

**CIMC ENRIC**

CIMC Enric Holdings Limited

(Stock code: 3899. HK)



**2023**

**Environmental, Social and  
Governance Report**

# CONTENTS

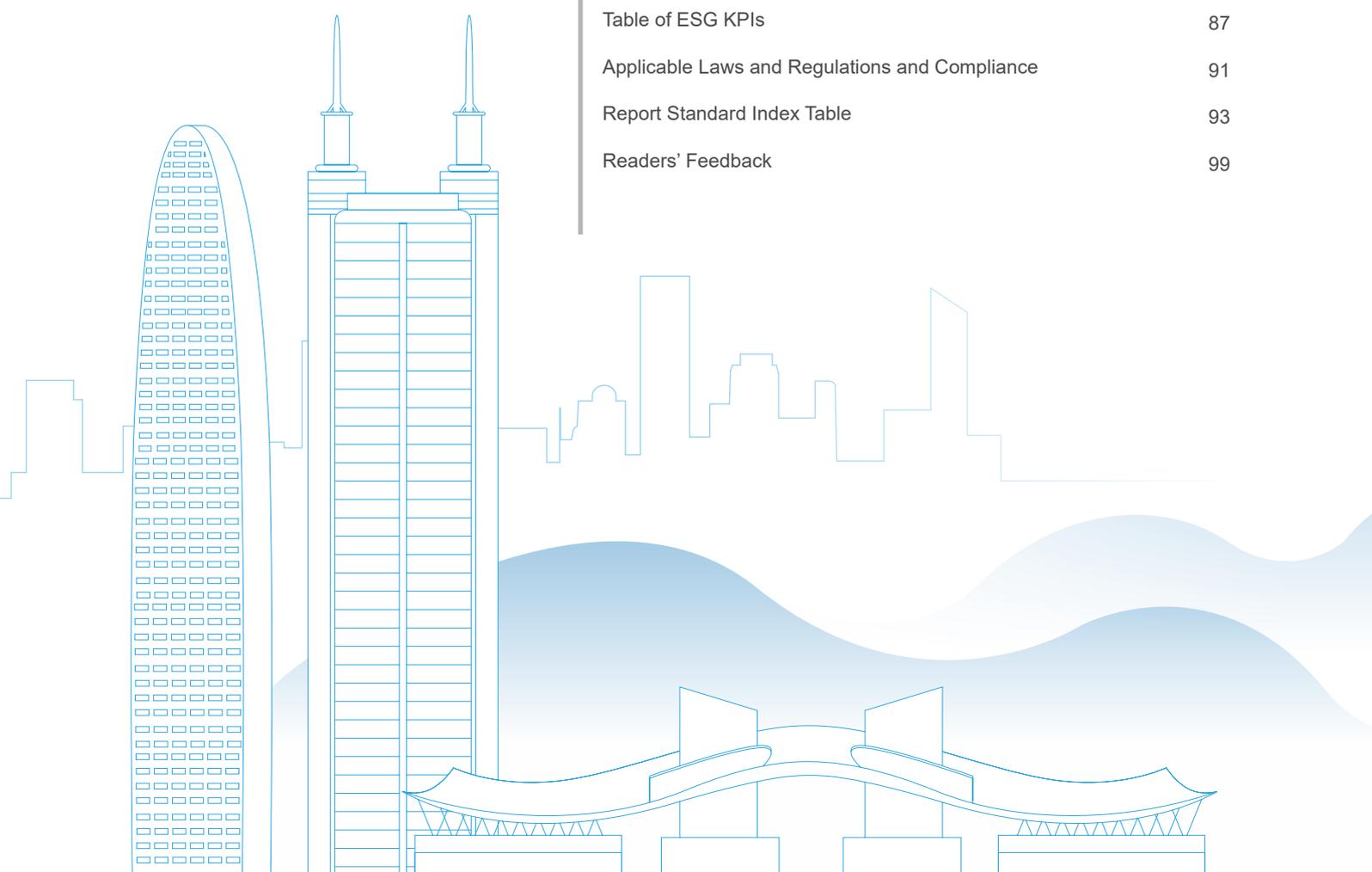
About the Report	01
Statement of the Board of Directors	02
President's Message	03

About Us	05
Sustainable Development Concept	09
Sustainable Achievements in 2023	16

Topic 1: Actively Addressing Climate Change and Vigorously Promoting Green Development	19
--	----

Topic 2: Intelligence-driven Innovation and A Technology-led Future	25
---	----

<b>Appendix</b>	83
Details of Member Enterprises Covered in the Report	83
Industry Organizations	84
Table of ESG KPIs	87
Applicable Laws and Regulations and Compliance	91
Report Standard Index Table	93
Readers' Feedback	99



# 01

## CORPORATE GOVERNANCE, INTEGRITY, AND COMPLIANCE

---

Corporate Governance and ESG Governance	28
Business Ethics and Anti-corruption	35

# 02

## GREEN MANUFACTURING AND INNOVATIVE DEVELOPMENT

---

Expanding Green Opportunities	40
Strengthening Innovation Drive	42
Pursuing Excellent Quality	43
Supply Chain Sustainability	47
Client Service and Privacy Protection	51

# 03

## LOW CARBON AND ENVIRONMENTAL PROTECTION, CARE FOR THE EARTH

---

Addressing Climate Change	54
Strict Control of Pollution Discharge	64
Strict Control of Pollution Discharge	68

# 04

## PEOPLE-ORIENTED, HAEMONIOUS AND WIN-WIN

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Occupational Health and Safety	72
Equality, Diversity, and Inclusion	74
Caring for People's Livelihoods	80



## ABOUT THE REPORT

This is the eighth Environmental, Social and Governance (“ESG”) Report issued by 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 the ESG space, 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, 2023 to December 31, 2023 (some of this extends to early 2024), and 17 domestic companies and 6 overseas companies have been included in as the subsidiaries. The environmental data of this Report covers 23 subsidiaries of the Group. For details of the subsidiaries, please refer to the appendix of this Report.

### Reporting Standards

This Report complies with Appendix C2 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 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”, 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](http://www.enricgroup.com)) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

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<sup>1</sup> The income of the new energy business accounts for a small proportion of the total operating profit of the Group. It is not a significant business of the Group. Therefore, the environmental data of this Report does not include that of the new energy business and relevant subsidiaries

<sup>2</sup> Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, the 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 stays true to the pace of industry development and market trends, holds fast to the concept of sustainable development, and is committed to providing customers with high-quality products and services that meet low-carbon and environmental standards. Meanwhile, we adhere to the principles of green, low-carbon, and sustainable development, integrating them into all aspects of our business activities, continuously exploring and practicing clean energy and environmentally friendly operating models, and promoting the organic integration of value creation and low-carbon development. We always bear in mind our original aspirations, actively strive for progress, conscientiously fulfill corporate social responsibilities, and contribute positive energy to social development.

The Company's Board of Directors takes the main responsibility for the Company's environmental, social, and governance (ESG) performance. The Board is responsible for identifying, evaluating, and responding to ESG-related risks, overseeing the effectiveness of ESG risk management and internal control systems, and continuously improving the Company's ESG performance. Under the strict approval of the Board of Directors, we ensure that this Report does not contain any false records, misleading statements, or material omissions, and the Board takes individual and joint responsibility for the authenticity, accuracy, and integrity of the Report, reflecting the Board's firm commitment to promoting sustainable development and maintaining high standards of corporate governance.

We continuously optimize the ESG management system based on the Board, professional committees, and the ESG Working Group to ensure that all levels of entities fulfill their responsibilities and effectively implement ESG work. As the highest decision-making body for ESG matters, the Board strategically reviews and determines the ESG direction of CIMC Enric and develops the plan for ESG issues at the beginning of each year. The Board listens to the reports on the progress and major matters of the ESG plan regularly, and reviews and examines the progress and performance related to ESG policies and issues. In the current year, the Board of Directors reviewed and evaluated the Board Diversity Policy and the Anti-Corruption and Anti-Fraud Regulations of CIMC Enric Holdings Co., Ltd., tracked the progress towards the Board's gender diversity targets and the 2023 HSE targets, fully fulfilling the Board's responsibilities and enhancing the Company's ESG governance.

Looking ahead, we will strictly comply with all ESG requirements, further deepen the sustainable development management of CIMC Enric, take ideology as the guide and risk management as the key, effectively reduce ESG risks, and enhance ESG governance capabilities, to bring positive and far-reaching influence on the environment, society, and country.

This Report details the progress and effectiveness of the Company's ESG work in 2023 and was reviewed and approved by the Sustainable Development Committee and Board of Directors on Mar 18, 2024, and Mar 25, 2024.



## PRESIDENT'S MESSAGE

### To all stakeholders:

In the challenging global economic environment, we have witnessed significant changes in the energy market, especially the increased demand for natural gas and clean energy. The growth in industrial and commercial gas demand in China has had a positive impact on natural gas consumption, thereby promoting the development of the Company's clean energy equipment and engineering business. As a pioneer in the field of intelligent manufacturing of clean energy equipment, CIMC Enric is committed to promoting the development of clean energy and a green environment by actively practicing innovation and adhering to the business philosophy of "Green Energy, Clean Logistics, Good Life". We strive to provide our customers with high-quality and reliable equipment and professional comprehensive value-added services, deliver better returns to our employees and shareholders, and contribute sustainable value to society.

In the face of the urgent need for responses to global climate change, we are deeply aware that a sustainable environment is the cornerstone for the long-term development of enterprises. In 2023, the UAE Consensus was concluded at the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28), calling for global efforts to transition from fossil fuels to renewable energy and move towards the goal of net-zero emissions. We are actively responding to this ambitious goal and are leveraging our technological prowess to promote energy transformation and adapt to the effects of climate change. For example, in terms of operations, we are steadily pushing forward with the construction of a zero-carbon factory in Shijiazhuang. Through low-carbon, intelligent, and systematic energy supply, we are creating a "green, zero-carbon factory + demonstration base of new technology application". In terms of products, we have provided advanced fuel tanks for the world's first batch of eight-car carrier ships powered by carbon-neutral clean fuels, promoting the green transition of the shipping industry. In addition, in light of IFRS S2 Climate-related Disclosures (IFRS S2) of the International Sustainability Standards Board (ISSB) and the TCFD Recommendations Report of the Task Force on Climate-related Financial Disclosures (TCFD), we have conducted detailed analysis and assessment of climate risks faced by the Company in different scenarios and developed climate risk management and response plans to continuously reduce the operational risks, decrease greenhouse gas emissions, and contribute to the national goals of carbon peaking and carbon neutrality.

Innovation is the core driving force for the high-quality development of CIMC Enric and a key factor in providing excellent product and service quality. We have 14 high-tech member enterprises that undertake national key research and development programs in areas such as key equipment and safety research for liquid hydrogen production, storage, transportation, and refueling, as well as key technologies of risk prevention, control, and management of transportable pressure special equipment. Strong technical support ensures our leading position in the field of clean energy and environmental protection. For example, we achieved technological breakthroughs through innovative practices in 2023, successfully manufacturing hydrogen refueling station core equipment that integrates functions such as gas unloading, compression, refrigeration, hydrogen refueling, and remote online monitoring. This has contributed to the implementation of the first hydrogen-powered bus and the first hydrogen refueling station trial project in Hong Kong, leading Hong Kong into a hydrogen era. We speak with conviction that we can provide mature equipment and engineering solutions throughout the industry chain to society and create more value for our customers and society through continuous innovation and optimization.

Behind all the achievements and progress made in 2023 are the relentless efforts and hard work of CIMC Enric employees. We highly value the close connection and deep relationship with our employees. To create a good work environment, we continuously strengthen the management of occupational health and safety to ensure that the workplace meets the standards of ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System,

rendering employees safe, healthy, and efficient working conditions. We put a new premium on the legitimate rights and interests of employees, conclude labor contracts with each employee, and provide comprehensive social insurance coverage. In addition, we offer competitive compensation and benefits, as well as continuous career training and development opportunities, help employees cope with challenges brought by the market and technological changes, enhance their sense of belonging and satisfaction, and ultimately improve the Company's overall performance and market competitiveness.

CIMC Enric always adheres to high standards of business ethics and considers anti-corruption and integrity as fundamental principles and operation red lines of the Company. We have a zero-tolerance policy towards any form of corruption and handle corruption cases with special care. To strengthen the integrity management of the supply chain, we require suppliers to sign the Sunshine Cooperation Commitment Letter and have established multi-layered preventive and monitoring mechanisms to prevent corrupt practices. We continue to strengthen corporate governance, enhance operational prudence and are dedicated to building sophisticated management systems for business operations and ESG. Our efforts have been widely recognized in the market. In 2023, we reached a credit facility agreement related to sustainable development with International Netherlands Groups (ING), a leading international asset manager. This not only highlights a key milestone in our sustainable development journey but also demonstrates recognition from the financial industry for our efforts.

The road ahead is still filled with uncertainties and challenges. In this new era where risks and opportunities coexist, I solemnly represent CIMC Enric to pledge our unwavering commitment to our sustainable development. We are determined to become a leading technology-oriented player in the clean energy, chemical and environmental, and liquid food fields. Throughout this journey, we will embrace ESG as our core philosophy, comprehensively assess and manage the operational risks, and provide stable, premium, green, low-carbon, and end-to-end solutions for our customers and society, ensuring that our business modes and operational practices are aligned with the sustainability standards. We promise to closely collaborate with all stakeholders to jointly promote our journey of sustainable development. We look forward to delivering a more prosperous future and will tirelessly strive to achieve this vision.

