sales and after-sales products and services, and formulated corresponding management formalities and policies from client service management to client services and complaints. We have revised and updated the existing product inspection standards, focusing on the update of the main product quality standards, and implemented the spirit of “continuous improvement without limit”, insisting on internal audit and management review for the purpose of finding problems and urging improvement, and resolving problems one by one.

We have set up an after-sales service team to deal with after-sales client queries, service and product complaints, so as to improve client satisfaction and loyalty to the Company. In order to improve after-sales service process, standardize our services and ensure service quality, the Company has established customer service management procedures, such as the management of customer complaints through the Company’s ISO9001 quality management system and *Customer-related Process Control Procedures*, *Production and Service Provision Control Procedures*, *Q Customer Satisfaction Measurement Control Procedures*, *Improvement Control Procedures*, etc. We regularly send *Client Satisfaction Questionnaires* to clients to understand their perception of the Group with regards to its brand reputation, product quality, service and pricing, and to collect their opinions and suggestions. For example, Langfang Integration has set up a full-time customer callback staff and regularly takes various forms of after-sales callbacks. We promptly transmit customer needs to design, procurement and other related departments, and have established customer satisfaction control procedures and customer communication control procedures to make the customer communication mechanism smoother.

• Case

CIMC Sanctum cares for the customers and moves towards the future

With the idea of close to customers, close to the market and zero distance service, CIMC Sanctum has set up several service outlets nationwide to provide customers with fast, high quality and efficient after-sales service. CIMC Sanctum conducts training on professional knowledge, job skills and operation procedures for the incumbents and personnel of authorized service providers from time to time to make them more familiar with the product and operation essentials, etc. In 2022, CIMC Sanctum visited 27 customers in 16 cities of 9 provinces and discussed the daily application of current products and interacted with customers on site to discuss the future needs.



Responsible Marketing

CIMC Enric and its member companies have built a sound marketing system which plays an important role in the supply chain. The marketing center regularly organizes customer inspection activities, arranges staff from technology, quality and engineering departments to visit customers to deal with problems on site. In order to respond to the national call for energy saving and emission reduction, carbon peak target and others, we actively put hydrogen energy products into production. Through quality process inspection and process inspection, we control product quality and improve the passing rate, and improve design verification and customer satisfaction through product type test to meet the standards.

CIMC Enric's sales, technical and after-sales personnel visit customers regularly to provide consultant services, and in special cases, the President lead field visits and exchange with strategic big accounts; improve and optimize the goods pick-up inspection service, systematically implement customer service and after-sales service process, help the Company manage after-sales service, improve the service quality, and reduce customer turnover; solve the mobile work problems to make the application more convenient, solve some PC operation problems for customers. We have real-time access to and follow up sales orders, standardize the sales process, improve sales management, build a marketing-sales-operation whole process, and provide visual analysis of different businesses.

• Case

CIMC Hongtu – leading the industry development to be a responsible brand

CIMC Hongtu has ranked first in the production and sales of liquefied gas carriers in China for more than 30 consecutive years, with the domestic market share reaching more than 60%. The domestic market share of LNG low-temperature liquid transporters has also ranked top for many years in a row. In 2022, CIMC Hongtu started the manufacturing and promotion of distributed energy applications, analyzed the existing market and product requirements, and corresponded to the application scenarios in terms of operational safety, convenient management and profit model. In July 2022, we completed the first domestic distributed energy application training and experiment base and held the China Propane Distributed Clean Energy Application Summit.



• Case

CIMC Safeway – Helping customers to achieve win-win results and ensuring product quality

CIMC Safeway has designed utilization improvement solutions using coil steel opening plates to achieve win-win with customers, with over 200 tank boxes in use. It optimizes material procurement for large customers and adopts differentiated competitive strategies, while collaborating with the UK R&D center to continuously promote new technologies and materials to customers. CIMC Safeway, in collaboration with the operation department, quality control department and other related departments, starts to analyze the causes, formulates countermeasures and follows up on the solutions at the first time, and has completed the construction of a modularized matching platform. CIMC Safeway utilized the modular quotation data system development to realize modular product cost output. CIMC Safeway's top five customers have completed the modular quotation of standard products, helping to improve the quotation efficiency of customers.

Protect Customers' Privacy

It is of fundamental importance for the Group to maintain long-term and sustainable cooperation with clients to protect the security of client information and privacy, and prevent any damage to the personal interests of clients. In accordance with the relevant national laws and regulations on information security, CIMC Enric has established a comprehensive and effective information security management system.

CIMC Enric has formulated several management policies regarding network security, terminal security and system security, such as the Management Regulations on the Use of Personal Computers of CIMC Enric Holdings Limited, the Management Measures for Internet Access and Use of CIMC Enric Holdings Limited, and the Business Information Authorization and Security Management System of CIMC Enric Holdings Limited. In 2022, we carried out information security operations on a comprehensive scale to improve information security management. We have established an information technology standard system to simplify management and reduce risks, and strengthened information security awareness for all employees. We have patched vulnerabilities and conducted risk management, and the repair rate exceeded 98%.

The application system of software installed on our computers is partially deployed on our own server, while part of the server is deployed on the cloud, for example, we use the Helios and the SRM system, both of which are procured cloud services, and they are certified by Information security level protection 3.0 and comply with ISO27001 standard;

Our servers and applications are subject to network protection exercises every year, and we will fix risks for security if we find any, and server patches are fixed regularly. We carry out Information security level protection 2.0 certification for Internet applications in accordance with national requirements;

We comply with the Personal Information Security Protection Law and comb customer and employee personal data through the system designed in detail. The Group has strict security requirements and process approval control for the use of this part of the data.

Information security technology

In terms of the hierarchical information security protection system, we made great efforts to enhance network border security, intranet security, terminal server security and user security; as for industrial network security, we adopted the Purdue model and carried out a pilot project of industrial network security in an enterprise, with remarkable effects achieved.



Information security operations

Through regular vulnerability scanning, penetration test and emergency drill, we identified potential risks of personal terminals, servers and application information systems and timely fixed them, so as to improve our ability in responding to information security risks.

In 2022, the Group did not receive any complaints for leaking consumer information, and the number of information security incidents was **0**

Leading the Industry's Development

The Company insists on driving industrialization with informatization and promoting informatization with industrialization. We rely on technological progress to transform the old industry. While achieving new industrialization, CIMC Enric steadily moves forward to the two goals of intelligence and circular economy. We actively leverage on our ample experience in product quality to participate in the compilation or revision of relevant national and industrial standards. As a drafting unit, CIMC Enric participates in the formulation of 10 national, regional, or industrial standards, including *Design Specifications for Urban LNG Supply Stations*, *Static Vacuum Insulated Cryogenic Pressure Vessels*, etc. Below shows some of the published standards that CIMC Enric participates in during the drafting process. The following are some of the published standards that drafted by CIMC Enric and its member companies.

National and industrial standards and specifications that are presided over or participated in the formulation and revision

Main Drafting Units
➤ NB/T47059-2017 Tank Containers for Refrigerated Liquefied Gas
➤ SHT 3412-2017 Specification for Selection, Inspection and Acceptance of Metallic Hose for Piping in Petrochemical Industry
➤ 2020-0121T-QB Workshop Beer Machinery Fermentation Tank
➤ 2020-0122T-QB Workshop Beer Machinery Saccharification System
➤ GB/T 33145-2016 Large Capacity Seamless Steel Gas Tanks
➤ NB/T 10354-2019 Long Tube Trailer
➤ GB/T 33145-2016 Large Capacity Seamless Steel Gas Tanks
➤ GB/T 19905-2017 Road Tanker for Liquefied Gas
➤ DB42/T1353-2018 Safety Technology Requirements of Container Skid-Mounted Refuelling Device for Liquefied Natural Gas Vehicle
➤ T/GDGM 0002 – 2019 Technical Specification for Green Design Product Evaluation-Liquefied Gas Tanker Made of Low Alloy Steel
➤ T/CATSI 05004-2021 Small LPG (Commercial Propane) Storage Tank
Participating Drafting Units
➤ NB/T47058-2017 Road Tankers for Refrigerated Liquefied Gas
➤ GB/T19905-2017 Liquefied Gas Vehicle Tanker
➤ CB/T4453-2016 Marine LNG Fuel Storage Tanks
➤ GB/T 18442.4-2019 Stationary Vacuum Insulated Cryogenic Pressure Vessels Part 4: Fabrication
➤ GB/T 18442.3-2019 Stationary Vacuum Insulated Cryogenic Pressure Vessels Part 3: Design
➤ T/CATSI 05001-2018 Technical Requirements for Strain Strengthening of Mobile Vacuum Insulated Cryogenic Pressure Vessels
➤ T/CATSI 05006-2021 Special Technical Requirements for Stationary Vacuum-insulated Liquid Hydrogen Pressure Vessels
➤ T/CAS 555 – 2021 Technical Specification for LNG Tank Container Yard
➤ T/CCIASD 10002-2022 Strength Test Method for Railroad Transport Tank Containers

Participating Drafting Units
➤ GB/T 51246-2017 Design Specifications for Railroad Loading and Unloading Facilities for Petrochemical Liquid Materials
➤ GB/T 28884-2012 Large Volume Steel Seamless Gas Cylinders
➤ GB/T19905-2017 Liquid Gas Vehicle Tanker
➤ GB/T 18442.2-2019 Stationary Vacuum Insulated Cryogenic Pressure Vessels Part 2: Materials GB/T 18442.5-2019 Stationary Vacuum Insulated Cryogenic Pressure Vessels Part 5: Inspection and Testing
➤ GB/T 38109-2019 Application Guide for Safety Accessories and Instruments of Pressure Equipment
➤ GB/T 31139-2014 Safety Technical Specifications for Mobile Hydrogenation Facilities
➤ TSG R0005-2011 Mobile Pressure Vessel Safety and Technical Supervision Regulations
➤ TSG 23-2021 Technical Regulations for Gas Cylinder Safety
➤ NB/T 47059-2017 Refrigerated Liquefied Gas Tank Containers
➤ NB/T 47057-2017 Tank Containers for Liquefied Gases
➤ NB/T 10355-2019 Tubular Containers
➤ CB/T4453-2016 Marine LNG Fuel Storage Tanks
➤ GB/T 18442.7-2017 Stationary Vacuum Insulated Cryogenic Pressure Vessels Part 7 Technical Regulation for Strain Strengthening of Inner Container
➤ GB 18564.1-2019 Road Transport of Liquid Dangerous Goods Tank Vehicles Part 1: Metal Atmospheric Tank Technical Requirements
➤ TSG R0005-2011 Supervision Regulation on Safety Technology for Transportable Pressure Vessel
➤ NB/T 47058-2017 Road Tankers for Refrigerated Liquefied Gas
➤ T/CGAS 004-2018 Technical Standards for Small Propane Storage Tank Gas Supply
➤ CB/T 4453-2016 Marine LNG Fuel Storage Tanks
➤ T/CATSI 05001-2018 Technical Requirements for Strain Strengthening of Mobile Vacuum Insulated Cryogenic Pressure Vessels
➤ T/CATSI 05005-2021 Small LPG (Commercial Propane) Vehicle Tanker with Liquid Discharge Pump
➤ T/SSEA0060-2020 High Manganese Austenitic Steel Plates for Low Temperature Pressure Vessels

Leveraging its production-related competitive advantages, CIMC Enric actively joins various industry and energy related associations to contribute to the development of the industry. Industry Organisations we have joined, and our corresponding positions therein are as follows. Details of some of the industry organizations in which the Group participates and the positions it holds are set out in the appendix to this report.

3

Low Carbon and Environmental Protection, Care for the Earth



CIMC Enric commits itself to applying more environmentally efficient operation methods, and strengthening the control of pollutants. In active response to the No.6, No.7, No.12 and No.13 goals of UN Sustainable Development, we endeavoured to optimally reduce the impact of our business operations on the environment, tackle climate change and reduce carbon emissions.



Addressing Climate Change

Global climate change has become the most important environmental and development challenge facing mankind in the 21st century, and tackling climate change is essential to achieve global sustainable development at present and for a long time to come.

As a responsible enterprise, the Group has actively responded to the carbon peaking goal and carbon neutrality vision set by the government, and responded to climate change, and promoted ecological civilization and high-quality green development using all means at its disposal as an enterprise. The Group sets out our efforts and future directions in addressing climate change, in terms of governance, strategy, risk management and performance metrics and objectives.

Governance

Focusing on the governance of climate-related risks and opportunities, the Board of Directors fully understands the need to consider climate related issues when reviewing and devising strategies, important action plans, risk management policies, annual budgets and business plans, setting organizational performance objectives, monitoring policy implementation, and supervising important capital expenditure, acquisition and asset divestiture deals. The Board of Directors also needs to supervise and monitor the fulfilment of such pre-set targets when dealing with climate-related matters. The Sustainable Development Committee sets the Group's business objectives and long-term development strategy, proposes recommendations on key issues and oversees the implementation of annual business plans and proposals. Furthermore, the Group has an ESG Work Leading Group at the management level, which is tasked with clarifying the responsibility toward climate change management and the fulfilment of pre-set target, and reporting regularly its findings to the leadership.

Strategy

Climate-related risks include transitional risks related to the low-carbon economy and physical risks resulting from climate change. Transitional risks are divided into policy and regulatory risks, technical risks, market risks and reputational risks. Physical risks include acute physical risks (mainly single events such as typhoon, flood and other extreme weather conditions) and chronic physical risks (i.e. long-term changes in climate patterns such as persistent high temperature).

In terms of policy and regulatory risks among other transitional risks, energy prices may increase at the places where we operate as the public's awareness of climate change deepens. In addition, the imposition of energy consumption limits, the broadening effects of paid greenhouse gas emissions and other regulatory requirements aimed at improving the environment will lead to increases in our operating costs. In this regard, we will continue to pay attention to the impact of climate change on the Group's business operations, and thoroughly adapt ourselves to the policy requirements.

In terms of acute physical risks, we pay due attention to the impact of extreme weather on production and business operations, and identify natural disasters, extreme weather or adverse meteorological conditions that may affect our business operations, for example:

- In case of extreme rainfall, it may affect the water quality at the Group's water sources, so that the production plan and product delivery are directly affected by extreme weather conditions in terms of workplaces, production facilities, staff commuting and transportation;
- In case of sudden temperature drop due to extreme weather, pipelines operated by the Group may burst due to thermal contraction, which may affect our production safeguards and prevent us from producing as planned.

Risk management

According to the business characteristics of the Group and the actual situation, we have identified and assessed the climate risk management process. The Group is aware that environmental and climate risks may lead to operational and financial risks. In view of the climate-related risks identified, the Group and its subsidiaries have drawn up emergency plans, defined the methods and mechanisms for emergency response, and conducted emergency drills every year to reduce the emergency response time and build on our emergency management capacity, ensure rapid and effective handling of various types of emergencies, and prevent the consequences from worsening.

In addition, the Group has identified the opportunities brought by climate change and has made continuous innovations regarding green design and green manufacturing of products (see the section “Green Manufacturing and Innovation-driven Development” in the Report for details). The Group also actively contributed to social carbon emission reduction in the manufacture of clean energy equipment and energy-saving and emission-reduction equipment from the perspective of the entire industrial chain.

Indicators and objectives

In order to measure the climate change process, it is essential to select appropriate parameters and indicators and set reasonable objectives. Taking the actual conditions into consideration, the Group has defined climate risk indicators related to energy use efficiency, water resources efficiency, waste emission and greenhouse gas emission management. Furthermore, the Group has set relevant objectives (see the section “ESG Goals and Review” in the Report for details), and regularly reviews the execution of these objectives.

As the Group’s operating and market environment is constantly changing, we will constantly review our business practices and adjust our objectives and proposed measures as appropriate. In the future, we will develop strategies, manage risks, and identify and manage indicators and objectives, and work together with all parties involved to deal with climate change and achieve common sustainable development.

• Case

CIMC Safeway carried out dual carbon digitization pilot

In 2022, the Group carried out the dual-carbon digitalization pilot in CIMC Safeway, and has completed the capacity building to realize the panoramic carbon management, enterprise carbon emission accounting, analysis and alarm, product carbon footprint accounting report and real-time carbon footprint data presentation. Both panoramic "carbon platform" and "carbon tool" of fine management, as well as international "carbon certification" and quantifiable "carbon value", provide the Group enterprises with an excellent demonstration of dual carbon digital management.



Strict control of pollution discharge

The Group has formulated and implemented a number of internal environmental management procedures, including the “Hazardous Waste Pollution Prevention Management Policy” and “Related Stakeholders Management Policy”, aiming to strengthen environmental management, improve environmental performance, and ensure effective emission management and resource consumption reduction. In 2022, a total of 13 member enterprises of the Group have passed ISO 14001 environmental management system certification, or 70% of the Group members.



In 2022, a total of **13** member enterprises of the Group have passed ISO 14001 environmental management system certification, or **70%** of the Group members.

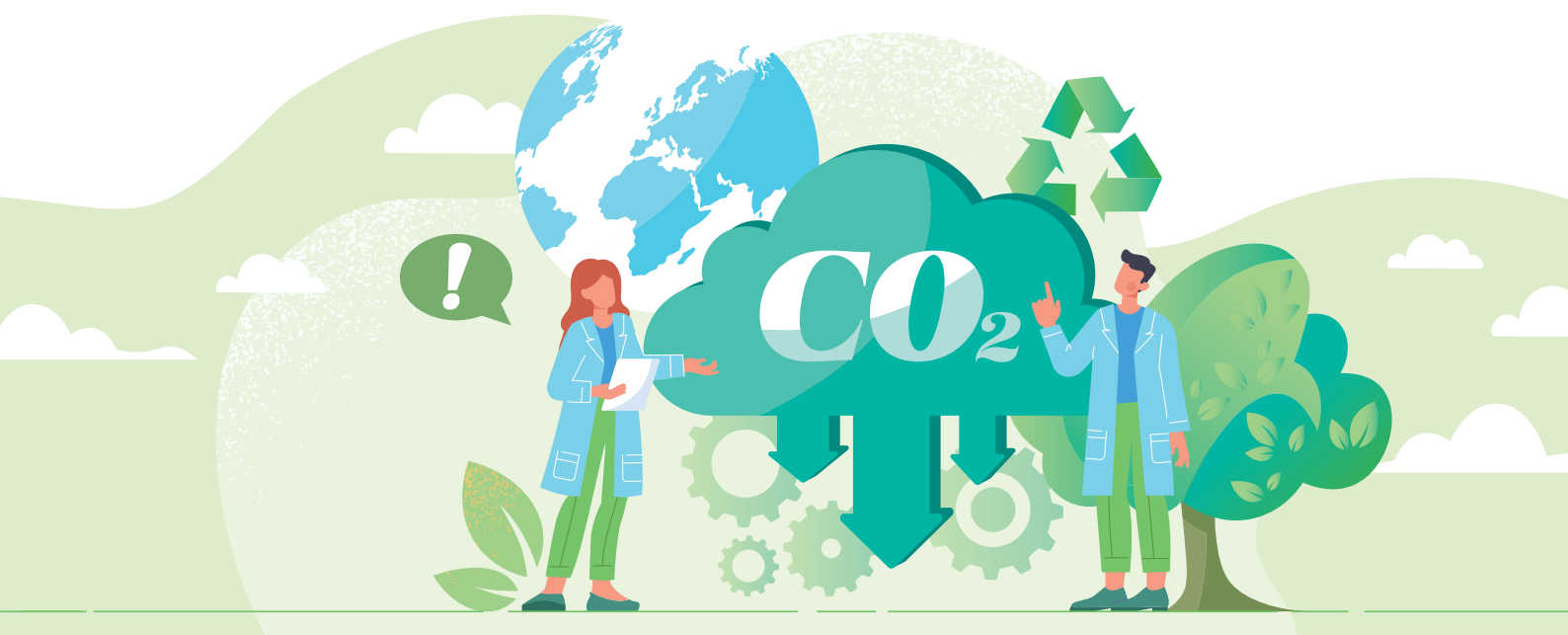
The Group attaches great importance to, and has continuously improved its internal environment, and has invested substantially to successively upgrade spraying waste gas treatment facilities, acid mist treatment facilities, hazardous waste warehouses and sludge filter press systems. Furthermore, the Company has actively responded to the government’s call for promoting the use of low-VOCs coatings, and has been implementing the “oil-to-powder” transformation to phase out oil-based coatings, substitute VOCs at source and reduce VOC emissions substantially.

CIMC Enric has four key pollutant discharge enterprises. With a view to fully understanding the current situation of environmental protection management in the key pollutant discharge enterprises and ensure their compliance with the environmental protection red-lines, we set up a management board for the key pollutant discharge enterprises, and collected their environmental protection data on a quarterly basis, primarily covering pollutant discharge, environmental protection-related administrative licensing and continuous improvement. All the environmental protection operations at the key pollutant discharge enterprises have been carried out in an orderly manner.

The Group conducted regular environmental aspect identification and evaluation. In 2022, we identified a total of 146 important environmental aspects, and effectively controlled possible environmental pollution integrating human, material and management measures to ensure that our routine operations are conducted in compliance with relevant laws and regulations.

Exhaust and Greenhouse Gas Emissions Management

Production activities at the Group involved processes such as sandblasting, painting and welding, and the use of production equipment such as combustion furnaces, polishing machines and grinders. The main air pollutants emissions include dust, smoke, and volatile organic compounds. We have established waste gas management procedures to ensure effective control of air pollutant emissions. The collected waste gas must be filtered and meet the *Integrated Emission Standard of Air Pollutants* before it can be discharged.



We monitored and evaluated emission levels regularly in compliance with the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution* to ensure compliance with air pollutant emission standards, in line with our commitment to reducing emissions of exhaust pollutants through various emission reduction measures. CIMC Enric attaches great importance to VOC management. Our subsidiaries have a total of 36 VOCs treatment facilities, with a processing air volume of 2.9 million m³ per hour. Most of them have adopted the treatment technology of “activated carbon adsorption + desorption catalytic combustion”, and the treatment efficiency is as high as 90%. The fugitive emission of VOCs has been effectively controlled, and the annual VOCs emission was reduced by more than 220 tons.

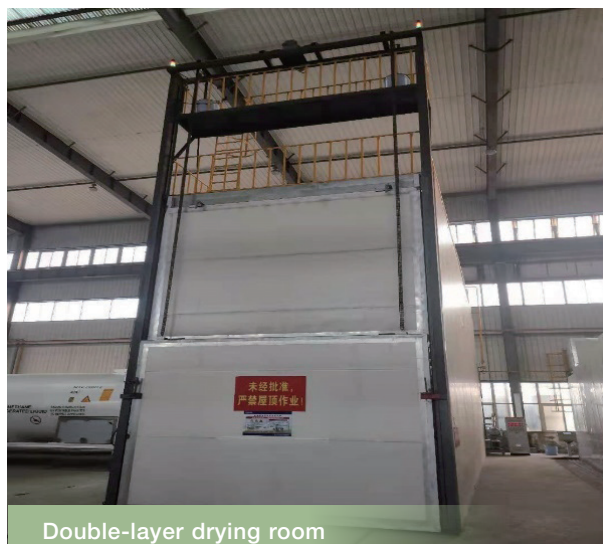
The greenhouse gas emissions from the Group's production and operations mainly come from direct greenhouse gas emissions from the use of natural gas, gasoline and diesel oil, and indirect greenhouse gas emissions from purchased electricity. Based on the source of greenhouse gases, the Group takes corresponding emission reduction measures. The main greenhouse gas emissions of the Group are indirect greenhouse gas emissions due to purchased electricity. Therefore, the use of purchased electricity can indirectly reduce greenhouse gas emissions. The measures taken by the Group to reduce the consumption of purchased electricity mainly include: formulating energy consumption management indicators, introducing energy-saving equipment, and carrying out technological transformation.

The roof space of some of the Group's factory buildings can provide a carrier for photovoltaic power generation projects. CIMC Safeway and CIMC Green Building, members of the company, have carried out rooftop photovoltaic power generation projects, of which CIMC Green Building's photovoltaic power generation capacity is 1.2MW. In 2022, a total of 1.07 million kilowatt-hours of electricity has been generated, and the carbon dioxide emissions have been reduced by about 752.75 tons. Other member enterprises also carried out corresponding roof photovoltaic plans in 2022:

Member enterprises	Roof construction area	Planned installed capacity
CIMC Sanctum	37000 square meters	3.9 MW
SOE	60000 square meters	6.0 MW
Shijiazhuang Enric	70000 square meters	6.2MW
CIMC Holvrieka	40000 square meters	6 MW
Nantong Energy	20000 square meters	2 MW
CIMC Hongtu	70000 square meters	5.0 MW

Nantong Energy: Development of a double-layer drying room to reduce energy consumption

In 2022, Nantong Energy developed a double-layer drying room to reduce energy consumption. Through flow measurement, the natural gas consumption of single 40-foot tank in ORIGINAL single-layer drying room is 1450 cubic meters, after adopting double-side drying room, the natural gas consumption of single 40-foot tank is 900 cubic meters, which can save 66,000 cubic meters of natural gas per year. We use one unit (20KW) towing another, 6 days cycle, which reduces the electricity consumption of single product. After the renovation, due to the improved heating performance, the electricity consumption of single product is only half of the original one for the same cycle. In addition, the original single-layer drying room body needs to consider light pushing and pulling, using 50mm phenolic resin insulation material, whose insulation performance is low, and the room surface temperature will exceed 20 °C after 4 hours; now we use 100mm, 120K high-capacity rock wool board in the double-layer drying room, the whole working cycle surface temperature rise less than 5°C.



Double-layer drying room

Wastewater Discharge Management

The Group has strictly abided by *the Law of the People's Republic of China on Prevention and Control of Water Pollution*, and rigorously implemented pollution prevention and control measures in line with its commitment to strengthening water pollution prevention and management. We strictly prohibited hazardous wastes such as high freezing point oily products, oil stains, solvent waste, acid waste and acetone waste from directly entering the drainage system without treatment. Sewage containing harmful substances must also be properly treated before it is discharged into the municipal pipeline network.

The country is paying more and more attention to environmental protection, and we are continuing to increase our efforts to improve the situation. To discharge of hazardous waste (sewage) from the darkroom processing link in the ray testing, the Group has set up appropriate sewage treatment facilities in accordance with the requirements of environmental protection laws and regulations, and adopted appropriate treatment procedures for different production processes and the types of sewage generated (pickling sewage, paint sewage, etc.) to ensure that the quality of the treated water meets the standards such as the *Water Quality Standards for Sewage Discharged into Urban Sewage* and the *Discharge Standard of Main Water Pollutants for Municipal Wastewater Treatment Plant & Key Industries of Taihu Area*. We have installed two sets of independent pipelines for different types of effluent water to separate industrial water from test water. We have treated the pickling wastewater in the alkaline washing tank, and reused test water through the water compression test process to reduce the amount of wastewater treated and discharged.

• Case

CIMC Safeway – Sewage treatment optimization and upgrade

CIMC Safeway optimized and upgraded the sludge pressure filtration system, reduced the failure rate, upgraded the wastewater treatment process and facilities to keep the COD emission concentration of sewage far below the national upper limit, and reduce COD emissions. CIMC Safeway decreased the sewage treatment cost by continuous optimization of wastewater treatment process.