April 2024

Executive Director, CEO  
Mr. Yang Xiaohu

# ABOUT US

## Company profile

CIMC Enric Holdings Limited was established in 2004 as a member of China International Marine Container (Group) Co., Ltd. (“CIMC Group”). The Company was listed on the Stock Exchange of Hong Kong in 2005 and is mainly engaged in the design, development, manufacture and sales of transportation, storage and processing equipment used in clean energy, chemical and environmental, liquid food and other industries, and provides related technical maintenance services. CIMC Enric currently has more than 10 product brands and more than 10,000 employees, 20 manufacturing bases and R&D centers in China, Germany, the Netherlands, Denmark and Belgium, and its products are sold to more than



100 regions and countries in Europe, South America, North America, Central Asia, Southeast Asia, and China, Thailand, Nigeria, Pakistan, Uzbekistan, etc. In 2023, CIMC Safeway Technologies Co., Ltd., a subsidiary of the Company, was successfully listed on the Shenzhen Stock Exchange, becoming the world's leading manufacturer of tank containers. In addition, as the first batch of listed companies to be included in the Hang Seng Shanghai-Shenzhen-Hong Kong Stock Connect Hydrogen Energy Index, the strength of CIMC Enric in the field of hydrogen energy business has been recognized by the market.

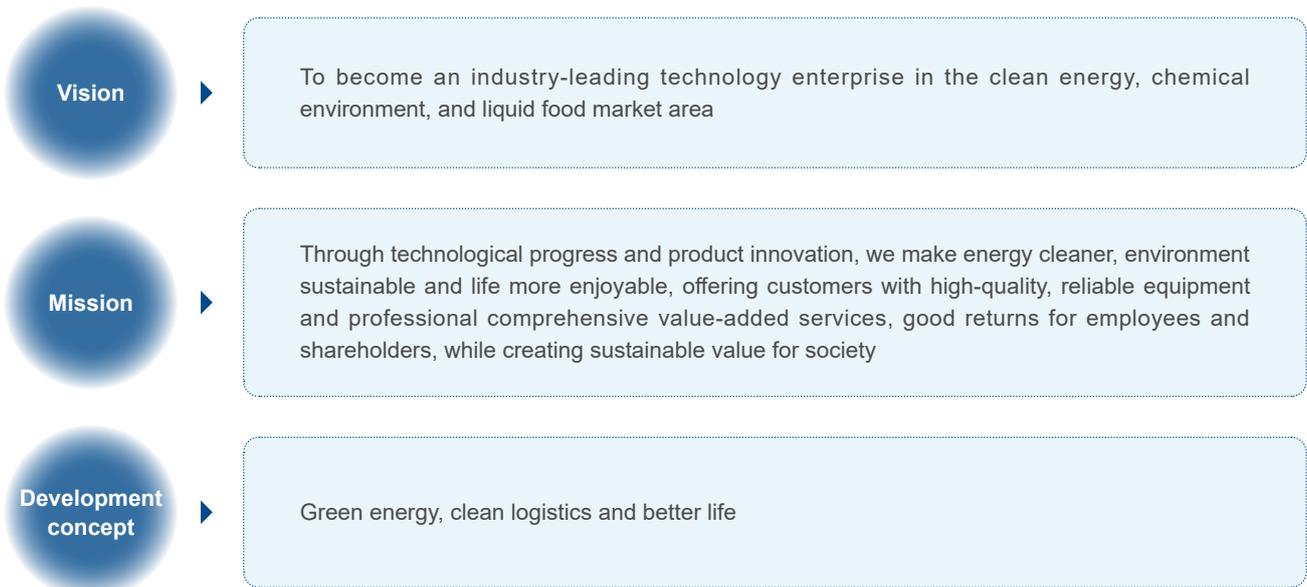
 has more than  
**10** product brands

 more than  
**10,000** employees

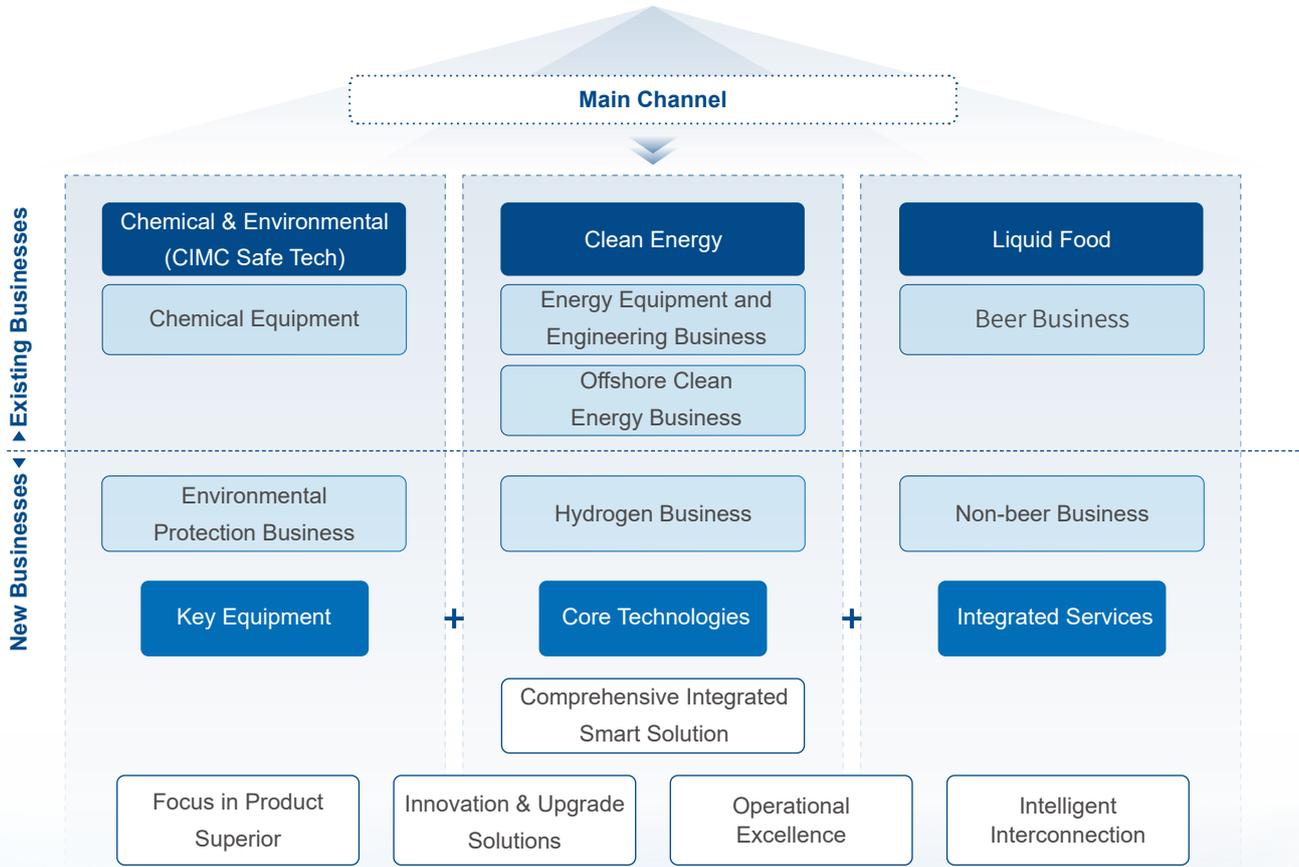
 **20**  
manufacturing bases and R&D centers in China

 its products are sold to more than  
**100** regions and countries

## Vision and mission



## Product portfolio



## 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 and storage)

- 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 substation vehicle
- Type III and Type IV on-vehicle hydrogen cylinders

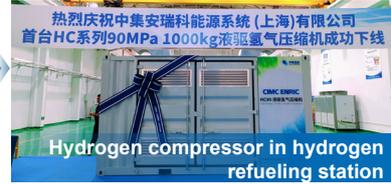
Hydrogen production from methanol and hydrogen refueling demonstration project  
Hydrogen production from coke oven gas demonstration project  
Core hydrogen energy “storage, distribution, refueling” equipment



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



Chemical Tank Containers

- Standard tank
- Special tank container



Environmental protection equipment

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

Liquid food equipment and engineering



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 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

- Advanced technology in Europe and America
- Competitive advantages of Chinese manufacturers
- Manufacturing capability of key equipment
- The world’s leading lean capability



Engineering services

- Consultation
- Design
- Construction
- Engineering general contracting



Solutions

- 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
- Solutions for LNG multi-modal transportation
- Solution to natural gas peak-shift reserve
- Solution to beer turnkey project
- Financial solutions

# SUSTAINABLE DEVELOPMENT CONCEPT

## Sustainable Development Strategy

We are committed to fully integrating CIMC Enric’s sustainable development strategic goals, ensuring that these goals are embedded throughout the Company’s operations, production, and the entire lifecycle of its products. In the current year, we have undertaken and implemented CIMC Group’s new five-year strategy (2023-2027), considering the expectations and concerns of various stakeholders and conducting in-depth discussions on potential ESG-related risks and challenges. We have thoroughly incorporated the management concept of ESG into our business operations, and based on this, we have formulated CIMC Enric’s five-year strategic plan for 2023-2027, known as the “3+2+N” strategy, to drive the Company’s continuous growth and progress.

### Strategic Objectives

Our strategic objective is to expand from “equipment + engineering” to “a comprehensive service provider”, create a value-added business form with characteristics of digitization and intelligence, integration and industrial interaction based on “key equipment + core processes + comprehensive services”, and become a comprehensive low-carbon and smart new energy solution provider driven by technologies.

### Overall Business Development Strategy



#### Leading Strategy: Focus on products, leading the market

- Strengthen research and development of key equipment and core processes to solidify industry leadership position;
- Focus on low carbon, zero carbon, energy saving and emission reduction under the theme of carbon peaking and carbon neutrality.



#### Innovation Strategy: Technological innovation, comprehensive services

- Leverage on technological innovation and business model innovation to support the expansion of comprehensive services.



#### Growth Strategy: Strategic demonstration for full replication

- Focus on strategic demonstration, dedicate to industry connectivity, and achieve full replication.

### Business Portfolio Optimization

#### Three core businesses

Energy/Offshore Gas (Equipment + Engineering)  
Chemical and Environmental  
Liquid Food

#### Two growth businesses

New Energy  
Hydrogen Energy

#### Multiple emerging businesses

Intelligent interconnection  
Multi-energy Complementation  
Biomass Energy (Green Methanol)  
etc

## Four Strategic Themes (Next Five Years)



### Leading Strategy: Focus on products, leading the market

- Deepen the operation mechanism of core product lines, enhance synergies, and establish an absolute leading position in the industry.
- Consolidate the leading position in champion products (such as tank containers).
- Build joint engineering capabilities, improve the “production, storage, and utilization” capabilities of clean energy business, and achieve breakthroughs in business.
- Promote global layout of energy equipment business.
- Enhance self-built high-quality production capacity, expand upstream resources and downstream scenarios, and drive sales of energy equipment.
- Strengthen the leading position in the small and medium-sized liquefied gas vessel industry, enhance profitability.



### Innovation Strategy: Technological innovation, comprehensive services

- Actively deploy hydrogen energy demonstration city clusters, break through on benchmark demonstration projects, drive hydrogen energy equipment performance, and consolidate the influence of CIMC in the hydrogen energy industry.
- Build the capability to provide zero-carbon and low-consumption comprehensive energy solutions.
- Green methanol industry chain, strategic layout of core equipment and solutions.
- Explore the resource utilization of rare and precious metals, conduct environmentally friendly operational business, and seek breakthroughs in environmental equipment.
- Actively search for and execute premium projects in the clean energy sector.



### Organizational Strategy: Organizational restructuring, operational excellence

- Promote substantial progress in the Jinruihu project.
- Transform supply chain management in the energy business.
- Build digital operational capabilities.
- Strengthen the development of core talent pipeline, create a strategic talent supply chain, achieve organizational optimization, and improve enterprise efficiency.
- Optimization of inefficient businesses and clearance of inefficient assets.



### Digitalization Strategy: Smart interconnection, value recreation

- Achieve intelligent upgrading of clean energy equipment, enable smart interconnection of key energy equipment, and explore the value creation of smart energy platforms.
- Digital and intelligent operations: Enhance digital upgrading of internal manufacturing, achieve green and intelligent manufacturing.
- Digital and intelligent interconnection: Establish network connections among stations, tanks, ships, and gas systems.

## Sustainable Development Business Transformation

Based on our five-year strategic plan, CIMC Enric is steadily implementing a business model transformation. Through gradual optimization of our business portfolio, we are transitioning from the traditional energy and natural gas equipment business to full-chain clean energy solutions centered on hydrogen energy and green methanol. We believe that the transformation into a sustainable development business will not only promote business diversification but also accelerate the shift towards the Company's main direction of green and low-carbon development. Based on this, we have developed a transformation plan that integrates ESG elements across three key levels: business model, technological innovation, and investment strategy, aiming to continuously enhance the Company's sustainable development capabilities and market competitiveness.

First-tier growth		
<b>Main business field</b>	<ul style="list-style-type: none"> <li>Energy equipment and onshore engineering business (equipment + process)</li> </ul>	<ul style="list-style-type: none"> <li>Offshore gas business (equipment + process)</li> </ul>
<b>Business strategy</b>	<ul style="list-style-type: none"> <li>By leveraging the dual channels of key equipment manufacturing and engineering business, we aim to comprehensively enhance our system integration capabilities across the entire industry chain. We will actively expand our overseas business to achieve new breakthroughs.</li> </ul>	<ul style="list-style-type: none"> <li>Specifically, we will focus on small and medium-sized liquefied gas vessels and fuel tanks, prioritize wind power and offshore hydrogen as our innovative businesses, improve our construction efficiency to establish an industry-leading market position in the field of offshore clean energy equipment.</li> </ul>
<b>Products, services, and market</b>	<ul style="list-style-type: none"> <li>Comprehensively optimize and improve the main operating mechanism of product lines.</li> <li>Pay special attention to new opportunities in Southeast Asia and Europe, while continuously promoting market developments in Africa and North and South America.</li> <li>Consolidate our leading position in the relevant market of equipment products based on the application scenarios of production, storage, transportation, and utilization across the entire industrial chain.</li> <li>Complement our engineering capabilities to achieve scale expansion of engineering business.</li> </ul>	<ul style="list-style-type: none"> <li>Small and medium-sized liquefied gas vessels and fuel tanks</li> <li>Offshore engineering products</li> <li>LNG-powered vessels</li> <li>Wind power jacket foundations</li> </ul>
Second-tier growth		
<b>Main business field</b>	<ul style="list-style-type: none"> <li>Hydrogen energy business (equipment + process)</li> </ul>	<ul style="list-style-type: none"> <li>New energy business (Comprehensive service)</li> </ul>
<b>Business strategy</b>	<ul style="list-style-type: none"> <li>Focus on equipment and processes, core capabilities of hydrogen storage, transportation, refueling and supply systems are further enhanced to establish a leading position in the hydrogen energy equipment market.</li> </ul>	<ul style="list-style-type: none"> <li>Center around high-quality key equipment and core processes, leverage high-quality resources to drive high-quality application terminals and to achieve end-to-end solutions.</li> </ul>
<b>Products, services, and market</b>	<ul style="list-style-type: none"> <li>Hydrogen production: ALK and PEM electrolyzers</li> <li>Storage and transportation: Gas hydrogen, liquid hydrogen, and liquid ammonia storage and transportation equipment.</li> <li>Hydrogen refueling: Turnkey engineering solutions for 35/70MPa hydrogen refueling stations.</li> <li>Hydrogen utilization: Equipment such as Type III and Type IV cylinders.</li> <li>Key parts and components: Compressors, valves, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Resource end: Secure stable, reliable, legal, and compliant, and competitively priced LNG gas sources from domestic and international markets</li> <li>Distribution end: Develop and establish our own and cooperative distribution channels and sell products through various terminals and wholesalers to ensure a balance among production, supply, and demand.</li> <li>Application end: Focus on the development of LNG for vehicles, ships, and industrial users, etc.</li> </ul>

Third-tier growth		
<p><b>Main business field</b></p>	<ul style="list-style-type: none"> <li>• Green methanol</li> </ul>	<ul style="list-style-type: none"> <li>• Intelligent interconnection, and multi-energy complementarity</li> </ul>
<p><b>Business strategy</b></p>	<ul style="list-style-type: none"> <li>• Build a bioenergy ecology chain, connect the upstream, midstream, and downstream of the biomass ethanol and biomass hydrogen and green ammonia industries to achieve harmonious coexistence of resources, energy, and the environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Focusing on emerging industries and expansion of product and business offerings, leverage intelligent digital empowerment to add value to the business.</li> </ul>
<p><b>Products, services, and market</b></p>	<ul style="list-style-type: none"> <li>• Conduct strategic demonstrations of the first set of equipment (key equipment + core processes + comprehensive services)</li> <li>• Establish an open platform for the upstream, midstream, and downstream industry chains to achieve win-win cooperation and to promote the internationalization and high-end development</li> </ul>	<ul style="list-style-type: none"> <li>• Internet platform business</li> <li>• Smart terminals</li> <li>• Offshore smart systems</li> <li>• Comprehensive energy solutions</li> <li>• Integrated energy solutions for parks, regions, public buildings, etc.</li> </ul>



## Communication with Stakeholders

CIMC Enric has always attached importance to establishing effective communication and cooperation with various stakeholders. The Company engages in extensive communication with employees, customers, investors/shareholders, suppliers, government agencies, research institutions, media, and local communities. To fully understand the expectations and concerns of each stakeholder, the Company utilizes various communication channels and methods, including annual reports, regular meetings, interviews, conference calls, and surveys. Additionally, the Company continuously adopts innovative communication tools such as digital platforms and social media to enhance interaction with stakeholders, ensuring that our strategies and actions in areas such as sustainable development, environmental protection, and social responsibility can promptly address the concerns of stakeholders.

Stakeholders	Communication channel	
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Workers' congress</li> <li>• Staff training</li> <li>• Employee activities</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate internal publications and intranet</li> <li>• ESG survey questionnaire</li> <li>• Employee satisfaction survey</li> </ul>
 <b>Clients</b>	<ul style="list-style-type: none"> <li>• Client service center and hotline</li> <li>• Client visit</li> <li>• ESG survey questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>• Client satisfaction survey</li> </ul>
 <b>Investors/ shareholders</b>	<ul style="list-style-type: none"> <li>• Company website and announcement</li> <li>• ESG survey questionnaire</li> <li>• Paper report mailed by the Group (annual report, ESG report, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Live broadcast of performance conference</li> <li>• Investor research reception</li> <li>• Online roadshows and reverse roadshows report, ESG report, etc.)</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Communicate regularly</li> <li>• Supplier official website</li> <li>• ESG survey questionnaire</li> </ul>	
 <b>Governments</b>	<ul style="list-style-type: none"> <li>• Regular information submission</li> <li>• Supervision and inspection</li> <li>• Paper report mailed by the Group (annual report, ESG report, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• ESG survey questionnaire</li> </ul>
 <b>Research institutions</b>	<ul style="list-style-type: none"> <li>• Company website and social media</li> <li>• Company announcement</li> <li>• Visit</li> </ul>	<ul style="list-style-type: none"> <li>• Investigation</li> </ul>
 <b>Media</b>	<ul style="list-style-type: none"> <li>• Interviews and special reports</li> <li>• Investigation</li> <li>• Company website and social media</li> </ul>	
 <b>Local communities</b>	<ul style="list-style-type: none"> <li>• Company website and social media</li> <li>• ESG survey questionnaire</li> <li>• Organize public welfare activities</li> </ul>	

## Materiality Issues

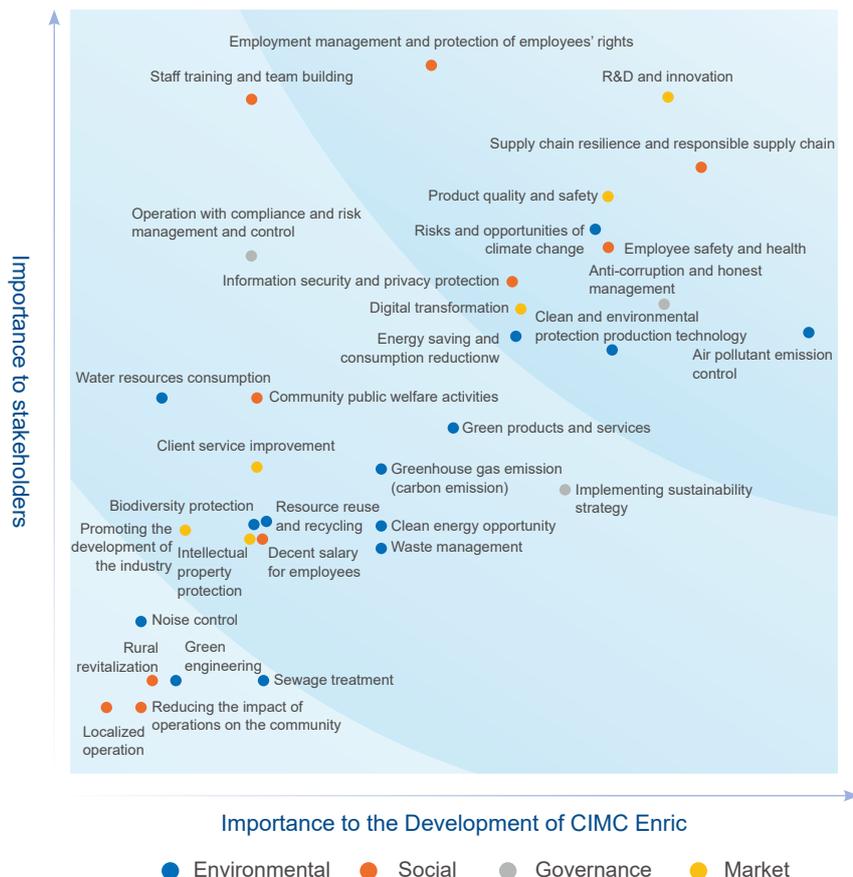


CIMC Enric attaches great importance to systematic analysis and broad participation in ESG issues. In the process of identifying key issues, the Company adopts various approaches, including interviews with internal and external stakeholders and online surveys. Interviews enable us to gain an in-depth understanding of stakeholders' perspectives and recommendations on the sustainable development of CIMC Enric. The surveys collect ratings on the importance of ESG issues from different groups. As a result, the Company has fully considered the viewpoints and feedback of various stakeholders in establishing key ESG issues, ensuring that sustainable development information disclosure is more comprehensive and transparent, and better meets the needs of all parties involved.



Through the ESG materiality issue assessment conducted for 2023, CIMC Enric has identified 14 environmental issues, 10 social issues, 3 corporate governance issues, and 6 market issues. Among them, 12 issues have been rated as highly important, 15 as moderately important, and 6 as relevant issues. These assessment results provide guidance for CIMC Enric's ESG management efforts and support the Company in systematical and strategical consideration and layout in terms of sustainability. This ensures that the Company can take targeted actions on these materiality issues.

## Significance Matrix of ESG Issues in 2023



**THIS REPORT'S RESPONSE TO THE ESG ISSUES IN 2023**

CIMC Enric has always attached great importance to suggestions from stakeholders and expected that the Company's development can meet the demands of stakeholders. The Company conducts in-depth management and disclosure of highly important materiality issues to address the greatest concerns of internal and external stakeholders; carries out normalized control of important materiality issues and makes special plans and effectively management; for practical management, the company conducts daily management of relevant materiality issues and optimizes the status quo of such issues by continuously improving its performance and practice level.

Category	Issues	Ranking	Importance	Response in this Report
Market	R&D and innovation	1	Highly important	Strengthening innovation drive
Social	Supply chain resilience and responsible supply chain	2		Supply chain sustainability
Environmental	Air pollutant emission control	3		Strict control of pollution discharge
Market	Product quality and safety	4		Pursuing excellent quality
Social	Employment management and protection of employees' rights	5		Equality, diversity, and inclusion
Governance	Anti-corruption and honest management	6		Business ethics and anti-corruption
Social	Employee safety and health	7		Occupational health and safety
Environmental	Risks and opportunities of climate change	8		Addressing climate change
Environmental	Clean and environmental protection production technology	9		Optimizing the use of energy
Social	Information security and privacy protection	10		Client service and privacy protection
Market	Digital transformation	11		Topic 2: Intelligence-driven Innovation and A Technology-led Future
Environmental	Energy saving and consumption reduction	12		Optimizing the use of energy
Social	Staff training and team building	13		Equality, diversity and inclusion
Governance	Implementing sustainability strategy	14	Sustainable development strategy	
Governance	Operation with compliance and risk management and control	15	Corporate governance and ESG governance	
Environmental	Green products and services	16	Expanding green opportunities	
Environmental	Greenhouse gas emission (carbon emission)	17	Addressing climate change	
Social	Community public welfare activities	18	Caring for people's livelihoods	
Market	Client service improvement	19	Important	Client service and privacy protection
Environmental	Clean energy opportunity	20		Optimizing the use of energy
Environmental	Waste management	21		Strict control of pollution discharge
Environmental	Water resources consumption	22		Strict control of pollution discharge
Environmental	Resource reuse and recycling	23		Strict control of pollution discharge
Environmental	Biodiversity protection	24		Strict control of pollution discharge
Social	Decent salary for employees	25	Relevant	Equality, diversity and inclusion
Market	Intellectual property protection	26		Strengthening innovation drive
Market	Promoting the development of the industry	27		Participation in standards formulation
Environmental	Sewage treatment	28		Strict control of pollution discharge
Environmental	Noise control	29		Strict control of pollution discharge
Environmental	Green engineering	30		Topic 1: Actively Addressing Climate Change and Vigorously Promoting Green Development
Social	Rural revitalization	31		Caring for people's livelihoods
Social	Reducing the impact of operations on the community	32		Caring for people's livelihoods
Social	Localized operation	33		Caring for people's livelihoods

# SUSTAINABLE ACHIEVEMENTS IN 2023

Concerned with the development of global ESG trends and standards, CIMC Enric pays attention to and proactively integrates the 2030 Agenda for Sustainable Development of the United Nations as well as the Stakeholder Capitalism Metrics proposed by the World Economic Forum. The Company has responded positively to the 13 sustainable development goals of the United Nations by taking a series of measures that align with the four core pillars emphasized by the Stakeholder Capitalism Metrics - governance principles, earth protection, social care, and co-prosperity.

Stakeholder Capitalism Metrics	SDGs	CIMC Enric's actions
<p><b>Good Governance and Compliant Risk Control</b> (Principles of Governance)</p>		<p>Strengthening corporate governance and risk management, implementing strict compliance measures; and improving the decision-making efficiency and transparency by optimizing the management system to ensure the stable and sustainable enterprise operation.</p>
<p><b>Green Manufacturing and Innovation-driven Development</b> (Prosperity)</p>	  	<p>Effectively supporting the promotion and application of clean energy by promoting the R&amp;D and production of environmentally friendly products such as the energy efficient LNG storage and transportation equipment.</p>
<p><b>Low Carbon and Environmental Protection, Care for the Earth</b> (Planet)</p>	  	<p>Proactively taking measures to reduce carbon emissions, such as implementing low-carbon operational strategies, adopting clean energy, and integrating environmental elements into product design to reduce environmental impact.</p>
<p><b>Putting People First for All-Win Harmony</b> (People)</p>	     	<p>Attaching importance to employee well-being and social responsibilities, providing a safe and healthy working environment, promoting diversity and equal employment practices; and facilitating social harmony and win-win situation by community participation and charitable activities.</p>

## ESG Goals and ESG Performance in 2023

Based on the in-depth assessment and summary of performances in 2022, the Occupational Health, Safety and Environmental (HSE) Committee of CIMC Enric developed the HSE management policy and goal management plan for 2023. After a year's efforts and continuous monitoring, we comprehensively reviewed and analyzed those goals and confirmed that the Company had achieved all predetermined HSE goals. Specific details are set out in the table below.