• Case

Shijiazhuang Enric – Detecting hazardous waste (sewage) to reduce emissions

Shijiazhuang Enric's wastewater sources include line negative flushing in cryogenic tank workshop and line negative flushing in cryogenic tank workshop, etc. The wastewater components are mainly developer and fixer. During the period from February to August 2022, Shijiazhuang Enric determined IP specifications by observing film washing operations, eliminating film inspection in cryogenic tanks, etc. By using CR inspection technology instead of film inspection technology, the discharge of hazardous waste (effluent) was significantly reduced. Shijiazhuang Enric has prepared more than 10 CR guidebooks for pipelines of various specifications and eliminated film except for high-pressure pipelines, effectively reducing the generation of hazardous waste. In 2022, the hazardous waste (effluent) of the dark room processing of radiographic inspection was reduced by 50% compared to 2021.

Waste Discharge Management

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

In accordance with the *Hazardous Waste Pollution Prevention Management Policy*, we worked on hazardous waste management as an important aspect of environmental protection management. We have prepared statistical forms to reflect the hazardous waste situation at various enterprises, tracked the data every quarter, and set red-lines for enterprises with relatively high hazardous waste exposure in accordance with the internal *Hazardous Waste Pollution Prevention and Management Policy*. Non-compliance with the hazardous waste disposal policy did not occur in 2022. We have built hazardous waste storage warehouses and implemented a number of measures to improve hazardous waste treatment procedures and methods. We have taken appropriate measures in the hazardous waste collection and storage warehouse to prevent the leakage of hazardous gases or substances, which may cause environmental pollution. We have implemented risk management and control measures covering the entire hazardous waste collection, storage, treatment, etc. processes in accordance with the indicator requirements for standardised hazardous waste disposal. We have also signed a hazardous waste disposal agreement with a qualified unit, and filled in the transfer form for every transfer in accordance with the regulations. The water content of sludge has been drastically reduced as a result of the sludge filter press system upgrade, effectively reducing the amount of sludge generated. Furthermore, we reduced the volume of waste discharged on a comprehensive scale amid the implementation of the clean production policy.

• Case

CIMC Safeway – Improvement of pickling and immersion tank for large diameter nuclear magnetic cylinder

After the nuclear magnetic cylinder pickling immersion tank has been used for a long time, there is a hidden danger of acid pouring from the tank corrosion, and hazardous waste will be generated from scrapping and cleaning. CIMC Safeway purchases a polytetrafluoroethylene immersion tank, which is acid and corrosion resistant, and acid heating has no effect on it; we have made a hoop on the edge of the immersion pool, inserted a PTFE hollow rod to protect the heating water pipe on the pool wall; the PTFE immersion tank is solid and durable, with no hidden danger of leakage, and harmless to our personnel, and the use safety is guaranteed. The material is more environmentally friendly. PTFE immersion can be used for life, without scrapping and cleaning, and does not produce hazardous waste: there is no need to manually apply acid, and also secondary application of passivation paste to deal with spot defects can be avoided, and the pool can be washed after immersion.



Immersion tank



Pool wall fabrication guardrails

Noise Management

The Group has strictly complied with the Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution, and actively prevented and controlled environmental noise pollution. The noise pollution sources at the Group mainly include hoisting, cutting, grinding, air compressor, generator (when the site is not powered on), earthwork and motor vehicle operations, and sewage treatment station fan and water pump operations. According to the noise sources, subsidiaries of the Group have taken different control measures, and actively trailed and applied practical improvement measures. We have reduced environmental noise pollution, ensured compliance with noise emission regulations, and safeguarded employees' wellbeing through technical measures such as structural rationalization, improvement of processes and techniques, and installation of sound insulation and noise reduction facilities.

Biodiversity Conservation

The Group appreciates the importance of biodiversity conservation. We take the biodiversity conservation factor into consideration and conduct environmental impact assessments in accordance with laws and regulations when selecting construction sites for all our projects, and avoid developing any projects within areas delineated by conservation red lines to fundamentally reduce the impact of project construction and subsequent operation on biodiversity.

• Case

CIMC Enric supported the “100 Million Pike Trees” project to help restore desertified ecosystems

In 2022, the Company cooperated with SEE Foundation to support the “100 million pike trees” project and led its employees and partners to donate and plant a pike public welfare forest – CIMC Enric pike forest. 10,000 pike trees were donated and planted in Batbaraggacha, Jilantai Town, Alashan Left Banner, covering an area of about 222 acres and achieving sand fixation of about 100,000 square meters, effectively helping to restore the local desertified ecosystem.



Resources Conservation

CIMC Enric is dedicated to optimizing its operational efficiency to ensure the effective use of resources. We compiled and released a number of environmental protection and energy management systems and policies including 21 resources conservation management policies such as *Management Regulations for Dynamic Energy*, *Management Regulation on Use of Water, Electricity and Gas*, *Equipment and Energy Awards and Punishment Regulation* and *Detailed Rules of Equipment and Facilities Management*. We also carried out regular checks to evaluate and monitor resource utilisation to reduce consumption of water, electricity, fuel, and other resources.

The Group understands the importance of effective resource management and has actively implemented various energy saving and consumption reduction measures during the year to build a “green production culture”. We also conducted on-site inspections and communications regarding the implementation of energy-saving projects among subsidiaries. The subsidiaries shared their energy-saving best practices at regular HSE meetings to further deepen energy conservation and consumption reduction. In 2022, subsidiaries of the Company launched a total of 95 energy – saving and green development projects, and carbon emission reduction of about 9,000 tons for the year.

In terms of water resources management, the Group is committed to enhancing the reuse of industrial and domestic wastewater, improving the efficiency of water resources utilisation through water recycling, while reducing the volume of sewage discharged. The Group did not have any issues in accessing suitable water sources in 2022.

Our business operations do not involve consumption of a substantial amount of packaging materials, which accounts for a tiny fraction of operating costs, so the Report currently does not disclose information on the consumption of packaging materials. If packaging material consumption increases in the future, we will collect related data and include it in the Report.

• Case

CIMC Safeway passed energy management system certification

In order to actively implement the national green development strategy, strengthen green development and enhance the corporate brand image, CIMC Safeway has invited a third-party professional certification body to help CIMC Safeway carry out energy management system certification, and issue the third-party evaluation report of green factory, greenhouse gas verification certificate and typical product carbon footprint certificate. Over the years, CIMC Safeway has always insisted on green development and paid close attention to the internal management of the Company, and the energy management system certification is another important certification received after the ISO9001 quality management system, IATF 16949:2016 quality management system, ISO14001 environmental management system and ISO45001 occupational health and safety management system certifications.



• Case

green transformation of CIMC Hongtu's manufacturing process

CIMC Hongtu, a member enterprise of the Company, carried out green transformation of manufacturing process – heat treatment process energy efficient utilization project, for the heat treatment of liquefied gas tank, the original heating room heating method was electric heating, using 12-15 electric heating panels installed on both sides of the room with total power 180KW, and the heating temperature was 140℃, which had the problems of large power, high energy consumption and unstable temperature control. Relying on this project, CIMC Hongtu has implemented natural gas transformation and waste heat recovery transformation project for hot air to recover flue gas waste heat for heating water, which can save energy consumption of 620.8 tons of standard coal and reduce greenhouse gas emissions by about 1,100 tons of carbon dioxide equivalent per year.



Before natural gas conversion



After natural gas conversion

• Case

Nantong Energy used centrifugal air compressor to save electricity

With the change of the product process, the air quality requirement is getting increasingly strict, and the oil screw air compressor can no longer meet the requirement of use, therefore, Nantong Energy installed an 85m³ 10KV centrifugal air compressor to replace three oil screw air compressors and saved about 16,000 kWh of electricity per month. Compared with oil screw air compressor, centrifuges do not have any quick-wearing parts, and no-load power consumption is lower. The compressed air in Nantong Energy has been changed from no interconnection of piping to interconnection of piping, and the number of air compressor stations has been changed from three to two, making management easier. The improved compressed air has no oil content, and the specific power of the centrifuge has been increased to approximately 9.8 kWh per square meter, reducing energy consumption power.



Centrifugal air compressor

• Case

CIMC Sanctum – acid wash reuse water is 100% reused within the process

CIMC Sanctum reused 100% of the pickling wastewater after treatment within the overall pickling process by making improvements to the overall process, eliminating the need to transport the reused water out for treatment, and meeting production demands with the amount of reused water output. CIMC Sanctum combed the overall workflow of the pickling process to reduce the amount of pickling solution used from the source, so that the amount of pickling wastewater output was reduced.



4 Putting People First for All-Win Harmony



CIMC Enric values the safety and health of its employees and contractors adhering to the principle focusing on “people orientation and safe development”. We are committed to reducing occupational safety risks in business operations and offering a safe and comfortable working environment. In response to the Goals 1, 3, 4, 8, 10 and 11 of UN’s Agenda for Sustainable Development, we regard human resources as the foundation for competitiveness, respect every employee equally, continuously develop their skills and expertise, and work with them to create a better future. In addition, we organised and participated in a diverse range of community public welfare activities, focusing on fighting against the epidemic, engagement of communities, rural revitalisation and voluntary services. During the year, the Group donated a total of RMB202,057.03.



Occupational Health and Safety

Paying Attention to Occupational Health

Employees are exposed to different degrees of occupational health risks during business operations. We arrange medical examinations for employees holding high-risk positions every year to discover health issues early. Medical examinations were performed for 100% of employees holding high-risk positions, with summary reports of occupational health medical examinations obtained. Among the employees who had undergone the medical examinations, none of them suffered occupational diseases. The Group carried out improvement projects for occupational health and safety work to reduce the related risks.

- During 2022, CIMC Safeway, a member enterprise, focused on the improvement of the cross-channel lifting points for the cylinder team and the tank team by cancelling lifting points and reducing the number of bridge lifting points to 10, which helped to reduce hazard sources.
- CIMC Safeway, a member enterprise, made special lids for NMR cylinder-shaped pickling tanks to reduce the evaporation of acid liquor during the heating process that may cause harm to employees' health. It also visualized the hot water flows of the heating system and separated dangerous areas away with warning signs against potential scalding.
- CIMC Hongtu, a member enterprise, carried out safety improvement for small-scale tank production lines by taking measures such as introduction of protective covers for equipment, production of anti-iron chipping and mechanical iron chipping storage facilities to reduce major hazard sources.
- Nantong Energy, a member enterprise, took actions to improve the standardized management of withstand voltage testing operation to reduce major hazard sources during such an operation and formulate a standardized operation management process.
- CIMC Sanctum, a member enterprise, optimized the matching of gas supply routes for various production lines to reduce major hazard sources at the industrial gas station through combination, upgrading and pipeline connection and other methods.
- Liaoning Hashenleng, a member enterprise, improved the guiding lights and emergency lights at the workshop exits. It re-equipped 8 sets of guiding lights (large-scale) and 16 sets of fire emergency lights in total, in accordance with the new safety standards, which marked a significant improvement of fire emergency response hardware.
- Shijiazhuang Enric, a member enterprise, improved the low-temperature bottle production lines to reduce safety risks in production by removing overhead travelling cranes and introduction of smart facilities, so as to lower the frequency and times of exposure and reduce the number of major hazard sources.
- CIMC Holvrieka, a member enterprise explored to improve the levelling of small-scale tanks, and made the levelling operation safer through elimination of cross-operation and replacement of supporting equipment and other measures.
- CIMC SOE, a member enterprise, installed gas-stop valve in LPG rooms of canteens to reduce the safety risks caused by gas leakage incidents.
- CIMC SOE, a member enterprise, installed anti-falling device at the vertical ladders of the flexible doors of weather sheds, which effectively protect the maintenance personnel from falling down during their climbing up and down, and therefore reduce potential safety hazards.
- CIMC SOE, a member enterprise, installed protective covers to the gears of bending machines in workshops to reduce mechanical injuries caused to bending machine operators.

Implementation of Safety Measures

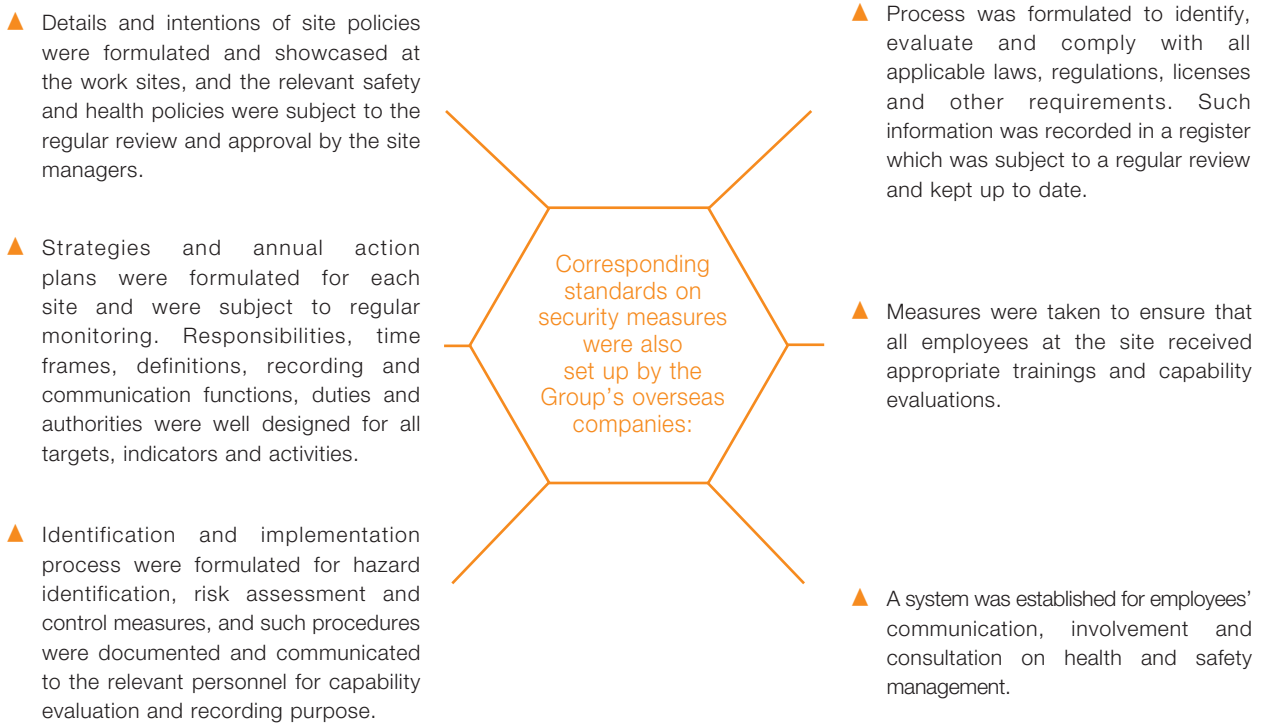
In 2022, the Group continued to tighten up safety inspections, implemented hazard source control, and has identified 459 hazard sources so far.