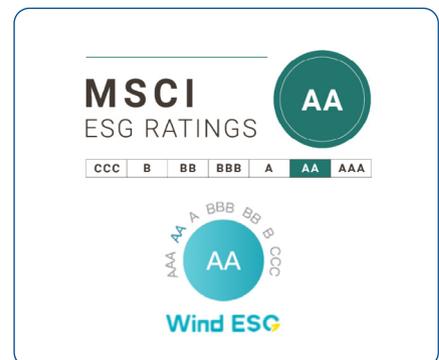
Indicators	2023 goals	Goal achievement
Major environmental accidents	0	Achieved
Compliance with the three wastes emissions goal (disposal)	100%	Achieved
Energy consumption per RMB100 million revenue (ton(s) of standard coal(s)/RMB100 million)	Decline by 3%	Achieved
Amount of hazardous waste per RMB100 million revenue (ton(s)/RMB100 million)	Decline by 4.5%	Achieved
Emissions of VOCs per RMB100 million revenue (ton(s)/RMB100 million)	Decline by 7.5%	Achieved
Emissions of carbon dioxide per RMB100 million revenue (ton(s)/RMB100 million)	Decline by 3%	Achieved
Water consumption per RMB100 million revenue (ton(s)/RMB100 million)	Decline by 3%	Achieved
Number of work-related fatalities and severely wounded persons	0	Achieved
Number of major fire accidents (with a 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, work-related death accidents)	90%	Achieved
Pass rate of team leader certification training	85%	Achieved
Injury accident rate of 1,000 people (including work-related fatalities, serious injuries and minor injuries)	Decline by 5%	Achieved
Number of critical hazard sources	Decline by 3%	Achieved
Number of people exposed to occupational hazards	Decline by 3%	Achieved

In 2023, CIMC Enric was gradually perfecting its ESG management system and continuously deepened its ESG improvement practices to make constant breakthroughs in the ESG performances.

ESG highlights	2023
Line of credit linked to sustainable development (EUR100 million)	1.7
Percentage of female executives (%)	33.3

## ESG Ratings

In 2023, CIMC Enric's MSCI ESG rating rose from BBB to AA which was the highest rating in China's industrial equipment industry, making the Company the only AA-rated enterprise in the industry in China and a global industry leader. In the meantime, the Company's ESG rating given by Wind was also upgraded from A to AA. All those improvements reflect the remarkable progress made by CIMC Enric in sustainability management, compliance, product quality, work safety, human resources, and customer services. The Company will persist in incorporating ESG issues in its daily operation, and actively learn from advanced international successful experience verified by practices to keep examining and perfecting its governance structure and corporate codes of conduct, ensuring that it can maintain its globally high-level ESG management and promote sustainable development.



## Awards and Honors

Categories	Awards and Honors	Enterprises
Economic responsibilities	Manufacturer contributing more than RMB100 million to tax in Nantong City, Jiangsu Province	CIMC Safe Tech
Product quality	National manufacturing single champion demonstration enterprise	CIMC Safe Tech
	Excellent Enterprise in Jiangsu Province	CIMC Safe Tech
	Provincial industrial internet development demonstration enterprise (benchmark factory)	CIMC Safe Tech
	Specialized, Sophisticated, Special and New "Little Giant" honored by the Ministry of Industry and Information Technology of the PRC	Shijiazhuang Enric
	Leading science-and-technology enterprise in Hebei Province	Shijiazhuang Enric
	Single champion product in the manufacturing industry in Hebei Province	Shijiazhuang Enric
	"Top Runner" in the characteristic industrial cluster honored by the Industry and Information Technology Department of Hebei Province	Shijiazhuang Enric
	National manufacturing single championship enterprise (product)	CIMC Hongtu
	National service-oriented manufacturing demonstration enterprise	CIMC Hongtu
	Top 100 High-tech Enterprises in Hubei Province	CIMC Hongtu
	Pilot enterprise of deep integration of modern service industry and advanced manufacturing industry in Hubei Province	CIMC Hongtu
	The ninth Hubei Governor's Quality Award	CIMC Hongtu
	Specialized, sophisticated, special and new middle and small-sized enterprises in Hebei Province	Langfang Integration
	Leading green development enterprise in Jiangsu Province	SOE
	Specialized, Sophisticated, Special and New "Little Giant" honored by the Ministry of Industry and Information Technology of the PRC	Nantong Transport
	Level AA Certificate of informatization and industrialization integration Management System by the Ministry of Industry and Information Technology of the PRC	Nantong Transport
	Excellent quality management group in Jiangsu Province	Nantong Transport
	Specialized, Sophisticated, Special and New "Little Giant" honored by the Ministry of Industry and Information Technology of the PRC	Enric (Bengbu) Compressor
Innovation	Excellent Achievement Prize for Development of New Technology (Manufacturing Technologies)	CIMC Safe Tech
	National science and technology award: Research on key equipment and safety of preparation, storage, transportation and refueling of liquid hydrogen	CIMC Sanctum
	National science and technology award: Key technologies for risk prevention and control and governance of mobile special pressure-bearing equipment	CIMC Sanctum
	National science and technology award: Risk prevention and control technology for design and manufacturing of lightweight long tube trailers	Shijiazhuang Enric
	National science and technology award: demonstration of key technologies and application of 70 MPa hydrogen storage tanks for vehicles	Shijiazhuang Enric
	National intellectual property demonstration enterprise	CIMC Hongtu
	National science and technology award: Research on application of small storage tanks for distributed propane complying with KGS/ASME double standards	CIMC Hongtu
	National science and technology award: R&D and industrialization of key technologies for LNG box-type integrated skid-mounted plant based on the Internet of Things	Langfang Integration
	National science and technology award: R&D and industrialization of key technologies for green, efficient and multifunctional LNG filling vessels	SOE
	National science and technology award: "Little Giant" enterprise (manufacturing) in Jiangsu Province	CLPT
	2023 National advantageous enterprises in intellectual property	Nantong Transport
	National science and technology award: Development of key technologies and demonstration vessels for the Type 2030 green and intelligent vessel for the main line of Yangtze River	Nantong Transport
	Third Prize for Scientific and Technological Progress of Jiangsu Province	Nantong Transport
	First Prize for Industrial Scientific and Technological Progress	Nantong Transport
	Excellence Award in the National Disruptive Technological Innovation Contest	CET
	Engineering Technology Research Center of Jiangsu Province	CET
	National science and technology award: R&D and demonstration project of complete 45MPa skid-mounted hydrogen booster based on safety monitoring technologies	Enric (Bengbu) Compressor
	Innovative Unit Award	CIMC Enric Hydrogen Energy
Work safety	Advanced Work Safety Enterprise	CIMC Safe Tech
Human resources	Extraordinary Employer Award	CIMC Enric



## TOPIC 1

# ACTIVELY ADDRESSING CLIMATE CHANGE AND VIGOROUSLY PROMOTING GREEN DEVELOPMENT

### Innovating Green Products to Help Energy Transition of the Country

As the largest energy consumption country in the world, China's national energy security and transition is a priority issue of the energy development. CIMC Enric is fully aware of the significance of developing new energy and hydrogen energy equipment business to the enterprise itself, the society, the country, and the world. Relying on the innovation strategy of "technological innovation and comprehensive service", CIMC Enric deeply integrates the existing clean energy business and the newly developed hydrogen energy, new energy (shale gas, coalbed methane, coal-based SNG, etc.) and green methanol business, forming a core business development strategy of clean energy.

In 2023, CIMC Enric has entered a critical phase of transition towards the growth business (second tier growth). We closely focus on the concept of "scientific, green and quality development", always adhere to the sustainable development as the guidance, constantly gain insight into the link between the energy structure transition process and our business, and improve the green quality of our own products, contributing to the green development of the society, the country and the world.

Significance of transition	Energy involved	Specific content	Business scenarios
Improve the efficiency of traditional energy	New energy	Taking technological innovation as the driving force, and equipment + process as the leverage, focus on the development of quality resources, establish, and improve operation capabilities, develop high-quality terminal business, realize the closed-loop operation from resources to the terminal, create differentiated competitive advantages and become a comprehensive service provider with CIMC characteristics.	<ul style="list-style-type: none"> <li>▶ Coke oven gas</li> <li>▶ Coalbed methane</li> <li>▶ Local scattered well gas</li> <li>▶ Coal-based SNG</li> </ul>
Give play to the security role of efficient energy	Natural gas	Natural gas will play a significant role in securing the energy transition in China, which is also the only way for energy enterprises to achieve end-to-end rapid development. We provide the energy storage and transportation solutions for complete industry supply chain through both onshore and offshore energy equipment.	<ul style="list-style-type: none"> <li>▶ Ground vehicles, tanks, boxes, bottles, stations, sledges, and other products</li> <li>▶ Offshore engineering products</li> <li>▶ LNG-powered vessels</li> </ul>
Take clean energy as the increment	Hydrogen energy	Develop the layout of the whole industrial chain in the field of hydrogen energy, constantly promote products including high-pressure storage and transportation, on-board hydrogen supply system, electrolytic bath, hydrogen refueling station, and liquid hydrogen equipment, and build a cross-enterprise integrated organization and community of shared interests for hydrogen energy business line.	<ul style="list-style-type: none"> <li>▶ Hydrogen production</li> <li>▶ Hydrogen storage and transportation</li> <li>▶ Hydrogen refueling</li> <li>▶ Hydrogen utilization</li> <li>▶ Components of the hydrogen energy industry</li> </ul>
	Green methanol	Plan to continuously build the bioenergy ecology chain, deeply create the green methanol equipment business through independent research & development and building an industrial platform; link the upstream, midstream and downstream of the biomass ethanol and biomass hydrogen and green ammonia industries, realize the harmonious coexistence of resources, energy and environment.	<ul style="list-style-type: none"> <li>▶ Methanol synthesis tower</li> <li>▶ Rectifying tower</li> </ul>

Case

**CIMC Enric Actively Participates in the Construction of “Micro Energy Network” and “Micro Pipe Network” for Rural Revitalization**

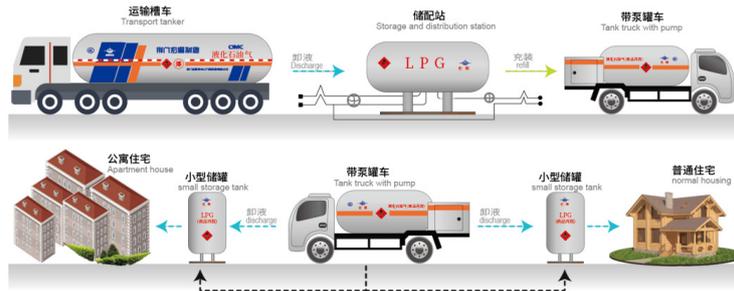
Through intelligent transformation, gas pipeline renovation, thermal water system equipment and hardware, electrical circuit reconstruction, and EQC data collection system hardware, CIMC Enric has built the micro energy network by the experimental scenario that enables diversified energy complementarity of “water, electricity, gas, and heat”. Meanwhile, we have proposed a solution for an LPG micro pipe network, transforming the original gas supply model of “bottled supply, individual storage, self-guarding” to a model of “centralized gas supply, decentralized distribution into households by the intelligent micro pipe network, and remote online monitoring by the enterprise”. This solution features safety, flexibility, intelligence, cost-effectiveness, convenience, and energy complementarity. It reduces gas pipeline construction costs for rural users.



Low-carbon Micro Energy Network System Diagram of CIMC Enric for Rural Revitalization

The small, liquefied petroleum gas (commercial propane) tankers with unloading pumps (“LPG pump tanker”) developed by CIMC Hongtu successfully passed the “new materials, new technologies, new processes” technical review (“Three-New Review”). CIMC Hongtu becomes one of China’s first two integrated intelligent LPG micro pipe network solution providers passing the Three-New Review”.

Our “Key Equipment Helping the Rural Micro Pipe Network Construction” was selected as one of the “2022 Best Practice Cases in Enterprises’ Green and Low-carbon Development” and the award was presented in 2023.



Schematic Diagram of LPG Micro Pipe Network Solution

Case

**Facilitating the Operation of Hong Kong’s First Hydrogen Refueling Station and Double-decker Hydrogen-powered Bus**

In November 2023, CIMC Enric and its subsidiary delivered Hong Kong’s first hydrogen refueling station and the first double-decker hydrogen-powered bus equipped with CIMC HSK’s Type IV hydrogen cylinders and hydrogen supply system to Hong Kong Citybus Limited. This milestone signifies a historical breakthrough in the application of hydrogen-powered transportation in Hong Kong.



The First Hydrogen Refueling Station and Hydrogen Bus Equipped with Type IV Hydrogen Cylinder in Hong Kong

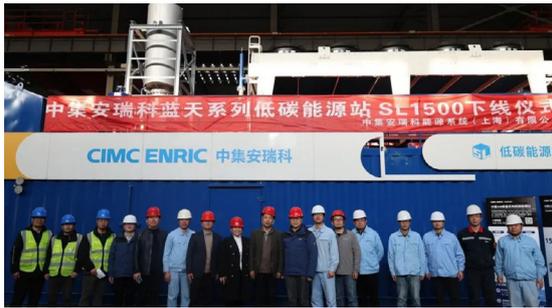
Hydrogen-powered buses, in comparison to electric buses, feature advantages in terms of lighter weight and longer range, making them one of the best options for zero-emission vehicles. The design of Hong Kong’s first double-decker hydrogen-powered bus is based on the double-decker electric bus model, and the refueling time is as quick as 10 minutes. CIMC Enric will collaborate closely with Hong Kong Citybus Limited to continuously enhance the transformation of Hong Kong’s public transportation towards clean energy, contributing to Hong Kong’s “carbon neutrality goal by 2050”.

## Case

### Successful Development of the First SL1500 Blue Sky Series Low-carbon Energy Station: Innovative Utilization of Industrial Exhaust Gas for Green Power Generation

CIMC Enric Energy Systems (Shanghai) Co., Ltd., a subsidiary of the Company, has successfully developed and launched the first Blue Sky Series low-carbon energy station SL1500 for the Ulanqab Ferroalloy Exhaust Gas Power Generation Project, with an annual power generation capacity of 859 million kWh. The SL1500 stands out for its excellent gas adaptability, demonstrating remarkable competitiveness in the utilization of industrial combustible dilute exhaust gases and unconventional low-calorific value gases for power generation. It can efficiently convert gases with a concentration as low as 8%, high-hydrogen ferroalloy exhaust gases, and blast furnace gases with ultra-low calorific value. These exhaust gases, which were previously directly discharged, can now be transformed into valuable energy resources, providing clean and stable electricity to factories, or surrounding areas.

The supply of power generated with waste gas, exhaust gas and low-calorific value gas, combined with thermoelectricity, offered by the SL1500 not only reduces reliance on traditional energy sources but also significantly saves energy costs and greatly reduces carbon emissions. This provides strong support for promoting the green transformation of energy and achieving energy-saving and emission-reduction goals.



Launch Ceremony of the Blue Sky Series Low-carbon Energy Station SL1500



Effect Diagram of the Blue-Sky Series Low-carbon Energy Station SL1500

## Case

### Facilitating the Construction of Natural Gas Reserve and Peak Shaving Facilities in Shenzhen: Improving Energy Supply Stability and Promoting Green and Low-carbon Development

In June 2023, CIMC Enric Engineering Technology Co., Ltd., a subsidiary of the Company, participated in the construction of the Natural Gas Reserve and Peak Shaving Facilities project in Shenzhen, which is a key construction project in Guangdong Province and a major construction project in Shenzhen.

This project is an infrastructure construction project with the largest investment, the highest technologies, and the most complex construction procedures undertaken by Shenzhen Gas Group in recent years. Upon completion, it will provide two 160,000 cubic meter LNG storage tanks, with an annual LNG turnover capacity of 2 million tons and a maximum high-pressure output capacity of 795,000 cubic meters per hour to the residents and enterprises in Shenzhen. With the completion of this project, the emergency gas reserve capacity in Shenzhen will increase from the current 7-day supply to supply for over 30 days, effectively ensuring the stability of the energy supply in the process of energy transformation in Shenzhen. This project plays a significant role in promoting the green, low-carbon and high-quality development of Shenzhen.



Artistic Impression of Phase II Expansion Project of Natural Gas Reserve and Peak Shaving Facilities

Case

**Six 1,500m<sup>3</sup> Hydrogen Gas Tanks for Huadian, Inner Mongolia: Creating a Wind and Solar Power-based Hydrogen Production Demonstration Project and Paving the Way for Green Development**

On June 28, 2023, CIMC Hongtu and CIMC Hydrogen Energy Center jointly conducted the EPC turnkey project for the hydrogen storage system of Huadian (Inner Mongolia) Hydrogen Energy Technology Co., Ltd.'s hydrogen production demonstration project in Damao Banner, Baotou City. The project consists of six 1,500m<sup>3</sup> hydrogen gas storage tanks and three 30m<sup>3</sup> liquid nitrogen storage tanks. At present, the delivery of the hydrogen gas storage tanks, instrument and electrical control system, and fire protection system has been completed.

This project is one of the first-batch large-scale green hydrogen production demonstration projects using renewable energy in Inner Mongolia Autonomous Region. It is a key project in Baotou City for strengthening ecological civilization construction and accelerating green, low-carbon, environmentally friendly, and high-quality development. By utilizing integrated technologies for new energy, hydrogen energy, and energy storage, the project promotes the large-scale development of wind and solar power-based hydrogen production, establishes a zero-carbon, efficient, low-cost, safe, and reliable green hydrogen supply system, and has a great significance for building a modern energy system.



Hydrogen Gas Storage Tanks of Huadian Green Hydrogen Demonstration Project

Case

**Promoting the Integration of Offshore Wind Power and Marine Ranching to Achieve Efficient Resource Utilization and Industrial Upgrading**

In July 2023, SOE successfully delivered the key equipment for China's first integrated project of "offshore wind power + marine ranching + hydrogen production from seawater", namely the world's first "integrated equipment of foundation jacket for wind turbines + net cage".

To adapt to the harsh offshore conditions in deep open seas, the equipment is designed to withstand typhoons of up to level 16, ensuring the safety and reliability of both wind power generation and deep open sea aquaculture. Meanwhile, the intelligent fishery aquaculture system features functions such as intelligent feeding, intelligent monitoring and surveillance, automatic net washing, and automatic fishing. This system solves the challenges of unmanned and unattended deep open sea aquaculture, achieving a deep integration between offshore wind power and marine ranching. The successful delivery of this project represents an important step for CIMC Enric in the three-dimensional integrated development of the marine economy. It contributes to energy conservation, environmental protection, and industrial upgrading, aligning with the national goals of "carbon peaking and carbon neutrality" and the strategy of becoming a marine power.



The World's First "Integrated Equipment of Foundation Jacket for Wind Turbines + Net Cage"

**Case**

**The First Low-Temperature Anhydrous Ammonia Transportation Truck in China, Leading the New Storage and Transportation Model of Green Ammonia and Hydrogen**

In 2023, Shijiazhuang Enric successfully developed and produced the first domestic low-temperature anhydrous ammonia transportation truck, which has been delivered in batches. An innovative storage and transportation system was adopted for the low-temperature anhydrous ammonia transportation truck, enabling the transition from medium pressure to low-temperature transportation of anhydrous ammonia. This promotes higher safety, transportation efficiency, environmental friendliness, and versatility in the transportation process of anhydrous ammonia, creating a new model for the storage and transportation of “green ammonia - green hydrogen”.

Ammonia, as an efficient hydrogen storage medium, has advantages such as high energy density, easy liquefaction for storage and transportation, high safety, and zero-carbon emissions. It is one of the important technological routes to achieve zero-carbon fuel. As the world’s largest producer and consumer of ammonia, China is actively promoting the linkage between hydrogen and ammonia. The R&D and delivery of CIMC Enric’s low-temperature anhydrous ammonia transportation truck provides a new direction and equipment security for China’s full-chain “ammonia-hydrogen” green carbon circular economy route of “clean and efficient ammonia synthesis, safe and low-cost ammonia storage and transportation, and carbon-free and efficient ammonia-hydrogen utilization”. It contributes to achieving China’s goals of “carbon peaking and carbon neutrality” and embodies the practice of a new concept of green development.



The Successful Launch of the First Domestic Low-Temperature Anhydrous Ammonia Transportation Truck and the Batch Delivery Site

**Putting into Place Low-carbon Operations and Rising to Challenges of Climate Change**

CIMC Enric has always adhered to the national green development strategy and is dedicated to practicing the low-carbon development path. We not only continuously improve our environmental management system to minimize the potential impact of our business operations on the environment, but also actively face the challenges of climate change.

The Company has been increasing investment to integrate innovation research and development with green and low-carbon operations, promoting technological transformation and research & development activities and ensuring compliance with national environmental standards with regards to all operations. We have implemented a series of environmental projects, such as green pickling processes, the construction of green liquefied gas storage and transportation facilities, and energy and power cost control. These measures have made us an industry leader in key indicators such as energy conservation and consumption reduction. In 2023, our total investment in environmental protection and emission reduction for operations reached RMB45.771 million. Our efforts have been widely recognized, and CIMC Enric has been awarded three national and two provincial “Green Plant” titles.

In 2023, our total investment in environmental protection and emission reduction for operations reached RMB

**45.771** million

**3**

national “Green Plant” titles.

**2**

provincial “Green Plant” titles.

Case

**CIMC Safe Tech was Awarded Jiangsu Leading Green Enterprise and Green Plant, Leading the Trend of Green Development**

CIMC Safe Tech has been recognized as “Jiangsu Leading Green Development Enterprise” and “Jiangsu Green Plant” consecutively in 2023 for its outstanding performance in the field of environmental protection. The company adopts low-VOC coatings and automated spraying technology, achieving ultra-low emissions in the production process, and reduces environmental pollution through whole-process hazardous waste management. Additionally, CIMC Safe Tech continuously pursues energy conservation, emission reduction, and green technology innovations, promoting clean production and digital transformation to achieve high-end, green, and intelligent development. CIMC Safe Tech considers “energy conservation, carbon reduction, and green development” as one of its important strategies and strives to become a “national-level green plant” by continuously optimizing the production environment and protecting the ecology.



序号	企业名称	行业类别
29	江苏永钢集团有限公司	钢铁
30	江苏沙钢集团有限公司	钢铁
31	江阴兴澄特种钢铁有限公司	钢铁
32	江苏紫金铜箔有限公司	钢铁
33	江苏国茂压铸股份有限公司	机械制造
34	艾欧史密斯（中国）环境电器有限公司	机械制造
35	博雷华鼎器（江苏）有限公司	机械制造
36	博雷汽车技术服务（中国）有限公司	机械制造
37	博雷商董工（江苏）有限公司	机械制造
38	江苏安泰宝鼎铝业工程科技股份有限公司	机械制造
39	常州旭阳光电照明有限公司	机械制造
40	苏州通润精密设备股份有限公司	机械制造
41	卡特彼勒（苏州）有限公司	机械制造
42	常州博瑞电力自动化设备有限公司	机械制造
43	常州中海海重工业有限公司	机械制造
44	博雷方力总成有限公司	机械制造
45	一汽解放汽车有限公司无锡柴油机厂	机械制造
46	海达机械（中国）有限公司	机械制造
47	江苏省机械集团股份有限公司	机械制造
48	北汽福田汽车股份有限公司	机械制造
49	江苏南瑞集团有限公司	机械制造
50	常州东芝变压器有限公司	机械制造
51	长安马自达汽车有限公司	机械制造
52	南京康峰科技有限公司	机械制造
53	爱斯祥（徐州）糖业股份有限公司	机械制造
54	重庆理邦汽车有限公司常州分公司	机械制造
55	约克（无锡）空调冷冻设备有限公司	机械制造
56	威格（江苏）电气设备有限公司	机械制造
57	中集安瑞环科技股份有限公司	机械制造

CIMC Safe Tech was Awarded “Jiangsu Leading Green Development Enterprise”

Case

**Shijiazhuang Enric and CIMC Enric Energy Systems Collaborate to Build a Green Zero-Carbon Plant**

In November 2023, Shijiazhuang Enric, CIMC Enric Energy Systems (Shanghai) Co., Ltd., and the Linglan Project Smart Energy Research Team of CIMC Enric held a signing ceremony in Shijiazhuang. The three parties plan to jointly create a green zero-carbon plant that meets the requirements of the digital era. The project will combine the energy supply system and overall energy consumption situation of Shijiazhuang Enric. Leveraging on the experience and advantages of the Energy Systems company in the field of comprehensive energy utilization and smart energy, the project aims to promote low-carbon, intelligent, and systematic energy use.



Signing Ceremony of Shijiazhuang Enric for Building a “Zero-carbon Plant”

This initiative marks a further step for Shijiazhuang Enric in achieving its goal of zero-carbon operation and production after obtaining the national-level “Green Plant” certificate. Additionally, the project will serve as a demonstration base for the application of new technologies, supporting CIMC Enric in expanding new scenarios and exploring new business models in the field of energy application.



## TOPIC 2

# INTELLIGENCE-DRIVEN INNOVATION AND A TECHNOLOGY-LED FUTURE

Intelligent manufacturing, as the core driving force for promoting the industrial transformation and upgrading, plays a crucial role for enterprises to achieve high-quality development. CIMC Enric attaches great importance to improving its own and the subsidiaries' intelligent production and is actively devoted to the technological research and development, to keep the leading position in the industry and promote the high-quality development of the enterprise.

### *Promoting Industrial Upgrading and Leading High-quality Development*

CIMC Enric is committed to promoting the development of new industrialization. The member enterprises and factories actively implement new systematic industrialization projects. In 2023, the Company invested a total of RMB444 million in the new industrialization field, promoting the transformation of the enterprise towards the goals of intelligence and circular economy. Through the development of innovative processes and equipment, construction or renovation of production lines, promotion and application of new technologies, research & development, and application of intelligent equipment, as well as the popularization of informatization management, CIMC Enric continuously pushes the pace of intelligent innovation.

The investment of subsidiaries in the new industrialization is listed below:

#### Case

#### M7 Green Flexible Lighthouse Project of Special Tank Container

CIMC Safe Tech actively responds to the national policy requirements of the “intelligent reconstruction and digital transformation” for the manufacturing industry and has launched the “M7 Green Flexible Lighthouse Project of Special Tank Container”. The project has designed and constructed an efficient, automated, and digital flexible production line, successfully achieving compatible production of various types of complex and diverse special tank container products.