Rules and regulations	Empowerment training
<p>Revised and issued 3 rules and regulations papers</p> <ul style="list-style-type: none"> ✓ CIMC Enric's Guidelines on Safety Inspections for Management Cadres ✓ Regulations on Safety Inspections (Trail) ✓ Regulations on Safety Management for Dispatched Employees <div data-bbox="217 793 491 1170"> </div> <div data-bbox="512 793 786 1170"> </div>	<p>Organised and launched out 8 HSE special trainings</p> <ul style="list-style-type: none"> ✓ Propagation and Implementation of important national HSE policies ✓ Training on environmental information disclosure polices ✓ Coaching and training on green factory establishment ✓ Training on the <i>Work Safety Law of the PRC</i> ✓ Training on safety operations ✓ Training on the <i>Law on the Prevention & Control of Occupational Diseases of the PRC</i> ✓ Training on operations in confined spaces ✓ Special training in Safety Work Month <div data-bbox="842 890 1115 1170"> </div> <div data-bbox="1136 890 1409 1170"> </div>
Special Inspection	Safety Culture
<p>Completed unannounced inspections of 10 companies, cross inspections on 6 companies, and identify 262 immense threats, accounting for 25.7% of the total hidden dangers</p> <ul style="list-style-type: none"> ✓ Unannounced inspections of 9 companies ✓ 12 cross inspections on 6 companies ✓ 1 special unannounced inspection ✓ 1 HSE survey <div data-bbox="217 1537 786 1914"> </div>	<p>Planned and carried out 6 safety awareness enhancement activities for cadre staff</p> <ul style="list-style-type: none"> ✓ Daily safety inspections by core cadres ✓ First safety course for the General Manager ✓ "Safety 100" event ✓ Safety messages from family members & employees' safety oath ✓ Signing of HSE commitment letter ✓ Safety inspections by management cadres of CIMC Enric <div data-bbox="842 1537 1409 1914"> </div>

In addition to internal occupational health and safety, we also paid due attention to the health and safety of internal construction teams and external construction contractors. Our safety qualification requirements, management and monitoring methods include the following:

- We stepped up the qualification review of related parties, focusing on the review of the enterprises' effective qualifications, safety management agreements, safety management capabilities, qualifications for special-purpose operations, production and operation plans, work injury insurance certificates and other information;
- We stepped up safety training and education during the onboarding process for new employees of the Group, and the personnel of any external unit must pass related training and examination and complete safety disclosure before they can enter the Company;
- We tightened on-site operation supervision over related parties, and assessed operations found in violation of rules and regulations in accordance with the HSE assessment standards of related parties;
- We improved the archives of related parties, and established a ledger of "one file per enterprise";
- Besides, we held regular meetings to coordinate related parties, and conveyed the requirements of government authorities on work safety, environmental protection, fire protection and occupational health prevention and control.

In 2020, 2021 and 2022, one zero and zero employee of CIMC Enric respectively died while on-duty, and the duty death rate per 1,000 people was 0.1%, zero and zero respectively. In 2022, zero day of work were lost due to work injuries.



Maintaining the Safety System

We have identified environmental protection and occupational health and safety standards related to the Group, including 13 ISO 14000 standards and 13 ISO 45000 standards. We have added 6 new occupational health and safety management policies, which clarify the Company's related management mechanisms and departmental responsibilities. We have also regulated safety-related practices of the management and ordinary employees to effectively mitigate risks and protect employees' safety.

The Company's Lean Management Department and the HSE Department conduct an internal audit on the quality, environmental and occupational health and safety system at least once a year to ensure that the current operations are effective and meet the system requirements. In 2022, a total of 13 member enterprises of the Group obtained OHSAS 18001:2007 Occupational Health and Safety Management System certification, 13 enterprises passed the ISO 14001 environmental management system certification, 6 enterprises passed the GB/T 23331-2012/ISO 50001:2011 certification of the Energy Management System Requirements, 5 enterprises passed the cleaning audit, 11 enterprises passed the safety standardisation certification.

Safety Education and Training

In 2022, the Group formulated safety training plans to carry out various safety education and training activities. Some 3,414 people participated in the three-level safety course held by the Group, and 3,414 training files were established; 100% of special operation personnel and special equipment operators hold the proper certificates. We conducted special training sessions on various subject matters such as dust explosion-proof, the new work safety, leader safety management skills, operations with spatial constraints, with the employee training coverage hitting 100%. The Group conducted 1,316 HSE training sessions in 2022, with 122,035 HSE training participants.

On April 12, 2022, CIMC Enric held the HSE Commitment Signing Conference, which took the form of "on-site signing + video online signing" to establish the concept of safety development by signing the HSE Commitment, create a safety culture atmosphere of "leadership, implementation at all levels and participation of all staff"; strengthen the commitment of managers to safety management: management of safety should be part of the business, production and operation management, and practice HSE management activities.

In December 2022, the second phase of CIMC Enric's ESG topics publication meeting was held. 38 topics were collected and 7 excellent topics of them were selected to participate in this publication meeting after the initial evaluation by the expert judges. The publication meeting presented the outstanding creative initiatives taken by each member company in ESG work in the past year, which benefited the participants greatly.

In addition to safety-related training, we carried out a series of HSE cultural construction activities:

- We held post spring festival "Safety 100", which inspired management staff to raise their HSE awareness and embodied the Group's safety culture;

- We carried out HSE digitalization project, through the means of the system, to realize the visualization and management of performance and hidden danger investigation, solidify management initiatives and improve management effectiveness, pilot digital safety education and training, and adopt AI technology to improve the intelligence level of safety management.

Measures for Improving HSE Capacity:



- In January 2022, the “Enric General Manager HSE Class 1” was officially launched, conveying the Company’s emphasis on HSE work, and pledging strong support for HSE compliance.
- We conducted online HSE course training for team leaders, such as “double prevention mechanism”, “control of irregularities in the team”, “emergency handling and accident cross-exhibition”, etc.
- According to the internal *Management Plan for the Selection and Employment of Lean & HSE & Quality Internal Experts in the Energy and Chemical Sector*, we organized an investigation on the deployment of full-time managers of Lean & HSE & Quality in each enterprise, and selected 40 professionals (15 for Lean, 8 for HSE and 17 for Quality) to be the first members of the internal experts of Lean & HSE & Quality in the Energy and Chemical Sector based on the selection conditions (position, education, professional ability, years of employment, etc.). Their appointments are valid for two years.



“Safety 100” activity



HSE digitalization project training



Enric General Manager HSE Class 1



CIMC Sanctum Safety Culture Plaza

Corresponding standards were also set up by the Group's overseas companies:

Conduct training needs analysis (TNA) at least once a year to determine the type and scope of trainings required by department, position, role and employee.

Review training process to ensure that all recruiters and contractors have received formal induction training to convey information regarding major risks, control measures and other expectations related to the work site. Such induction training includes inspection on the recruiters' understanding of the training content.

Take individual's language and literacy needs into account in the formulation of training plans to ensure that all staff are well informed of the recruitment, including the written confirmations on site requirements signed by the recruiters or contractors.

Provide formal training to colleagues involved in tasks requiring standard operating procedures (SOP), which are displayed at or near the work site.

Provide training for staff before their relocation to new positions, or when there are updates or modifications to process, and introductions of new equipment or process.

Managers and supervisors shall receive training on safe work practices and the relevant standard operating procedures, including their legal and line management responsibilities.

• Case

Shijiazhuang Enric implemented its safety responsibilities to promote safe growth

In 2022, Shijiazhuang Enric took the Safety Month as an opportunity to enhance safety inspections, eliminate potential safety hazards, and carry out various tutoring and training on safety and health. It used the Ding Talk to organise online learning and guessing competition for all staff and encourage them to participate in the safety knowledge contest. On 25 June 2022, the HSE Administration Department of Shijiazhuang Enric worked with Shijiazhuang Federation of Trade Unions on a successful organisation of the *Safety Knowledge Contest for Employees in the Safety Work Month*, which attracted more than 300 participants.



Emergency Drills

In 2022, CIMC Enric carried out multiple emergency drills to improve employees' safety awareness and their self-protection and self-rescue abilities. Such drills also helped enhance employees' emergency response capabilities, improve their familiarity with alarm procedures and contents, and expose in advance the deficiencies in the emergency response plans and measures to be taken for further improvement and standardization purpose. By so doing, we have improved the emergency response ability of each emergency response unit and tested the timeliness of their arrival at the accident scene, and the accuracy and reliability of information and communications.

In 2022, the Group has formulated and implemented emergency drill plans, including more than 236 firefighting drills, safety and environmental emergency drills, with a participation of more than 6,971 person times. During 2022, the Group had no violation of relevant laws and regulation which may exert material impact on us.

• Case

Implement safety responsibilities – CIMC Sanctum's 2022 "Safety Work Month" event

During its Safety Work Month, CIMC Sanctum carried out emergency drills to improve its employees' emergency response capabilities. During May to June 2022, the Cryogenic Production Department and Gas Cylinder Production Department of CIMC Sanctum carried out special emergency drills on lifting injury accidents, on-site handling of hazardous chemical accidents, on-site handling of vehicle injuries, on-site handling of electric shock accidents, on-site handling of mechanical injuries, and on-site handling of poisoning and suffocation accidents in confined space, as well as emergency drills on heat stroke accidents due to high temperature, etc. Such drills provided opportunities for each workshop emergency response unit to test their organisation and command abilities in coping with emergencies.



Equal Opportunity and Diversity

Human resources planning is fundamental to our recruitment policy. The Group, via reasonable human resource planning, clearly defines targets regarding staff headcount, structure optimisation and capability improvement to provide the basis for human resources planning.

We are committed to the continuous improvement of human resource management structure, abide by relevant laws and regulations, and formulate the Company's relevant labor contract policies, recruitment management policies, employment management policies, employee handbooks, and so forth.

In recent years, the Group's member companies have received a number of awards or honors in the area of human resources. For example, CIMC Hongtu was awarded as "National Model Harmonious Enterprise in Labor Relations" by the Ministry of Human Resources and Social Security and other ministries.

Employment Policies

Based on the annual strategy and business plan, we develop talent introduction plans, and recruit employees through websites, headhunters and internal referrals. If a position needs to be filled urgently due to unexpected staff turnover, changes in business operations, etc., relevant departments can propose recruitment after evaluation and review.

As regards front-line production personnel, amid the waning demographic dividend, implementation of the "Great Central and Western Region Development" campaign, and the rise of the tertiary industry, most companies are struggling to overcome the shortage of human resources, resulting in intensifying competition for the labor force. "Recruitment difficulty" is becoming increasingly commonplace among enterprises at present and going forward. The Group will gradually ease the shortage of human resources by opening new recruitment channels, coordinating production capacities and the transforming production lines toward mechanisation and automation.

Internal recruitment

- **Promotion from within**
Pick the right people from the talent pool
- **Internal open recruitment**
Release information on the intranet and via e-mail, post internal recruitment notices, and send messages to employees

External recruitment

- **On-campus recruitment**
Contact schools to recruit fresh graduates
- **Media recruitment**
Post recruitment information through websites, publications, etc.
- **Market recruitment**
Recruit in the labor market and job fairs
- **Headhunting**
Invite headhunters to recruit urgently needed professionals
- **Referral**
Referral made by employees to recommend suitable candidates

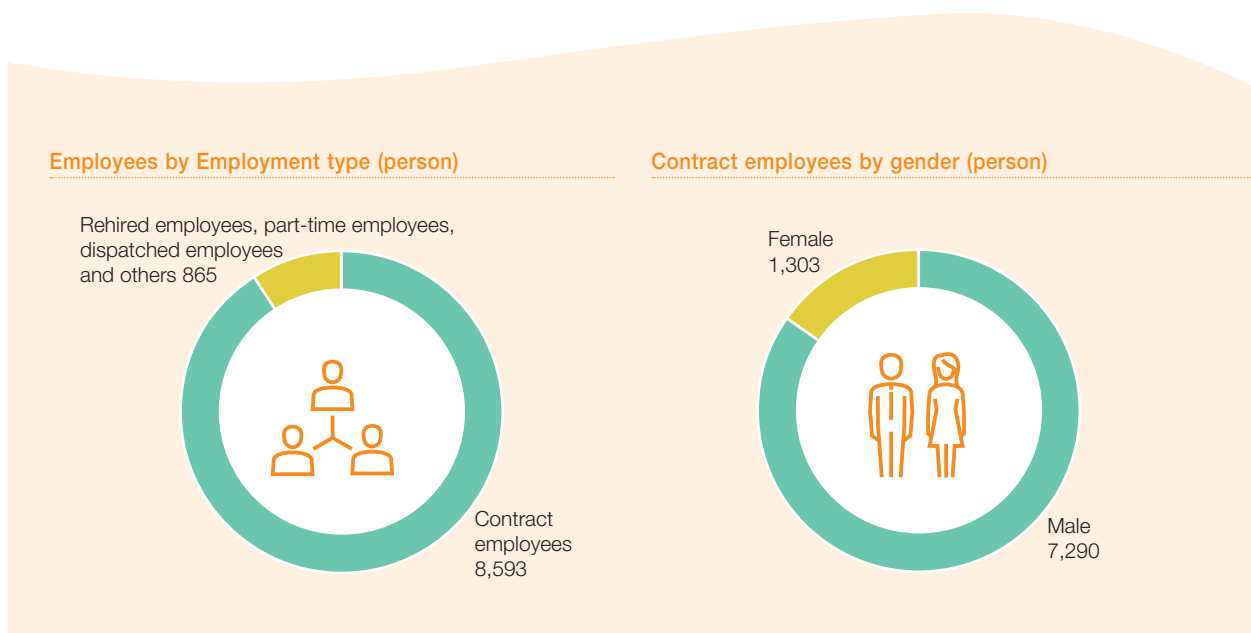
In the case of management and technical personnel, some of the Company’s existing employees will retire in the next few years, and key young designers need to grow and develop at a faster pace. To tackle this challenge, we have adopted the policy of rehiring retired backbone engineers while stepping up young designer training. Through KPI improvement, we have established well-targeted incentive policies to incentivise employees in work.

Anti-Child Labor and Forced Labor

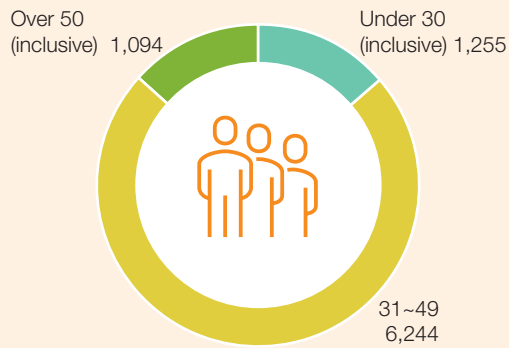
CIMC Enric has formulated internal labor security rules and regulations, including the *Human Resources Management System*, the *Leave Management Measures* and the *Overtime Management Measures*. The Group has never used child labor or recruited underage workers, and strictly verifies the identity of job applicants during the recruitment process to ensure that minors are not employed. We respect employees’ human rights, prohibit the employment of child labor and forced labor, and prohibit illegal hiring practices in which “factory workers are recruited first, and the official recruitment formalities are completed afterward”. The Company’s Safety & Environment Department and Human Resources Department make random checks from time to time. Once such kind of phenomenon is discovered, relevant personnel such as the person in charge of the employing department and the operation director shall be held jointly and severally liable, and such violation shall be publicized to prevent recurrence in the future, and optimally ensure legal and regulatory compliance in employment operations. The Company strictly complies with the Provisions on Prohibition of Child Labor and has never used child labor nor recruited underage workers.

Staff Composition

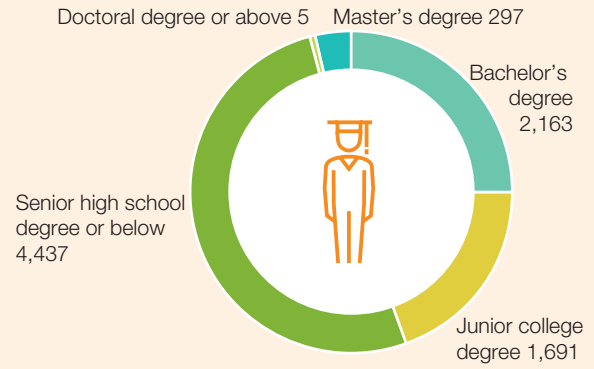
As of December 31, 2022, the Group had 9458 employees, including 8593 contract employees and 865 retired employees, part-time employees, labor dispatch and other forms of employment. The proportion of men and women of our employees is close to 9:1, and the age is mainly 30-49 years old, accounting for 72.7%. We employ 22 people with disabilities, 110 people from ethnic minorities, 63 new graduates, 956 new social figures and 3 interns. In 2022, the total number of contract employees of the Group was 1446, with an overall turnover rate of 16.8%.



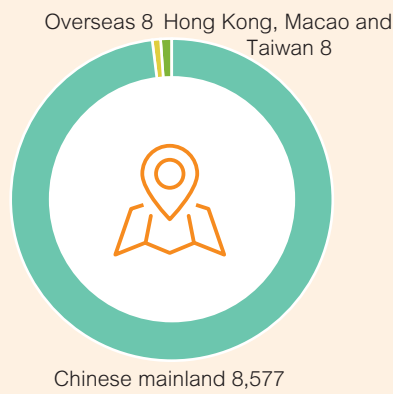
Contract employees by age (person)



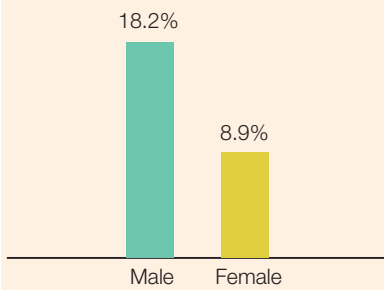
Contract employees by educational background (person)



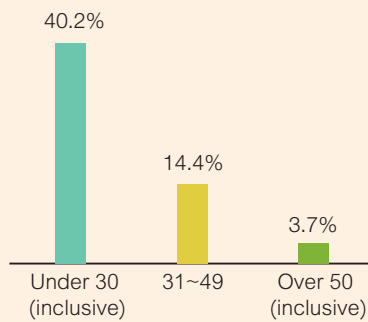
Contract employees by region (person)



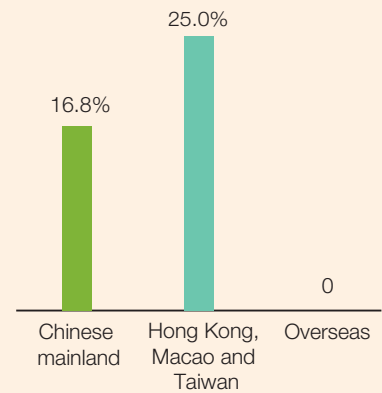
Contract employee turnover by gender



Contract employee turnover by age



Contract employee turnover by region



Protection of Employees' Rights

CIMC Enric has formulated its internal labor protection rules and regulations, including *the Management Measures on Compensations, the Management Measures of Reward and Punishment of Employees and the Management Measures on Working Hours and Leaves* and other rules and regulations regarding labor safety, labor protection and safety operation, in order to better implement national labor laws and regulations and protect the legitimate rights and interests of workers. We comply with regulations on working hours, and have made provisions on the implementation, supervision and the relevant punishment regarding labor employment, employees' leaves and working overtime.

The Company regularly participates in external compensation surveys and provides competitive compensations to our employees with reference to market standards. We have established a compensation allocation system based on position value and performance, to effectively drive our employees' working enthusiasm and provide them with a sound growth platform and nice working environment, which in turn facilitate the Company's stable growth. The Company strictly follows the *Regulations on Salary and Welfare Management*, and adopts the external equity principle to ensure equal pay for equal work by position and title. Compared with environmental protect industry peers in the same region, we provide competitive compensations at the middle and upper level. During 2022, we have continuously improved the *Management Measures on Business Development Incentives* and the *Regulations on Project Appraisal*, and adhered to the labor-based distribution and equal pay for equal work principles to formulate a competitive incentive compensation structure composed of "fixed compensation + floating compensation" for employees based on their position duties, personal capabilities and performance. We have also provided additional option and stock incentives to our middle and executive management and core technical personnel to stimulate their enthusiasm for work and link their personal growth with the Company's long-term development, so as to give full play of their leadership in our stable and sustainable growth.

We provide statutory benefits to all employees and offer additional benefits such as annual physical examinations, Women's Day activities and high-temperature subsidies. We organise physical examinations for all staff every year. For special types of position, we arrange occupational disease health examinations for such jobholders every year, including pre-job, on-the-job and post-job examinations, and perform dynamic management of the examination results.

We know well that employees are the backbone of an enterprise. Therefore, we care about the work and life quality of every employee, and strive to create an equal, caring, harmonious and upbeat atmosphere in the workplace. We also take measures to ensure that all employees can enjoy national statutory holidays and benefits according to law. In addition, we provide flexible employee benefits based on specific operating environment and employees' needs. We also encourage our employees to stay energetic, keep track of their own health conditions and take necessary actions to guard their health. Our business units provide a series of employee benefits to meet local needs, including flexible working hours, sports and leisure facilities, sports and fitness courses, as well as lactation rooms, health testing equipment, etc. For example, to maintain the physical and mental wellbeing of our employees, the Head Office organise various cultural activities every year and encourage the employees and their family's participation to Enrich their after-work life and cultivate their healthy hobbies. Meanwhile, CIMC Enric and various member enterprises actively promote the construction of employee communication platform to listen to employees for welfare guarantee and improvement. We provide employees with free working meals, dormitories, shuttle buses, communication facilities and labor protection supplies. We also regularly review and improve their working environment, and offer personal insurance and regular physical examinations for all staff.

We comply with the regulations on special labor protection for female employees. The Group's management rules and regulations explicitly stipulate that female employee have the right to take maternity leave, protecting the legitimate rights and interests of female employees according to law to implement special labor protection regulations for female employees. We comply with regulations on working hours, holidays and leaves, encourage employees to complete work within the standard working hours, and strictly prohibit excessive overtime, with overtime pay provided according to law. We pay contributions to the social security for all permanent employees in accordance with the law and adjust the corresponding payment base according to the annual plan.

We adhere to the principle of put people first and CIMC Enric is committed to be "people-oriented" and thus communicates with employees on a regular basis. We have established communication channels for new employees. And the Human Resources Department will communicate with new employees in a week or a month from their recruitment. New employees are allocated to various teams to form a "Help and Tutor New Employee" system. We also interview departing employees to know the reasons for their quitting and communicate the reasons to the relevant departments and teams in a timely manner to maintain a stable talent pool.

Improving Employee Communication

CIMC Enric is committed to be “people-oriented” and thus communicates with employees on a regular basis. Each member enterprise has a trade union and holds employee representative meetings from time to time. We have established employee communication channels such as the President’s mailbox, and conducted a satisfaction survey on administrative logistics IT. We promptly deal with issues between employees and the Company to ensure staffing stability. The Company understands employees’ ideas and needs through employee satisfaction surveys, panel discussion with employees and other methods facilitating smooth communication. We seek for employees’ suggestions on a regular basis and conduct anonymous opinion surveys to hear their voice about the Company and its existing rules and regulations. The Company also signs Letter of Authorisation on Personal Information Processing with employees in accordance with the *Personal Information Protection Law of the PRC*.

We respect the employees’ rights of free association and collective negotiation according to the law, and we will also actively create conditions and take various measures for employees to extensively collect and listen to their suggestions on the company’s operation and management, company development, personal development, and maintenance of employees’ interests, etc. Through democratic communication and consultation, we continue to improve the relevant policies and programs to enhance employees’ satisfaction and help the company achieve its business goals.

The Group firstly conducts employee representative meetings, such as collective contract signing and employee benefit plan adjustment, 1-2 times a year, while complying with the requirements of local regulations; secondly, the labor unions of the Group’s member companies or the human resources departments of the companies conduct occasional democracy building activities, such as employee satisfaction surveys, new employee communication meetings, grassroots visit activities, spring/autumn team building, etc., generally 3-4 times a year on average, with a 100% employee coverage rate.

In terms of the Company’s systems

we allow flexible office working to meet employees’ individual needs.

As for employee benefits

in addition to providing the statutory five social insurances and one housing fund for employees, we also purchase supplementary commercial insurances for employees and include their families. We provide transport subsidies, communication subsidies, holiday subsidies, tourism travel subsidies and other benefits to improve employee satisfaction and sense of belonging. For staff dispatched from other places, we provide housing subsidies and family visit subsidies, and visit their families on a regular basis. We also actively assist with practicalities such as household registration and children’s schooling.

In terms of employee assistance

we have an employee mutual assistance fund to enable employees to help each other.

For the workplace culture

we carried out various internal and external activities to improve employees’ overall sense of belonging and awareness of social responsibilities.

GROW series activities for the Company's 15th Anniversary

The showcase of the Company's Growing Process was divided into two parts, one was a display of CIMC Enric's major milestones during its 15-year growth process, the other a 485 second short film based on 15 growth highlights selected from a collection of employee and company development stories, which found an echo with all employees and enhanced their sense of identity with the organisation.



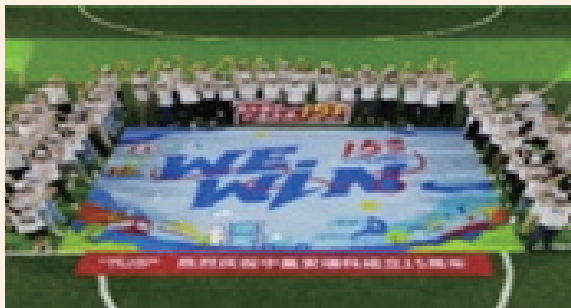
ONE DREAM, ONE TEAM cloud chorus activities

According to the Group's celebration party requirements, and as a response to the call of ONE DREAM, ONE TEAM, the Company carried out a global cloud chorus activities and collected more than 30 choral/blessing videos from overseas enterprises. The offline chorus performance at the Group's celebration party was a success thanks to the hard work of the 7-employee squad in a training lasted two months.