The project includes the development of new production line equipment for special tanks, as well as research on automatic tracking and inspection technologies for tank panel welding. It has successfully delivered the industry's first powder spraying line for tank containers. What's more, the project has innovatively developed the first set of anti-wave plates and manhole flange TIG robot workstations, which have been put into production for trial use and mass production. Moreover, by utilizing the real-time tracking technology of the laser vision, the project has achieved real-time welding tracking of complex spatial curve trajectories, giving full play to the amplification, superposition, and multiplication effects of intelligent manufacturing and digital technology on the development of the traditional manufacturing industry. The M7 Green Flexible Lighthouse Project of Special Tank Container comprehensively enhances the Company's intelligent and digital design, production, and management, establishing a benchmark for green and intelligent transformation.



Anti-wave Plate TIG Automatic Welding Robot Workstation

Case

**Intelligent Manufacturing to Enhance Efficiency in LNG Pressure Vessel Cylinder Production**

CIMC Sanctum’s intelligent upgrade project for LNG pressure vessel cylinders is designed to construct an efficient, energy-saving, and fully automated intelligent demonstration factory through a series of innovative measures including the implementation of green manufacturing, automation, and informatization technology.



Effect Diagram of the Digital Workshop of CIMC Sanctum

The intelligent upgrade of the production line includes MES and other production management systems, informatization management systems, real-time monitoring systems, digital logistics

tracking and quality traceability, automated material conveying systems, industrial control networks, and LED large-screen display systems, which form a highly integrated intelligent, information technology-based, and digital automated production line. The upgraded production line significantly improves the production efficiency, achieving a production cycle of 3 minutes per product and a maximum hourly production capacity of 20 units, with a maximum annual production capacity of 48,000 units in a single shift.

CIMC Sanctum continues to deploy industrial Internet and combines visual technology and workshop management systems to achieve deep integration of industrialization and informatization technology, creating an industry-leading digital workshop. This initiative promotes the company’s intelligent manufacturing and digital transformation.

Case

**Promoting Green Intelligent Manufacturing and Building an Efficient Production Line of Spherical Tank Columns**

CIMC Hongtu invests in the construction of a brand-new self-designed production line for spherical tank columns. In terms of lean design, automated and intelligent processes are adopted to optimize the production flow and improve efficiency. In terms of logistics design, the principle of “simplicity” is followed, and the streamlined operation of the production line is realized using gantry workstation cranes and lifting transfer trolleys, eliminating the use of bridge cranes and forklifts, thereby reducing energy consumption and emissions. In terms of automation and intelligence, the cantilever structures and miniaturized welding heads are adopted combining with monitoring videos and custom tooling, to achieve automated welding of small-diameter and extra-long cylinder bodies, reducing work safety risks for employees.

Through innovation and application in these areas, CIMC Hongtu constantly promotes the continuous improvement of the product manufacturing process, maximizing value for customers and the society.



Gantry Workstation Cranes



Inner Ring Welding Equipment

# 01



## CORPORATE GOVERNANCE, INTEGRITY, AND COMPLIANCE

Sound corporate governance is the foundation for CIMC Enric' s sustainable development. We actively respond to Goal 16 of the United Nations SDGs by adopting the corporate governance system of CIMC Group, continuously refining governance structures, strengthening internal controls, and enhancing corporate transparency to ensure efficient and compliant operations.

Response to SDGs



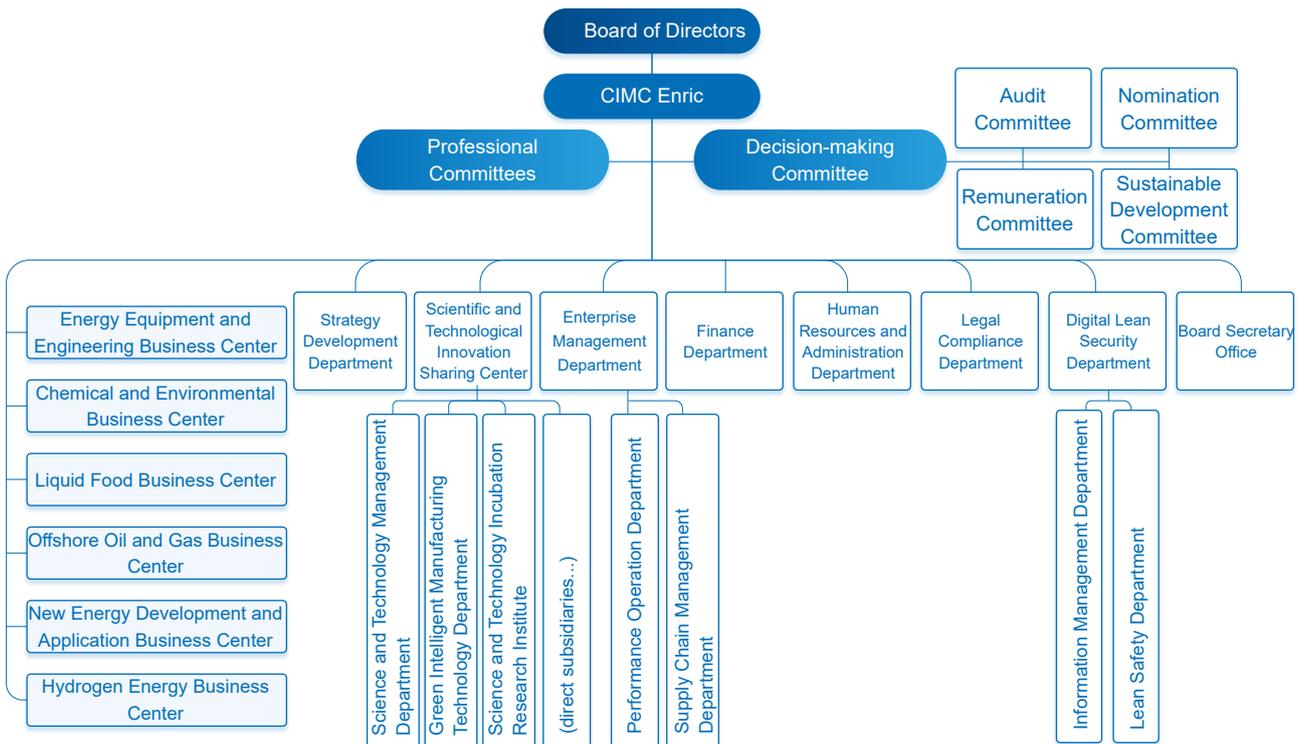


# Corporate Governance and ESG Governance

## CORPORATE GOVERNANCE

The Board of Directors of the Company comprises nine members, including four independent non-executive directors, one executive director (President), and four non-executive directors (including Mr. Gao Xiang, the Chairman). The members of the Board of Directors possess diverse professional and educational backgrounds, ensuring a balanced mix of skills, experience, and perspectives. This diversity contributes to effectively diversifying the organizational structure of corporate management, laying the foundation for the stable development of the enterprise. Furthermore, the Board of Directors includes one female member, accounting for 11.1% of the Board.

## Organizational structure



### Decision-making Committee

### Responsibilities

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 goals, monitoring the implementation of relevant actions, conducting reviews and ongoing improvements

## INDEPENDENCE OF DIRECTORS

The Board of Directors of the Company highly values the practice of excellent corporate governance and is committed to aligning with international best practices and maintaining consistency. The Company clearly distinguishes between the management of the Board of Directors and routine business management, which are respectively under the charge of the Chairman and the President, to ensure a balance of power and authority. The Chairman of the Board of Directors of the Company is a non-executive director responsible for overseeing the operation effectiveness of the Board, formulating strategies and policies for the Group, establishing business objectives and related plans, monitoring the performance of executive management, and establishing good corporate governance practices. The President is responsible for leading the executive management team in executing the strategies and plans set by the Board of Directors, as well as managing the day-to-day operations and business expansion of the Company. He regularly reports to the Board of Directors to ensure that its decisions are properly implemented.

**The Board of Directors of the Company has a robust mechanism for ensuring Board independence, and the mechanism can effectively facilitate the performance of its duties:**

- The Board of Directors of the Company has clear requirements regarding the number and independence of independent directors. The Board of Directors of the Company has only one executive director, with a total of eight non-executive directors including independent non-executive directors, accounting for 88.9% of the board membership. This proportion exceeds the average level of both all the Stock Exchange-listed and listed peer companies.
- The Board of Directors of the Company invites independent directors to serve as chairpersons or members of various committees of the Board. All members of the Audit Committee of the Company are independent non-executive directors. The Remuneration Committee of the Company is chaired by an independent non-executive director, and all members are composed of non-executive directors. The Nomination Committee of the Company is chaired by Mr. Gao Xiang, the Chairman of the Board of Directors and non-executive director, and most of its seats are occupied by independent non-executive directors. Independent non-executive directors provide independent opinions to the Board of Directors on matters involving strategy, policies, company performance, accountability, resources, major appointments, and ethical guidelines.
- The Company has established a policy titled *Procedures for Directors to Seek Independent Professional Advice*, which supports directors in seeking independent professional advice from other independent professionals and attending meetings when appropriate.
- According to the Company's *Remuneration Policy of Directors and Executive Management*<sup>3</sup>, all directors are prohibited from participating in decisions regarding their own remuneration or benefits, and they are required to abstain from deliberations on related matters. The Company generally does not provide independent non-executive directors with equity-based compensation containing performance-related elements (such as stock options or grants) to avoid potential bias in their decision-making and to preserve their objectivity and independence.
- The decisions regarding related party transactions with the Company's controlling shareholders are made by all independent non-executive directors. When potential conflicts of interest arise in Board decision-making, independent non-executive directors will take a leading and guiding role, overseeing the Company's adherence to established business goals and objectives, as well as its performance in relevant matters declared.
- The Company reports its business, significant project progress, and communication with the capital market to the Board of Directors on a monthly, quarterly, semi-annual, and annual basis. Clear guidelines have been established to support the Board in accessing company information.

The Nomination Committee of the Company conducts an annual assessment of the composition of the Board of Directors and provides recommendations to the Board. The Board of Directors of the Company believes that the current composition of its members adequately meets the requirements for independence. However, it will consider from time to time whether additional independent director positions should be added to further align with best practices.

<sup>3</sup> *Remuneration Policy of Directors and Executive Management*: [https://doc.irasia.com/listco/hk/enric/remuneration\\_policyc.pdf](https://doc.irasia.com/listco/hk/enric/remuneration_policyc.pdf)

## DIVERSITY OF DIRECTORS

The Company attaches great importance to the leadership role of women on the Board of directors. The inclusion of female representatives can enhance the decision-making of the Company from a comprehensive perspective. The Company's Board of Directors has formulated the *Board Diversity Policy*<sup>4</sup>, outlining the diversity guidelines for the Board of Directors and conducting annual reviews thereof.

During the Reporting Period, the Company's Board of Directors has set a goal on gender diversity of "no less than 20% women on Board by 2028 or earlier". This goal has been incorporated into the *Board Diversity Policy*, to ensure and promote the implementation of diversity strategies for Board members. The reasonable and achievable goal was established by the Board

of Directors after comprehensive consideration of factors such as the status quo of diversity ratio, the composition of the Board, the feasibility of director term rotations, the talent pool of female directors, and the characteristics of the industrial equipment manufacturing line of business. To this end, the Company will continue to pay close attention to promoting gender diversity among employees at all levels, including the executive team, and to identifying and introducing external, qualified female leaders as candidates for the Board of Directors.

As of the end of the Reporting Period, the executive management team of the Company consists of six members, including one females, representing 16.7% of the executive management team.

In addition, to ensure the Company better understands and responds to the constantly changing business environment, the Board of Directors of the Company is composed of members with diverse professional backgrounds, including law, accounting, management, and so on. The incumbent Chairman of the Audit Committee is Ms. Wong Lai, Sarah who has over 20 years of experience in corporate financing, capital markets, public offering, mergers and acquisitions, and placement projects. She began serving as an independent non-executive director at an energy company listed on the Stock Exchange in 2023. Mr. Yang Lei, a member of the Audit Committee, currently serves as the Deputy Dean and Researcher at the Energy Research Institute of Peking University. He also serves as the Chairman of the Coordination Committee of the International Gas Union and boasts extensive experience in the business industry.

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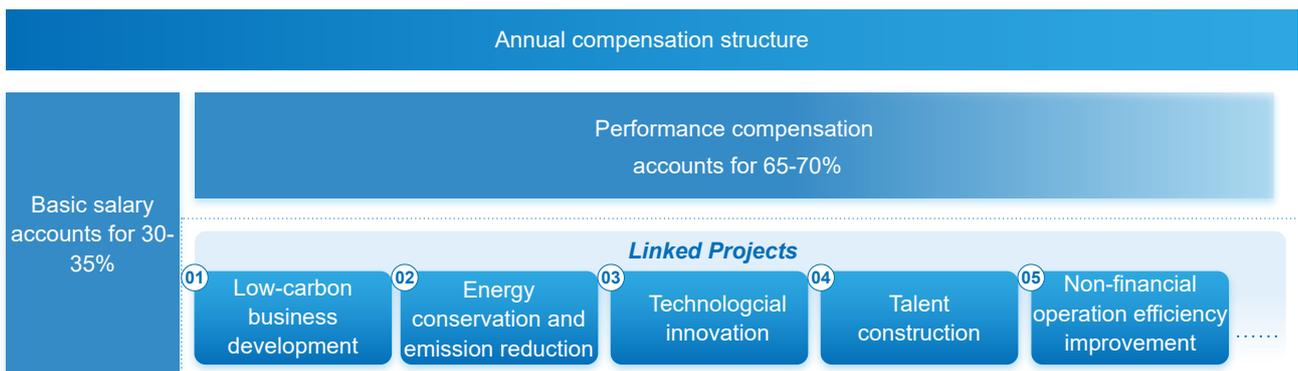
<sup>4</sup> *Board Diversity Policy*: <https://doc.irasia.com/listco/hk/enric/boarddiversitypollicyc.pdf>



## ESG-LINKED REMUNERATION OF DIRECTORS AND EXECUTIVE MANAGEMENT AND CLAWBACK MECHANISM

The Company has formulated the *Remuneration Policy of Directors and Executive Management* and conducts regular reviews annually. Additionally, to ensure the effective execution of the Company’s sustainable development strategy and ESG goals and strategies, the performance-based compensation of executive directors and executive management has been closely tied to key ESG issues. The main linked issues include addressing climate change, developing low-carbon businesses, establishing a hydrogen energy industry chain, implementing green methanol business projects, energy conservation and emission reduction in the Company’s operations, innovation in clean technology, and/or improving non-financial operation efficiency. Issues highly prioritized by the Company, such as health and safety, anti-corruption, and operation compliance, are non-negotiable bottom lines, subject to penalty point deductions or veto power. In the event of major incidents, penalties such as the deduction of related performance-based compensation and additional administrative and/or economic responsibilities will be imposed based on the severity and impact of the event. Therefore, ESG issues have become an important part of influencing the compensation assessment results of executive management in the annual assessment conducted by the Company. Due to the different roles and responsibilities undertaken by relevant individuals, the degree of linkage between their compensation assessment indicators and ESG-related issues may vary.

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



(The compensation of above items has included the Company’s achievements and performance in environmental aspects, and is closely related)

We have policies on long-term incentives and clawback provisions in respect of remunerations:

### Long-term incentives

The Company’s Board of Directors has established a long-term Stock Option Incentive plan for employees, aiming to reward outstanding performance and bind key employees with the Company’s long-term development. Once adopted, the typical validity period of the relevant plan is ten years. For selected eligible participants, the long-term incentives are usually vested over a three years. The vesting conditions include the requirement for their annual performance indicator assessment results to meet predetermined criteria and be approved by the Company’s Board of Directors. For more information on the Company’s current stock and option incentive plans, please refer to the Corporate Governance Report and Board of Directors’ Report in the Company’s 2023 annual report.

### Clawback provisions

The clawback 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, fine of bonuses paid and/or additional financial compensation, etc. The performance of the executive directors and executive management will be reviewed and appraised annually or upon significant changes to ensure the compliance awareness and ability of the executive directors and executive 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 in the Company’s 2023 Annual Report.

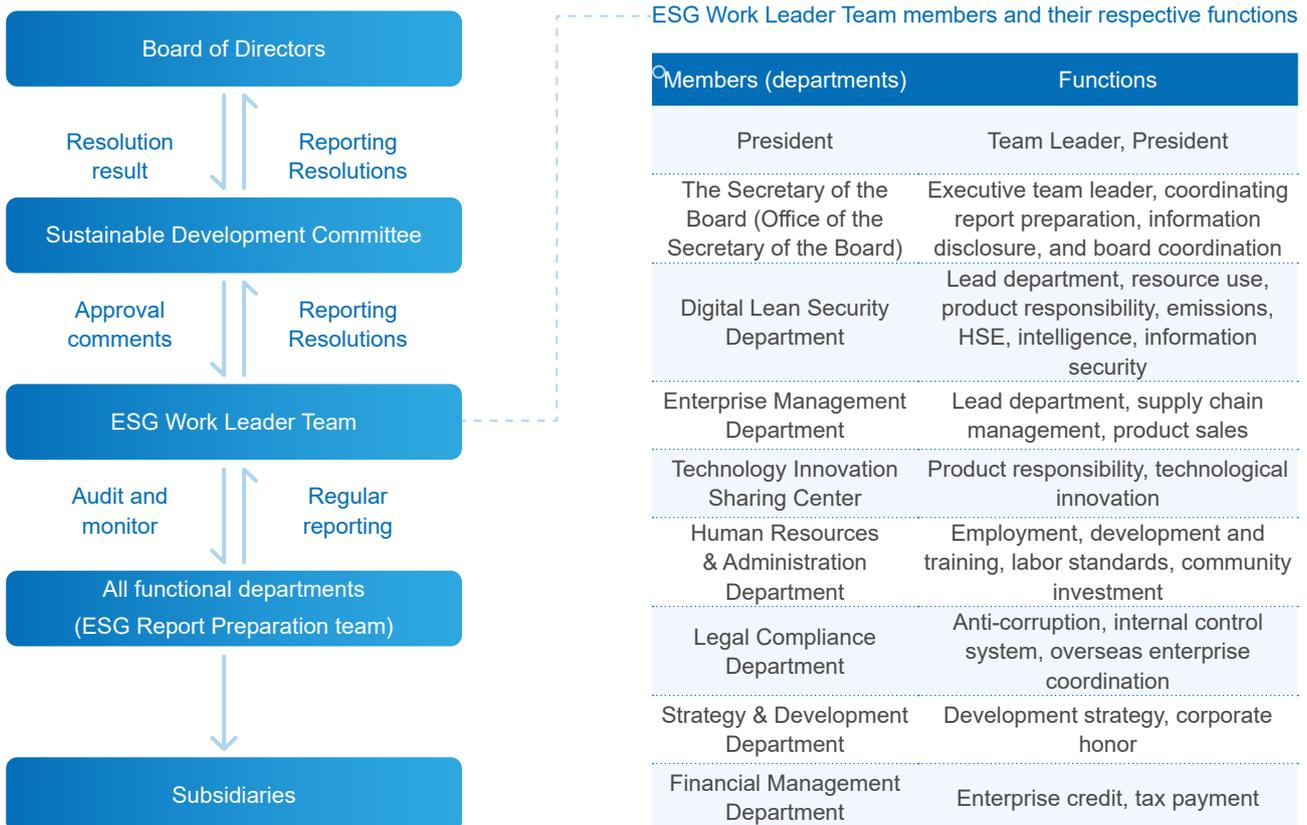
## ESG GOVERNANCE

The Board of Directors of the Company deeply recognizes that ESG governance is a key element in advancing corporate sustainable development. Excellent ESG governance helps the Company focus on its vision and mission of sustainability. Therefore, the Company's ESG governance framework places the Board of Directors as the highest governing body. To ensure the implementation of sustainable development strategies and integrate ESG issues into the Company's daily management, the Board of Directors of the Company established the Sustainable Development Committee in 2020, with the Chairman of the Board serving as the chairperson and the President being one of its members. The Sustainable Development Committee is responsible for overseeing, managing, and guiding the Company's ESG-related matters. This includes planning of the Company's ESG development blueprint and goals, supervising implementation progress, conducting regular evaluations, and formulating continuous improvement measures.

The Audit Committee, Remuneration Committee, and Nomination Committee, among other Board committees, collaborate with the Sustainable Development Committee within their respective areas of expertise. They collectively focus on and review sustainable development issues, including but not limited to integrating ESG risk identification into the internal control and risk management systems, as well as assessing the independence and compensation concerning Company's governance structure. Each committee also provides optimization suggestions to the Board of Directors to continuously enhance corporate governance.

Given that climate change has become one of the most pressing challenges facing the world today, the Board of Directors attaches great importance to it. In November 2023, the Board of Directors further revised the authority of the Sustainable Development Committee to expand its responsibilities to include addressing emerging risks. During the Reporting Period, a TCFD task force was established, dedicated to integrating climate change response strategies comprehensively into the Company's strategic planning and daily operations. Climate change has been identified as a focal point of ESG work in the next two years.

Meanwhile, the Company has established an ESG Work Leader Team at the management level and ESG Reporting Task Forces at the execution level of each subsidiary, forming a "three-tier ESG governance system." This structure facilitates the comprehensive implementation of ESG governance strategies centered around "climate friendliness, technological advancement, intelligent manufacturing, product innovation, people-oriented, and win-win cooperation" from top to bottom.



ESG Structure

ESG Duties



Board of Directors

- 1 Be fully responsible for the Company's ESG work.
- 2 Issue the statement of the Board of Directors and approve the ESG report.
- 3 Propose ESG strategy and target resolutions.
- 4 Review the Sustainable Development Committee's recommendations on enhancing ESG risk performance, ESG risk identification, measures, policies, etc.
- 5 Review the Company's disclosures related to sustainable development, including TCFD climate reports.
- 6 Encourage and support collaboration between the Sustainable Development Committee and other standing committees.



Sustainable Development Committee

- 1 Exercising ESG duties on behalf of the Board of Directors.
- 2 Organize the professional committees (Operations Management Committee, Strategy and M&A Development Committee, HSE Committee, Technology Innovation Committee, Core Talent Management Committee) to be responsible for setting, executing, reviewing, and continuously improving work objectives and plans related to the important ESG issues of the Company.
- 3 Review major ESG issues, monitor the implementation and review the progress of goals.
- 4 Review the ESG report and make disclosure recommendations.
- 5 Oversee and review climate risk trends and matters.
- 6 Develop and review climate risk objectives, strategies, risks, measures, policies, material issues, management guidelines, routines, and budgets for study.
- 7 Oversee and review climate risk objectives, company performance, and the effectiveness of action plans.
- 8 Review the climate change risk inventory and organize the development of measures to address climate change risks.
- 9 Review the TCFD report and provide disclosure recommendations.



ESG Work Leader Team

- 1 Formulate ESG policies and objectives, and objectives and allocate resources.;
- 2 Negotiate on major ESG issues.
- 3 Approve the ESG report internally.
- 4 Organize and check the achievement of policies and objectives.
- 5 Organize the implementation of ESG management and the development of ESG-related policies.



All functional departments

- 1 Each is responsible for executing their respective ESG issue work plan and reporting progress to the working group.
- 2 Engage in regular communication with stakeholders relevant to their own departments.
- 3 Drive the implementation of ESG tasks and daily management in respective areas of each subsidiary.
- 4 Regularly supervise the progress of ESG work, policies and goals, and put forward suggestions for improvement.
- 5 Organize the preparation and disclosure of the ESG report, as well as external exchanges and training activities.



Subsidiaries

- 1 Implement routine measures for ESG risk and ESG management and carry out ESG improvement work in the company.
- 2 Regularly report on ESG management improvement and performance progress and provide ESG data and case studies as required.

In 2023, the Board of Directors of the Company actively fulfilled its responsibilities, deeply engaging in the Company's ESG initiatives to ensure effective oversight of ESG issues. The Board of Directors integrated international best practices with the Company's specific circumstances, revised the *Whistleblowing Policy of CIMC Enric*<sup>5</sup> and formulated the *Code of Integrity and Compliance of CIMC Enric* to enhance the Company's internal supervision and compliance standards. Furthermore, to enhance understanding of climate change issues, members of the Board of Directors actively participated in specialized training on climate change response, delving into the requirements for climate-related disclosure under the new regulations of the Hong Kong Stock Exchange.

The Sustainable Development Committee convenes regular meetings at least once a year, during which it presents the Company's ESG-related work plans and recommendations to the Board of Directors. In 2023, the Board of Directors participated in two special ESG meetings hosted by the Sustainable Development Committee. The inaugural meeting was held in March 2023, during which the Board of Directors reviewed the Company's 2022 ESG report, the determination of material issues, the setting of ESG-related goals and formulated the ESG work plan for 2023. At the second meeting held in November 2023, the Board of Directors further revised the authority of the Sustainable Development Committee, expanding its responsibilities to cover the response to emerging risks. Additionally, the Board reviewed the progress of the Company's Science-Based Targets initiative and assessed the implementation status of climate change projects. Based on the assessment results, the Board planned future action plans to ensure the Company's sustained progress in addressing climate change.

<sup>5</sup> *Whistleblowing System of CIMC Enric*: <https://doc.irasia.com/listco/hk/enric/whistleblowingpolicy.pdf>





## Business Ethics and Anti-corruption

CIMC Enric is committed to maintaining a favorable business environment. We strictly adhere to the *Criminal Law of the People's Republic of China*, the *Prevention of Bribery Ordinance* in the Hong Kong Special Administrative Region of China, and the *Competition Ordinance* in the Hong Kong Special Administrative Region of China. Furthermore, given our global operations, the Company also complies with the laws and regulations of other countries and regions, including but not limited to 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* and other relevant anti-corruption conventions.

As one of the key components of CIMC Group, the Company strictly adheres to CIMC Group's anti-corruption regulations, such as the Company's *Regulations on Integrity of Cadres and Personnel in Sensitive Positions of CIMC Group*. We have revised the *Anti-Corruption and Anti-Fraud Regulations of CIMC Enric Holdings Limited*<sup>6</sup> and the *Whistleblowing Policy of CIMC Enric* and formulated and released the *Code of Integrity and Compliance of CIMC Enric* and the *Operating Mechanism of the Core Cadre Management Committee of CIMC Enric Holdings Limited*. These policies stipulate requirements for integrity, honesty, and operation compliance with the law for individuals involved in CIMC Enric's operations and business partners (such as consultants, suppliers, etc.). The Company's subsidiaries have similarly established relevant systems addressing anti-corruption and anti-bribery measures, such as the *Management System of Honesty and Self-Discipline of Employees* and the *Anti-Fraud Management System*, to eliminate acts of business bribery and cultivate a work environment of integrity.

CIMC Enric establishes a long-term anti-corruption mechanism through practical actions to ensure the integrity and trustworthiness of the business operating environment. The Company has established an efficient anti-corruption governance framework, which comprehensively controls business ethics risks through departmental collaboration. It ensures that each subsidiary establishes a multi-level corporate governance framework for business ethics, clarifies departmental responsibilities, and thereby forms a long-term anti-corruption mechanism.

### Board of Directors

1. Assume the core leadership role, responsible for overseeing the overall operations of the Company, and ultimately accountable for the Company's business ethics and anti-corruption matters.
2. Meetings are convened twice a year, as well as in the event of significant incidents, to receive reports on internal control and internal audit matters and accordingly provide directives, ensuring the establishment of a transparent, open, honest, and fair corporate image for the Company.