WE WIN giant painting activity

The WE WIN giant painting activity was organised by units at all levels of CIMC Enric to collect 13 giant paintings with synergy effects which demonstrated all staff's firm confidence in the development of Group and CIMC Enric with delicately designed slogans.



The first batch of Model Workers in the energy and chemical segment

After a 13-day internal appraisal and publicity, 12 of 24 candidates from 13 enterprises were selected as Model Workers. The Company was the first to complete such a selection and reporting to the Group. Among the 12 Model Workers, 7 were included into the Group's 1st batch of Model Workers. Publicity videos of them were released on the OA Platform and the official account of CIMC Enric after the Labor Day, in order to give full play to their exemplary role. Meanwhile, 11 articles about their stories, a total of 25956 words, had been created and published in succession.



Theme awards and communication activities

To demonstrate our people's upbeat and high spirit in coping with the pandemic, and to set up examples, an annual selection of "Brave Fighters during the Pandemic" in the segment was planned and organised, with 21 individual and team participants. The top 3 individuals and teams were determined based on online voting rates and valuation by management of the CIMC Enric Committee. Their themed stories were communicated through the OA Platform.

Employee exchanging activities

- (1) CIMC Enric carried out team building activities at the ice and snow world and participated in the agricultural assistance programme, which were highly praised by the staff;
- (2) CIMC Enric also organised and carried out 1 themed teaching activity on Children's Day, 4 quarterly birthday meetings with delicately designed gifts winning unanimous appreciation of the staff;
- (3) CIMC Enric completed the construction of the Book Bar, mobilized employees to donate books (95 books had been donated so far) and managed the bar in the form of independent registration and borrowing records.

• Case

Forge ahead together and listen to employees – CIMC Holvrieka held staff communication meetings

To facilitate democracy construction, CIMC Holvrieka adheres to *the Regulations on Staff Congress*, and regularly holds discussions with leaderships and employees and staff congress meetings to seek for employees' opinions and suggestions, so as to protect employees' rights and interests.



• Case

Youngsters pursuing dreams – Shijiazhuang Enric organised the 2022 annual expansion training for new employees

During 29 to 30 July 2022, with a view to promote communication and exchange between new employees and improve their cooperation as a team, the Human Resources Department of Shijiazhuang Enric conducted the 2022 annual expansion training for new employees, with 37 participants from various departments in total. All the participants had gained friendship and enhanced their sense of belonging during the training. Such training had also helped them to shape a new self by improving their cohesion, execution and competition as a team.



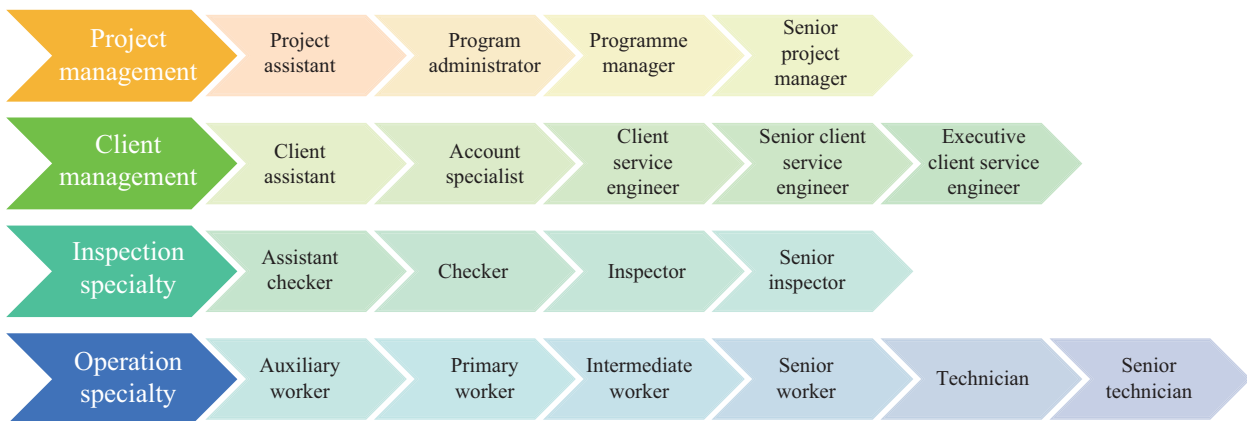
2022 annual expansion training for new employees

Talent Development

CIMC ENRIC understands that excellent products come from excellent teams, and sees talent as the cornerstone of the Company's competitiveness. We pay attention to employee training and actively develop their core skills and expertise. Every December, the Human Resources and Administration Department formulates a training plan for the coming year according to the Company's development objectives, the latest industry standards and knowledge, management goals, etc., and follows up on its implementation and evaluates the outcome of the training on a monthly basis. Training is delivered in different ways, including internal and external training, as well as via online platforms, to continuously improve the professional and integrated skills of employees.



We help employees plan for their future and develop suitable career paths. Employees can choose “management” or “professional” pathways according to their capabilities and interests, and grow together with the Company.



According to *the Management Regulations on Career Development Channels*, the Company builds promotion channels for both management and professional staff, and provides practice opportunities for them to enhance personal capabilities, as well as internal and external qualification examinations for them to improve career skills and professionalism. During 2022, many employees were promoted to the level of project manager, allowing youngsters to accumulate on-site management experience. The Company also encouraged employees to participate in qualification and title examinations such as registered environmental protection engineer, safety officer, assistant engineer of environmental protection engineering, internal auditor, constructor, etc., so as to improve employees' capabilities by testing theoretical knowledge in practice. The Company focuses on Enriching its talent pool and forming a more reasonable and sound talent structure. During 2022, the Company continued with the introduction of diversified talents, including talents in the environment production, safety, project management and investment fields, so as to build a team with core competitiveness and foster a team composed of youngsters embracing innovations.

Proportion and length of employees participating in training and duration

Employee category		Proportion	Total training duration (hours)	Per capita training duration (hours)
All contract employees (excluding overseas employees)		87.57%	163,681.01	19.05
By gender	Male	87.50%	139,041.52	19.07
	Female	87.95%	24,639.50	18.91
By seniority	Executive management	95.70%	1,551.67	16.68
	Middle Management	88.37%	8,259.58	17.46
	Employees	87.43%	153,869.77	19.17

Internal training

Internal trainer category		Number of internal trainers	Number of attendance	Course duration
Total		156	727	1,916.95
By gender	Male	122	615	1,643.95
	Female	34	112	273



• Case

Opening ceremony of “Sky Blue Programme” Session II, CIMC Enric’s programme to cultivate backup middle management cadres

On 17 August 2022, CIMC Enric held an opening ceremony for “Sky Blue Programme” Session II, during which, all the trainees read out their learning commitments, expressing their eager to learn and absorb new knowledge, their readiness for self-improvement towards growth targets in each application and practice scenarios, as well as their determination to combine knowledge with practice and to fight along the path to become an excellent manager of CIMC Enric. During the session, trainees carried out what they’ve learned in practice and performed introspections to facilitate their capability and business development. The session continued with the main course of “Challenging Topics for Groups”, and adopted a cultivations method based on three pillars of “knowledge learning + challenging topic workshop + internal and external tutor empowerment” throughout the programme.



• Case

New lecturers ready to help – CIMC Holvrieka held the third session of the internal trial lecture & new employee training

In the afternoon of 19 August 2022, CIMC Holvrieka held the third session of the internal trial lecture & new employee training. During the session, 4 internal lecturers from HSE, Information Management and Production Process Functions conducted their trial lectures in turn and received the comments and instructions from special guests. More than 20 new employees attended the session as trainees. During the *Safety Knowledge Training* class, the basic precautions for safety production were once again highlighted, as well as the non-compliant behaviours of HSE, employees’ nine conduction codes, and how to wear protective appliances. The trainees also learned from real case analysis the importance to enhance their awareness and capability to take prevent measures to reduce or eliminate accidents.



Third session of the internal trial lecture & new employee training

Caring for People's Livelihoods

Volunteers are practitioners and missionaries of new social tendencies, and main force driving civilization practices in a new era. The Company's member enterprise CIMC Safeway has established a volunteer association, which is committed to shouldering corporate's social responsibilities and contributing to a harmonious society with a focus on and active participation in social public welfare undertakings such as student aid, poverty relief, disaster relief, environmental protection, blood donation, etc.

As the Group continues to grow, it also fulfils its social responsibilities by combining the development of its business with community prosperity. In 2022, the Group donated a total of RMB202,057.03 in the public welfare activities, among which, a total of about CNY 40,000 was donated by employees. Employees' attendance of voluntary services provided during 2022 came up to 370 person times, making a voluntary service time of 3,511 hours.

Rural Revitalisation

In order to consolidate our achievements in poverty alleviation and fulfil our corporate social responsibility, we have made continuous efforts in implementing rural revitalisation in our business locations. Shanxi Tianhao, a member enterprise of CIMC Enric, is located at Changjiayan Village, Lin County, Lvliang City of Shangxi Province, where a road section was collapsed, pitted and severely damaged due to long-term rainwater immersion. This section is adjacent to the parking area in front of Shanxi Tianhao's factory and therefore exerts adverse effect on its production and operation. To facilitate the villagers' normal travel, production and daily activities, and benefit the local government and people by responding to the call for "One enterprise helps one village", we levelled and filled the uneven and collapsed road section with bulldozers or excavators based on the original subgrade, and restored the section to its surface flatness by collapse handling, road hardening and drainage ditch repairing, etc. By so doing, we helped lay a foundation for rural revitalisation and realised our purpose of handling concrete affairs in a down-to-earth manner for local people.

Community Care

In 2022, we undertook to arrange for the Group's "Happy Run, Forty is Young" event. We launched out the CIMC Running for public welfare purpose, and tailored a running path drawing the outline of "a birthday cake for CIMC's 40th anniversary" on a mini app of "Walk Together", one of Tencent's online charity platforms. The event attracted a total of 6,825 participants from 14 organisational units, and enhanced employees' sense of belonging and involvement via various interactions among all staff. The total mileage was 400,000 km, which helped convey CIMC Enric's operation philosophy of "green development" and demonstrate its social responsibilities and corporate commitment. Based on the mileage, we donated RMB100,000 public welfare fund to plant 10,000 Haloxylon ammodendron in the Alxa Desert. And according to the carbon storage function of Haloxylon ammodendron as assessed by a professional agency, the event helped reduce carbon emission of 179 tonnes in total.

+
a total of about CNY **40,000**

was donated by employees

Employees' attendance of voluntary

services provided during 2022 came

up to **370** person times



CIMC Enric's donation certificate

Corresponding activities were also carried out by our member enterprises:

CIMC Hongtu

In 2022, the Group established the CIMC Charity Foundation and employees of CIMC Hongtu were motivated and donated more than RMB35,000 to help families in need. At the dawn of Children's Day in June 2022, CIMC Hongtu visited children in need in the local community with comforting gifts, such as school bags, pens, exercise books, stationery, books, badminton rackets, milk and cash to show our care;

Shijiazhuang Enric

On 20 September 2022, Shijiazhuang Enric carried out charity fundraising activity in accordance with the requirements of the *Notice on Organisation of the Double Nine Charity Day Donation Event* issued by the trade union. A total of 332 employees donated a charity fund amounting to RMB4,533.62. On 14 June 2022, at the dawn of the World Blood Donor Day, Shijiazhuang Enric's trade union organised a free blood donation activity with a slogan of "Donate blood for free and join us to save lives".



Appendix

Details of Member Enterprises Covered in the Report

No.	Short Name	Full Name
1	CIMC Safeway	CIMC Safeway Technologies Co., Ltd.
2	CIMC Sanctum	Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.
3	Shijiazhuang Enric	Shijiazhuang Enric Gas Equipment Co., Ltd.
4	CIMC Hongtu	Jingmen Hongtu Special Aircraft Manufacturing Co.,Ltd.
5	Langfang Integration	Enric(Langfang)Energy Equipment Integration Co.,Ltd.
6	CIMC Holvrieka	Zieman Holvrieka Asia Co.,Ltd.
7	SOE	Nantong CIMC Sinopacific Offshore & Engineering Co., Ltd.
8	Liaoning Hashenleng	Liaoning CIMC Hashenleng Gas Liquefaction Equipment Co., Ltd.
9	Nantong Energy	Nantong CIMC Energy Equipment Co., Ltd.
10	Nantong Port	Nantong CIMC Port Development Co., Ltd.
11	CIMC EnTech	CIMC Enric Engineering Technology Co., Ltd.
12	Enric (Bengbu) Compressor	Enric (Bengbu) Compressor Co., Ltd.
13	CIMC Lvjian	CIMC Lvjian Environmental Protection Technology Co., Ltd.
14	CIMC Environmental Services	CIMC Environmental Services Co., Ltd.
15	CIMC Enric Hydrogen Energy	Beijing Enric Xinneng Energy Resources Technology Co.,Ltd.
16	CIMC Safeway Lianyungang	CIMC Safeway Tank Services (Lianyungang) Co., Ltd.
17	CIMC Safeway Jiaxing	CIMC Safeway Tank Services (Jiaxing) Co., Ltd.
18	Ziemann DE	Ziemann Holvrieka GmbH, Bürgstadt & Ludwigsburg, DE
19	Briggs UK	Briggs of Burton PLC, Burton on Trent UK
20	DME	DME Process Systems Ltd.
21	McMillan	McMillan Coppersmiths & Fabricators Ltd, Prestonpans, UK
22	Briggs USA	Briggs of Burton,Pittsford, New York, USA
23	Ziemann BE	Ziemann Holvrieka NV, Menen, BE

Industry Organisations

Member enterprises	Organisation Name	Positions
SOE	Jiangsu Shipbuilding Industry Association	Member
SOE	Nantong Shipbuilding Industry Association	Vice chairman
Nantong Energy	Welding Branch of Jiangsu Mechanical Engineering Society	Managing director/ director
Nantong Energy	Working Committee on Technology and Informatization of Hazardous Chemical Storage and Transportation Equipment	Committee member
Nantong Energy	Committee on Transport Safety of Radioactive Materials, China Society of Radiation Protection	Committee member
Nantong Energy	Design Committee of Jiangsu Petrochemical Equipment Industry Association	Committee member
Nantong Energy	Liaoning Huludao Special Equipment Association	Managing director
Nantong Energy	Sub-committee on Moveable Cryogenic Pressure Vessels, China Standardization Committee on Boilers and Pressure Vessels	Experts
Nantong Energy	ISO Working Group on Cryogenic Vessel Standards	Committee member
Nantong Energy	Shanghai Gases Industry Association	Committee member
Nantong Energy	China Chemical Industrial Equipment Association	Reviewer
Nantong Energy	Jiangsu Provincial Association of Machinery Industry	Managing director
CIMC Sanctum	China Chemical Industrial Equipment Association	Director
CIMC Sanctum	Jiangsu Provincial Association of Machinery Industry	Director
CIMC Sanctum	Jiangsu Industrial Gases Association	Director
CIMC Sanctum	Insurance Association of China	Member
CIMC Sanctum	LNG Branch of China Industrial Gases Industry Association	Member
CIMC Sanctum	Working Committee on Technology and Informatization of Hazardous Chemical Storage and Transportation Equipment	Committee member
CIMC Sanctum	Shanghai Gases Industry Association	Member
CIMC Sanctum	Guangdong Industrial Gases Industry Association	Director
CIMC Sanctum	1st Working Committee on Standardisation and Information of Gas Cylinder Safety, China Association for Technical Supervision Information	Director
CIMC Sanctum	Hydrogen Energy Sub-branch of Hazardous Chemicals Logistics Branch, China Federation of Logistics & Purchasing	Member
CIMC Sanctum	Guangdong Gases Industry Association	Member
CIMC Sanctum	Jiangsu Petrochemical Equipment Industry Association	Member
CIMC Sanctum	Gas Vehicle Technical Sub-committee of National Technical Committee of Auto Standardisation	Committee member
CIMC Sanctum	Valve Branch of China General Machinery Industry Association	Member
CIMC Sanctum	Jiangsu Association for Peaceful Use of Military Industrial Technology	Member
CIMC Sanctum	Jiangsu Military Industry Association	Member
CIMC Sanctum	Jiangsu Province Confidentiality Association	Member
CIMC Sanctum	Suzhou Military-Civilian Integration Development Association	Member
CIMC Sanctum	Hebei Industrial Gases Industry Association	Member
CIMC Sanctum	Cryogenic Gas Cylinder Branch	Member
CIMC EnTech	Petrochemical Branch of China Construction Industry Association	Director

Member enterprises	Organisation Name	Positions
Shijiazhuang Enric	China Industrial Gases Industry Association	Vice president
Shijiazhuang Enric	China Chemical Industrial Equipment Association	Director
Shijiazhuang Enric	Gases Pressure Equipment Professional Committee of China Industrial Gases Industry Association	Committee member
Shijiazhuang Enric	LNG Branch of China Industrial Gases Industry Association	Vice chairman
Shijiazhuang Enric	Transportation Energy Branch of China Industrial Gases Industry Association	Chairman
Shijiazhuang Enric	China Petroleum & Petrochemical Equipment Industry Association	Committee member
Shijiazhuang Enric	Shanghai Gases Industry Association	Member
Shijiazhuang Enric	China Promotion Association for Special Equipment Safety and Energy-saving	Managing director
CIMC Hongtu	China Petroleum & Petrochemical Equipment Industry Association	Vice president
CIMC Hongtu	China Chemical Industrial Equipment Association	Managing director
CIMC Hongtu	China Association of Automobile Manufacturers	Member
CIMC Hongtu	China Standardization Committee on Boilers and Pressure Vessels (Sub-committee of Moveable Pressure Vessel)	Member
CIMC Hongtu	Shanghai Gases Industry Association	Member
CIMC Hongtu	Working Committee on Technology and Informatization of Hazardous Chemical Storage and Transportation Equipment, China Association for Technical Supervision Information	Member
CIMC Hongtu	Hubei Promotion Association for Special Equipment Safety and Energy-Saving	Director
CIMC Hongtu	Hubei Welding Association	Member
CIMC Hongtu	Pressure Vessel Sub-committee of the 6th Technical Committee on Safety and Energy-saving Technology of Special Equipment, State Administration for Market Regulation	Committee member- Xiao Xuewen
Enric (Bengbu) Compressor	China Compressor Association	Member
Enric (Bengbu) Compressor	Pressure Vessel Association	Member

Remarks: Only some of the industry organisations the Group participates in and its positions are excerpted here.

Table of ESG KPIs

Environmental Performance Data Sheet

Environmental Performance Metrics		Unit	2022	2021	Data intensity in 2022 (per RMB100 million revenue)	Data intensity in 2021 (per RMB100 million revenue)	Data intensity change ratio in 2022/2021
Exhaust emissions	Sulfur dioxide	Metric tons	0.57	0.38	0.0032	0.0023	44.0%
	Nitrogen oxides	Metric tons	8.88	5.95	0.051	0.035	43.9%
	Particulate matter	Metric tons	12.36	12.73	0.071	0.075	-6.4%
	Volatile organic compounds (VOCs)	Metric tons	20.74	29.17	0.12	0.17	-31.5%
Greenhouse gas emissions	Total greenhouse gas emissions	CO ₂ equivalent metric tons	94,838.54	102,663.28	541.22	607.61	-10.9%
	Direct greenhouse gas emissions (Scope 1)	CO ₂ equivalent metric tons	23,140.20	16,149.61	132.06	95.58	38.2%
	Indirect greenhouse gas emissions (Scope 2)	CO ₂ equivalent metric tons	71,698.35	86,513.67	409.16	512.03	-20.1%
Sewage	Total sewage discharge	Thousand cubic meters	525.76	601.49	3.00	3.56	-15.7%
	Domestic water discharged	Thousand cubic meters	192.29	223.13	1.10	1.32	-16.9%
	Process water discharged	Thousand cubic meters	333.47	378.36	1.90	2.24	-15.0%
Hazardous Waste generated	Total hazardous waste generated	Metric tons	2,365.54	2,271.02	13.50	13.44	0.4%
	Waste paint bucket	Metric tons	293.58	298.02	1.68	1.76	-5.0%
	Pickling sludge	Metric tons	843.31	838.42	4.81	4.96	-3.0%
	Lacquer residue	Metric tons	704.47	762.51	4.02	4.51	-10.9%
	Waste oil	Metric tons	35.09	126.44	0.20	0.75	-73.2%
	Waste activated carbon	Metric tons	174.82	74.14	1.00	0.44	127.4%
	Waste developer	Metric tons	15.16	9.71	0.09	0.06	50.5%
	Waste organic resin	Metric tons	8.28	-	0.05	-	-
	Other	Metric tons	290.83	161.78	1.66	0.96	73.3%

Environmental Performance Metrics		Unit	2022	2021	Data intensity in 2022 (per RMB100 million revenue)	Data intensity in 2021 (per RMB100 million revenue)	Data intensity change ratio in 2022/2021
Non-hazardous waste generated	Total non-hazardous waste generated	Metric tons	34,551.23	34,041.96	197.18	201.48	-2.1%
	Scrap metal	Metric tons	28,372.37	29,034.04	161.91	171.84	-5.8%
	Waste wood	Metric tons	686.10	167.09	3.92	0.99	295.9%
	Domestic garbage	Metric tons	2,613.85	4,451.78	14.92	26.35	-43.4%
	Other	Metric tons	2,878.91	389.05	16.43	2.30	613.5%
Energy and resource consumption	Total energy use	Ton of standard coal equivalent	24,535.23	26,500.34	140.02	156.84	-10.7%
	Total electricity purchased	MWh	93,115.77	104,411.65	531.39	617.96	-14.0%
	Total gas consumption	Thousand cubic meters	9,156.80	8,212.24	52.26	48.60	7.5%
	Total oil consumption	kilol	750.32	947.71	4.28	5.61	-23.7%
	Gasoline	kilol	190.78	240.17	1.09	1.42	-23.4%
	Diesel	kilol	559.54	707.54	3.19	4.19	-23.7%
	Total water use	Thousand cubic meters	1,371.64	1,465.36	7.83	8.67	-9.7%

NOTES:

- Due to the small impact of the new energy business on the Group, the revenue corresponding to environmental performance metrics and data intensity does not include the new energy business.
- Restate the environmental data for 2021.
- Calculation method of greenhouse gas emissions:
 Direct greenhouse gas (Scope 1): The amount of oil and gas used by the company multiplied by the corresponding emission factor;
 Indirect greenhouse gas (Scope 2): The company's electricity consumption is multiplied by the corresponding emission factor, and the emission factor refers to the "2012 China Regional Grid Average CO2 Emission Factor";
 Total greenhouse gas emissions: Sum of direct greenhouse gas emissions (Scope 1) and indirect greenhouse gas emissions (Scope 2).

Social Performance Data Sheet

Category	Indicator	Unit	2022	2021
Employees by employment type (Person)	Contract employee	Person	8,593	8,881
	Rehired employees, part-time employees, and dispatched employees	Person	865	854
Contract employees by gender (Person)	Male	Person	7,290	7,488
	Female	Person	1,303	1,393
Contract employees by age (Person)	Under 30 (inclusive)	Person	1,255	1,225
	31~49	Person	6,244	6,491
	Over 50 (inclusive)	Person	1,094	1,165
Contract employees by educational background (Person)	Doctoral degree or above	Person	5	7
	Master degree	Person	297	347
	Bachelor degree	Person	2,163	1,985
	Junior college degree	Person	1,691	1,854
	Senior high school degree or below	Person	4,437	4,688
Contract employees by region (Person)	Chinese mainland	Person	8,577	8,433
	Hong Kong, Macao, Taiwan	Person	8	8
	Overseas	Person	8	440
Contract employee turnover (by gender)	Male	Person	18.2%	6.1%
	Female	Person	8.9%	7.3%
Contract employee turnover (by age)	Under 30 (inclusive)	Person	40.2%	16.2%
	31~49	Person	14.4%	5.1%
	Over 50 (inclusive)	Person	3.7%	2.6%
Contract employee turnover (by region)	Chinese mainland	Person	16.8%	6.7%
	Hong Kong, Macao, Taiwan	Person	25.0%	0.0%
	Overseas	Person	0	0.2%

Applicable Laws and Regulations and Compliance

Agendas	Application Laws and Regulations (Part)	Compliance	Internal Policies
Environment	Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution Water Pollution Prevention and Control Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes Energy Conservation Law of the People's Republic of China Environmental Impact Assessment Law of the People's Republic of China Administrative Regulations on Environmental Protection for Construction Projects Law of the People's Republic of China on Soil Pollution Prevention and Control	During the year, the Group was not aware of any violations of any laws and regulations related to the emission of waste gas and greenhouse gases, the discharge to the water or land, and the generation of hazardous or harmless waste, which had a significant impact on the Group.	Solid Waste Management Measures Hazardous Waste Pollution Prevention Management Policy Related Stakeholders Management Policy Management Regulations for Dynamic Energy Management Regulation on Use of Water, Electricity and Gas Equipment and Energy Awards and Punishment Regulation
Employment	Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China Law of People's Republic of China on the Prevention & Control of Occupational Diseases Law of the People's Republic of China on the Protection of the Disabled Law of the People's Republic of China on the Protection of Rights and Interests of Women Special Rules on the Labour Protection of Female Employees Regulations of The State Council Governing Working Hours for Workers Provisions on Collective Contracts	During the year, the Group was not aware of any violations of any laws and regulations related to remuneration and dismissal, recruitment, and promotion, working hours and equal opportunities, anti-discrimination and other treatments and benefits, which had a significant impact on the Group.	Human Resources Management System Overtime Management Measures Management Measures on Compensations Management Measures of Reward and Punishment of Employees Management Measures on Working Hours and Leaves Management Measures on Business Development Incentives Regulations on Project Appraisal Management Regulations on Career Development Channels
Safety	Work Safety Law of the People's Republic of China Fire Control Law of the People's Republic of China Law of People's Republic of China on the Prevention & Control of Occupational Diseases National Plan for Occupational Disease Prevention and Control Occupational Health Management Measures for Radiation Workers Administrative Measures on occupational Health Examination Regulations on Safety Supervision over Special Equipment Eight Regulations on Occupational Hazard Prevention and Control by Employers Regulations on Labour Protection in Workplaces Where Toxic Substances Are Used	During the year, the Group was not aware of any violations of laws and regulations that provided a safe working environment and protected employees from occupational hazards, which had a significant impact on the Group.	CIMC Enric's Guidelines on Safety Inspections for Management Cadres Regulations on Safety Inspections (Trail) Regulations on Safety Management for Dispatched Employees
Supplier	The Bidding Law of the People's Republic of China Civil Code of the People's Republic of China	-	Procurement Management Regulation Supplier Management Procedure Bidding and Procurement Management Regulation
Product Responsibility	Product Quality Law of the People's Republic of China Law of the People's Republic of China on Special Equipment Safety Supervision Regulation on Safety Technology for Stationary Pressure Vessel Supervision Regulation on Safety Technology for Transportable Pressure Vessel	During the year, the Group was not aware of any violations of laws and regulations related to the health and safety, advertising, labelling and privacy of products and services, which had a significant impact on the Group.	Inspection and Testing Quality Control Procedures Material Control Procedures Nonconforming Product Control Procedures Project Management Procedures
Anti-corruption	Criminal Law of the People's Republic of China Law of the People's Republic of China Against Unfair Competition Hong Kong Company Law, Prevention of Bribery Ordinance Hong Kong Competition Ordinance Hong Kong Code of Corporate Governance	During the year, the Group was not aware of any violations of laws and regulations related to the prevention of bribery, extortion, fraud, and money laundering, which had a significant impact on the Group.	CIMC Enric Anti-corruption and Anti-fraud Policy Internal Reporting System of CIMC Enric Holdings Co., Ltd

Report Standard Index Table

Issues	GRI Standards	Disclosures	ESG Reporting Guidelines of HKEx	Relevant section/paragraph
General Disclosures				
Organizational profile	102-1	Name of the organization		About the Report
	102-2	Activities, brands, products, and services		About Us
	102-3	Location of headquarters		About Us
	102-4	Location of operations		About Us
	102-5	Ownership and legal form		About Us
	102-6	Markets served		About Us
	102-7	Scale of the organization		About Us
	102-8	Information on employees and other workers	B1.1	Staff Composition
	102-9	Supply chain	B5.1	Supply Chain Sustainability
	102-10	Significant changes to the organization and its supply chain		No significant change
	102-11	Precautionary Principle or approach		Business Ethics and Anti-corruption
	102-12	External initiatives		Business Ethics and Anti-corruption
	102-13	Membership of associations		Leading the Industry's Development
Strategy	102-14	Statement from senior decision-maker		Statement of the Board of Directors
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior		About Us
Governance	102-18	Governance structure		ESG Governance
	102-19	Delegating authority		ESG Governance
	102-20	Executive-level responsibility for economic, environmental, and social topics		ESG Governance
	102-28	Evaluating the highest governance body's performance		Sustainable Achievements in 2022
Stakeholder engagement	102-40	List of stakeholder groups		Communication with Stakeholders
	102-41	Collective bargaining agreements		Improving Employee Communication
	102-42	Identifying and selecting stakeholders		Communication with Stakeholders
	102-43	Approach to stakeholder engagement		Communication with Stakeholders
	102-44	Key topics and concerns raised		Response to materiality issues

Issues	GRI Standards	Disclosures	ESG Reporting Guidelines of HKEx	Relevant section/paragraph
Reporting practice	102-45	Entities included in the consolidated financial statements		Details of Member Enterprises Covered in the Report
	102-46	Defining report content and topic boundaries		About the Report
	102-47	List of material topics		Communication with Stakeholders
	102-48	Restatements of information		Restate the environmental data for 2021.
	102-49	Changes in reporting		Communication with Stakeholders
	102-50	Reporting period		About this Report
	102-51	Date of most recent report (If Applicable)		About the Report
	102-52	Reporting cycle		About the Report
	102-53	Contact point for questions regarding the report		Readers' Feedback
	102-54	Claims of reporting in accordance with the GRI Standards		GRI Core.
	102-55	GRI content index		Report Standard Index Table
	102-56	External assurance		No external assurance.
Material Topics				
1. Economic Topics				
Economic performance	103-1	Explanation of the material topic and its Boundary		About Us
	103-2	The management approach and its components		ESG Governance
	103-3	Evaluation of the management approach		Communication with Stakeholders
	201-1	Direct economic value generated and distributed	B8.2	Sustainable Achievements in 2022
Anti-corruption	103-1	Explanation of the material topic and its Boundary	B7	Communication with Stakeholders
	103-2	The management approach and its components		Business Ethics and Anti-corruption
	103-3	Evaluation of the management approach		
	205-3	Confirmed incidents of corruption and actions taken	B7(b),B7.1	
Anti-competitive Behavior	103-1	Explanation of the material topic and its Boundary		Communication with Stakeholders
	103-2	The management approach and its components		Business Ethics and Anti-corruption
	103-3	Evaluation of the management approach		
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		
2. Environmental Topics				
Materials	103-1	Explanation of the material topic and its Boundary	A2 A3	Communication with Stakeholders
	103-2	The management approach and its components		Resources Conservation
	103-3	Evaluation of the management approach		Resources Conservation
	301-1	Materials used by weight or volume	A2.5	As the Group's packaging usage is very low, it has chosen not to disclose.

Issues	GRI Standards	Disclosures	ESG Reporting Guidelines of HKEx	Relevant section/paragraph
Energy	103-1	Explanation of the material topic and its Boundary	A2 A3	Communication with Stakeholders
	103-2	The management approach and its components		Resources Conservation
	103-3	Evaluation of the management approach		Resources Conservation
	302-1	Energy consumption within the organization	A2.1	Resources Conservation
	302-4	Reduction of energy consumption	A2.3	Resources Conservation
Water and Effluents	103-1	Explanation of the material topic and its Boundary	A2 A3	Communication with Stakeholders
	103-2	The management approach and its components		Resources Conservation
	103-3	Evaluation of the management approach		Resources Conservation
	303-2	Management of water discharge-related impacts	A2.2	Resources Conservation
	303-5	Water consumption	A2.4	Resources Conservation
Emissions	103-1	Explanation of the material topic and its Boundary	A1 A3	Communication with Stakeholders
	103-2	The management approach and its components		Strict control of pollution discharge
	103-3	Evaluation of the management approach		Strict control of pollution discharge
	305-1	Direct (Scope 1) GHG emissions	A1.1	Resources Conservation
	305-2	Energy indirect (Scope 2) GHG emissions	A1.2	Resources Conservation
	305-4	GHG emissions intensity	A1.2	Resources Conservation
	305-5	Reduction of GHG emissions	A1.5	Resources Conservation
Waste	103-1	Explanation of the material topic and its Boundary	A1, A3	Communication with Stakeholders
	103-2	The management approach and its components		Strict control of pollution discharge
	103-3	Evaluation of the management approach		Strict control of pollution discharge
	306-1	Waste generation and significant waste-related impacts	A1.1	Wastewater Discharge Management
	306-2	Management of significant waste-related impacts	A1.3, A1.4, A1.6	Waste Discharge Management
Environmental Compliance	103-1	Explanation of the material topic and its Boundary	A1(b), A3	Communication with Stakeholders
	103-2	The management approach and its components		Strict control of pollution discharge
	103-3	Evaluation of the management approach		Strict control of pollution discharge
	307-1	Non-compliance with environmental laws and regulations	A1(b)	Applicable Laws and Regulations and Compliance
Supplier Environmental Assessment	103-1	Explanation of the material topic and its Boundary	B5	Communication with Stakeholders
	103-2	The management approach and its components		Supply Chain Sustainability
	103-3	Evaluation of the management approach		Supply Chain Sustainability
	308-1	New suppliers that were screened using environmental criteria	B5.2	Supply Chain Sustainability
3. Social Topics				
Employment	103-1	Explanation of the material topic and its Boundary	B1	Communication with Stakeholders
	103-2	The management approach and its components		Equal Opportunity and Diversity
	103-3	Evaluation of the management approach		Equal Opportunity and Diversity
	401-1	Benefits provided to full-time employees that are not provided to temporary or part-time employees	B1.2	Staff Composition
	401-2	Explanation of the material topic and its Boundary	B1	Protection of Employees' Rights
	401-3	Parental leave		Protection of Employees' Rights

Issues	GRI Standards	Disclosures	ESG Reporting Guidelines of HKEx	Relevant section/paragraph
Occupational Health and Safety	103-1	Explanation of the material topic and its Boundary	B2	Communication with Stakeholders
	103-2	The management approach and its components		Occupational Health and Safety
	103-3	Evaluation of the management approach		Occupational Health and Safety
	403-2	Occupational health and safety management system	B2.1 B2.2 B2.3	Occupational Health and Safety
Training and Education	103-1	Explanation of the material topic and its Boundary	B3	Communication with Stakeholders
	103-2	The management approach and its components		Talent Development
	103-3	Evaluation of the management approach		Talent Development
	404-1	Average hours of training per year per employee	B3.2	Talent Development
Diversity and Equal Opportunity	103-1	Explanation of the material topic and its Boundary	B1	Communication with Stakeholders
	103-2	The management approach and its components		Equal Opportunity and Diversity; Staff Composition
	103-3	Evaluation of the management approach		Protection of Employees' Rights
	405-1	Diversity of governance bodies and employees		Protection of Employees' Rights
Child Labor	103-1	Explanation of the material topic and its Boundary	B4	Communication with Stakeholders
	103-2	The management approach and its components		Anti-Child Labor and Forced Labor
	103-3	Evaluation of the management approach		Anti-Child Labor and Forced Labor
	408-1	Operations and suppliers at significant risk for incidents of child labor	B4.1 B4.2	Anti-Child Labor and Forced Labor
Forced or Compulsory Labour	103-1	Explanation of the material topic and its Boundary	B4	Communication with Stakeholders
	103-2	The management approach and its components		Anti-Child Labor and Forced Labor
	103-3	Evaluation of the management approach		Anti-Child Labor and Forced Labor
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	B4.1 B4.2	Anti-Child Labor and Forced Labor
Local Communities	103-1	Explanation of the material topic and its Boundary	B8	Communication with Stakeholders
	103-2	The management approach and its components		Caring for People's Livelihoods
	103-3	Evaluation of the management approach		Caring for People's Livelihoods
	413-1	Operations with local community engagement, impact assessments, and development programs	B8.1	Caring for People's Livelihoods
Supplier Social Assessment	103-1	Explanation of the material topic and its Boundary	B5	Communication with Stakeholders
	103-2	The management approach and its components		Supply Chain Sustainability
	103-3	Evaluation of the management approach		Supply Chain Sustainability
	414-1	New suppliers that were screened using social criteria	B5.2	Supply Chain Sustainability

Issues	GRI Standards	Disclosures	ESG Reporting Guidelines of HKEx	Relevant section/paragraph
Customer Health and Safety	103-1	Explanation of the material topic and its Boundary	B6	Communication with Stakeholders
	103-2	The management approach and its components		Client Service and Privacy Protection
	103-3	Evaluation of the management approach		Client Service and Privacy Protection
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Applicable Laws and Regulations and Compliance
Marketing and Labeling	103-1	Explanation of the material topic and its Boundary	B6	Communication with Stakeholders
	103-2	The management approach and its components		Client Service and Privacy Protection
	103-3	Evaluation of the management approach		Client Service and Privacy Protection
	417-2	Incidents of non-compliance concerning product and service information and labeling		Client Service and Privacy Protection
	417-3	Incidents of non-compliance concerning marketing communications		Applicable Laws and Regulations and Compliance
Customer Privacy	103-1	Explanation of the material topic and its Boundary	B6	Communication with Stakeholders
	103-2	The management approach and its components		Client Service and Privacy Protection
	103-3	Evaluation of the management approach		Client Service and Privacy Protection
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	B6.2	Client Service and Privacy Protection
Socioeconomic Compliance	103-1	Explanation of the material topic and its Boundary	B6	Communication with Stakeholders
	103-2	The management approach and its components		Green Manufacturing and Innovation-driven Development
	103-3	Evaluation of the management approach		Green Manufacturing and Innovation-driven Development
	419-1	Non-compliance with laws and regulations in the social and economic area	B7	Applicable Laws and Regulations and Compliance
Intellectual Property Protection		Describe practices related to the preservation and protection of intellectual property	B6.3	Innovative Products and Services

MSCI-ESG Scores Self-assessment Table

Topic	MSCI-ESG Rating Indicator	Self-assessment in 2022
Opportunities in clean energy	Strategic focus on clean technology development	Medium
	Targets to increase investment in clean tech	High
Toxic Emissions & Waste	Existence of Environmental Management System (EMS)	High
	Evidence of regular environmental impact audits	High
	Evidence of audits across all locations of operations	Medium
	Evidence of annual compliance audits	High
	Demonstrated track record of achieving its toxic emissions targets	High
Labor Management	Evidence of collective agreements	High
	Scope of employee stock ownership plan (ESOP) or employee stock purchase plan (ESPP)	Medium
	Variable performance-based component to pay	Medium
	Non-compensation benefits including pension and retirement	Medium
Corporate Governance	Board	Medium
	Pay	Medium
	Ownership & Control	Medium
	Accounting	High
Corporate Behavior	Regular Audits of Ethical Standards	High
	Employee Training on Ethical Standards	High
	Anti-corruption policy for suppliers	High

Readers' Feedback

Dear reader:

Thank you for reading the Report. In order to continuously enhance and improve our management of sustainable development operations, we sincerely hope to hear your valuable opinion and suggestions. Please answer the questions on this page, and send us the feedback through one of the following channels.

CIMC Enric Holdings Limited

Address: Suites 1902-3, 19th Floor, Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong

Tel.: +852 2528 9386

Fax: +852 2865 9877

Website: www.Enricgroup.com

Email: Enric@Enric.com.hk

Headquarters in China

CIMC R&D Center, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong, China

1. What is your overall assessment of the entire Report?

Good Relatively good Average

2. What do you think of the clarity, accuracy and completeness of the information and data disclosed in the Report?

Good Average Relatively poor

3. What do you think of the performance of this Report in reflecting the Group's significant economic, social and environmental impact?

Good Average Not reflected

4. How do you think the Group's performance in safeguarding the interests of stakeholders?

Good Average Poor

5. Your opinions and suggestions on the sustainable development management of the Group:

We would appreciate it if you could specify your contact information below:

Name:

Occupation:

Employer:

Post Code:

E-mail:

Tel.:

Contact address:



CIMC Enric Holdings Limited

Address: Suites 1902-3, 19th Floor, Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong

Tel: +852 2528 9386

Fax: +852 2865 9877

Website: www.enricgroup.com

E-mail: enric@enric.com.hk

Headquarters in China

CIMC R&D Center, No. 2 Gangwan Avenue, Shekou Industrial Zone,
Shenzhen, Guangdong, China