### Audit Committee

1. Regularly review the Company's business ethics and anti-corruption policies, evaluating their effectiveness and applicability.
2. Responsible for updating and optimizing the internal reporting process to ensure that all reports are handled in an independent and fair manner.
3. Regularly report to the Board of Directors to ensure that the Board maintains a sufficient understanding and oversight of the Company's business ethics and anti-corruption matters.

### Legal Compliance Department

1. At least once every three years, conduct an internal control audit in accordance with the *Anti-Corruption and Anti-Fraud Policy of CIMC Enric Holdings Limited*, covering all operational sites of the Company, to ensure that the Company's operations and management activities comply with laws, regulations, and Company policies.
2. Carry out an annual anti-corruption special audit covering all operational sites of the Company, with immediate action taken in the event of significant business ethics incidents.
3. When the Company receives reports of misconduct such as corruption, fraud, or misconduct, investigations are conducted according to predetermined procedures.
4. Based on the investigation findings, necessary measures are taken, including holding relevant individuals accountable, to safeguard the Company's legal rights and interests.
5. A semi-annual report is provided to the Audit Committee, covering significant incidents of corruption, fraud, or misconduct that have been verified to be true and have a major impact on the Company.

<sup>6</sup> *Anti-Corruption and Anti-Fraud Policy of CIMC Enric Holdings Limited*: <https://doc.irasia.com/listco/hk/enric/anticorruptionandfraudpolicyc.pdf>

During the Reporting Period, all the employees of CIMC Enric and its subsidiaries (including part-time and contract workers) have signed the Commitment Letter for Compliance with the Code of Conduct for Employees, while management and employees in sensitive positions have signed the *Declaration on Compliance with Company Integrity Policies*.

In terms of advocating fair competition, the Company strictly adheres to relevant laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China*. To enhance the Company's market competitiveness, we continuously increase investment in research and development as well as intelligent production lines, committed to innovation and technological upgrading. Moreover, we actively engage with guilds, proactively participate in the establishment of industry standards, and undertake the responsibility of establishing industry norms and enhancing industry technologies. In 2023, CIMC Enric continued to operate in compliance with regulations, with no violations of laws or regulations and no penalties imposed. We will continue to make efforts to ensure that the Company's business operations comply with relevant requirements, while also promoting the entire industry to advance to cutting-edge technologies and a healthier competitive environment.

## WHISTLEBLOWING MANAGEMENT AND WHISTLEBLOWER PROTECTION

CIMC Enric has established a comprehensive whistleblowing system, strictly observing the *Internal Whistleblowing System of CIMC Enric Holdings Limited*, and clearly outlining whistleblowing channels, investigation procedures, and whistleblower protection measures, among other relevant content.

We continue to enhance the complaint reporting channels established on the Company intranet, official website, and official social media accounts, including reporting hotline, email address, and mailing address, to ensure that anyone can report internal or external violations or misconduct, including but not limited to disclosure of trade secrets, corruption, abuse of power, etc., through face-to-face communication, letters, emails, phone calls, or anonymously reporting through proxies. The Company also encourages employees or relevant parties to report using their real names.

### Reporting channels

 Telephone: 0755-26802222

 Email: 5198@enicgroup.com

 Mailing Address: 3rd Floor, R&D Center, CIMC Group, No. 2 Gangwan Avenue, Shekou Industrial Park, Nanshan District, Shenzhen, Guangdong Province, China.

Meanwhile, we require over 200 key personnel in sales and procurement positions within the Company to include the reporting hotline, email address, and the email address of the general manager in their email signatures, aiming to encourage broad oversight from various stakeholders.

We prioritize the protection of whistleblowers' information and personal safety. We strictly maintain the confidentiality of whistleblowers' information and, in accordance with the *Internal Reporting System of CIMC Enric Holdings Limited*, establish genuine, effective, and direct communication with whistleblowers to prevent multiple individuals from being informed of the communication details. This fosters a positive whistleblowing atmosphere and encourages more individuals to come forward and report wrongdoing confidently.

For overseas member enterprises, we engaged local law firms in 2023 to provide professional information and set up software tools (EQS Integrityline), to deliver process support and training to comply with the *Whistleblower Protection Act* enacted by Germany. This system is set to be launched in 2024, ensuring compliance with whistleblower protection standards in operational areas such as the Netherlands, Belgium, and Denmark.

## BUSINESS ETHICS AUDIT AND RISK MANAGEMENT

To effectively manage and control the risk of corruption, the Legal Compliance Department of the Company comprehensively analyzes internal and external whistleblowing cases. Based on risk alerts provided by CIMC Group, various audit methods including financial responsibility auditing and special auditing are enhanced. The focus is on identifying and investigating risk points related to corruption, ensuring that audit work covers the entire scope of the Company operations.

During the process of a business ethics audit, for the issues and deficiencies identified, we require the relevant responsible departments or units to take practical and effective corrective measures. This ensures that the measures are effectively implemented, and progress towards corrective goals is regularly tracked, ultimately achieving complete closed-loop management of risk points. In 2023, the Legal Compliance Department of the Company conducted 7 audit projects and issued 3 audit reports to subsidiaries. In total, 76 audit deficiencies were identified, with an annual deficiency rectification rate reaching 80%.

In addition, subsidiaries of the Company have also been actively promoting relevant audit work to facilitate the standardization of internal management within the enterprise. For example, CIMC Safe Tech conducted financial responsibility audits, focusing on supervising process compliance, individual expense reimbursement, and ethical conduct. Meanwhile, Nantong Transport carried out special audits on contract management, reviewed anti-bribery clauses in procurement contracts, and implemented process supervision and post-event supervision for key risk business transactions in sales and procurement in its routine internal control audit work.

During the Reporting Period, the Company did not experience any corruption litigation cases.

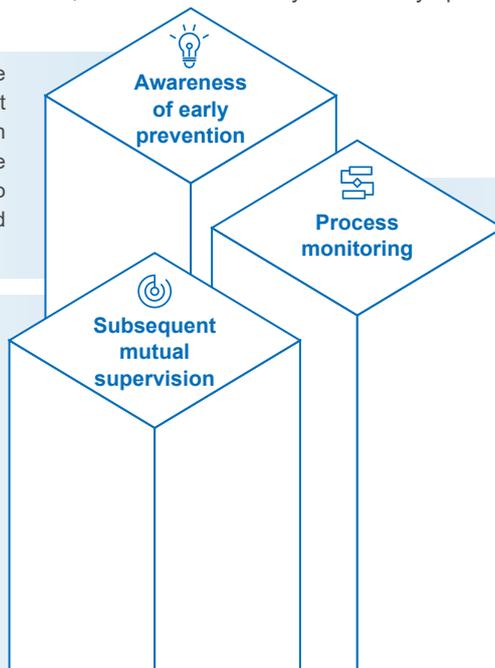
## SUPPLIER INTEGRITY MANAGEMENT

To foster an ethical business environment and maintain sound business partnerships, CIMC Enric has established relevant systems requiring all suppliers in both production and non-production procurement fields to sign the *Sunshine Cooperation Commitment Letter* during the first quarter of each year. During the Reporting Period, both existing and new suppliers meeting the criteria have signed the *Sunshine Cooperation Commitment Letter*.

Meanwhile, the Company conducts on-site or form-based reviews for each supplier before they are admitted into the supplier system. During the admission review process, suppliers are required to commit to effectively implementing the policies of CIMC Enric Holdings Limited related to business ethics and continue to follow these policies. This year, we have continued to strengthen the Company's compliance management with suppliers regarding honesty. For example, we require CLPT to ensure that all existing and new qualified suppliers and subcontractors in the system, and all bidding units for procurement/subcontracting tendering projects or negotiation tendering are required to sign an *Anti-Corruption and Confidentiality Compliance Commitment Letter*. This commitment letter obliges them to comply with relevant anti-corruption laws and regulations in the countries, regions, or internationally where they conduct business operations, engage in legitimate business dealings, and undertake not to provide any form of benefits to the Company's employees and their associated persons or engage in any form of corrupt behavior to seek improper business benefits. This measure aims to prevent the risk of fraud and corruption and create a healthy and clean business environment.

Additionally, CIMC Enric and its subsidiaries participate in the development of a digital risk control platform to establish risk management models for supplier risk management and tendering among others. This initiative includes conducting potential conflict of interest checks between suppliers, or between suppliers and the employees, identifying associated supplier risks and risks during procurement tendering processes, to ensure the security and healthy operation of the supply chain.

- 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.
- 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.



- 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.

## BUILDING A CULTURE OF INTEGRITY

To deepen the Company's internal culture of integrity, we employ diverse educational training methods, including face-to-face training, online courses, and specialized seminars, to provide anti-corruption and integrity education to both employees and suppliers.

We require all employees to participate in business ethics policy training and sign the *Commitment Letter for Compliance with the Code of Conduct for Employees*; directors, management, and personnel in sensitive positions are required to sign the *Commitment Letter and Reporting Form* annually; personnel responsible for bidding and procurement are required to study and sign the *Declaration on Integrity in Work*. New employees are required to undergo training on the Company rules and regulations as well as the code of conduct on their first day of employment. Upon completion of the training, they are required to sign an *Individual Commitment Letter*, pledging to strictly adhere to the Company's policies and to regularly follow up on updates to these policies.

As a member of the China Enterprise Anti-Fraud Alliance, we strictly adhere to the *Convention of the China Enterprise Anti-Fraud Alliance* and actively participate in the alliance's professional forums on anti-bribery compliance. We draw lessons from the experience and practice regarding building anti-corruption and anti-bribery systems. While ensuring

uninterrupted production and operation, we regularly dispatch key personnel to attend anti-corruption training both within and outside the alliance. They then disseminate the knowledge acquired to other employees.

To ensure timely dissemination of information and promote a culture of integrity, we regularly share the latest anti-corruption requirements from the government and anti-corruption news from CIMC Group on the Company's official WeChat account and website. Additionally, we provide continuous education and reminders to employees through internal communications and bulletin boards to enhance awareness of anti-corruption efforts across the entire staff.

**The Company's 2023 anti-corruption indicators are shown in the table below:**

Indicator	2023
Total number of lawsuits related to corruption brought against the Company or its employees	0
Handling rate of valid reports	100%
Number of anti-corruption trainings for employees	33
Number of people attending anti-corruption trainings	4,033
Employee training coverage	40%
Number of anti-corruption trainings for the Board	1
Number of directors attending anti-corruption trainings	9
Board anti-corruption training coverage	100%
Number of audits conducted	4
Number of audit findings to be enhanced	86

### Case

#### Strengthening Integrity and Discipline and Building Risk Prevention Culture

In July 2023, CIMC Safe Tech held an online promotion activity for the *Management System of Honesty and Self-discipline of Employees of the Group and the Company*. The event included the signing of the *Declaration on Integrity in Work* by management cadres and sensitive personnel, with a total of 546 declarations confirmed.

To ensure the effective implementation of risk control measures, CIMC Safe Tech conducts quarterly promotions and training sessions based on the company's risk control situation and key risk points. These activities are conducted through email notifications or special video conferences. During the Reporting Period, three such events were organized with the engagement of 159 individuals. Additionally, CIMC Safe Tech strengthens internal control and integrity training for business operations and new employees, covering a total of 30 employees during the Reporting Period.

# 02



## GREEN MANUFACTURING AND INNOVATIVE DEVELOPMENT

In active response to Goals 9, 12 and 17 of the United Nations SDGs, CIMC Enric integrates internal resources and technologies, stays true to market trends, and focuses on the research and development of green products such as clean energy equipment and chemical and environmental equipment, promoting the harmony of business growth and environmental protection. We establish and maintain long-term partnerships with our clients, and continuously improve the information security management system as well to ensure the security and privacy of client information. We are also committed to creating a stable and sustainable supply chain to promote harmony and win-win benefits for both parties.

Response to SDGs





## Expanding Green Opportunities

As a forerunner in green development, CIMC Enric deeply recognizes the core role of green products in the environmental protection and promotion of sustainable development. We focus on the innovation and optimization of the R&D of clean energy equipment and chemical and environmental equipment, committed to reducing energy consumption and environmental pollution, to achieving higher efficiency and a lighter environmental footprint. At every stage of the product lifecycle, from conceptual design to production and manufacturing, from end use to waste recycling, we uphold the concept of green design to ensure that our products reach the industry's leading levels in terms of environmental impact reduction. We hope that CIMC Enric's green products can not only provide clients with efficient and environmentally friendly solutions but also promote and apply green technologies to help society move towards a greener and more sustainable future.

To gradually increase the proportion of green products and environmental protection industry in the business, the Company combines technological innovation and environmental protection through strategic upgrading, innovative upgrading, and organizational restructuring. The Company has established a technological innovation center at the headquarters, responsible for the R&D and management of green products and technologies, formulating protection strategies for green product-related intellectual property rights and tracking their implementation, and reviewing the development of green products and the environmental protection industry. In addition, we also require our subordinate member enterprises to establish relevant governance structures, clarify the responsibilities of personnel in all departments and positions, and actively promote the concept of green and sustainable development in multiple aspects such as product design, production process, and management system.

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 <sup>3</sup> – Nantong Energy 8 m <sup>3</sup> – CIMC Hongtu 5 m <sup>3</sup> – CIMC Hongtu 15 m <sup>3</sup> – CIMC Hongtu CIM Sanctum

S/N	Products	Specification
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
12	Gas filling	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	Number of authorized patents	– Hydrogen
25	Hydrogen other	/
26	Percentage of invention patents (%)	Plans to start 50,000 tons of annual production capacity in 2025



## Strengthening Innovation Drive

CIMC Enric is aware of the crucial importance of innovation to corporate development. Therefore, it regards product innovation as the core driving force for its growth and has established an innovation mechanism oriented to value growth driven by innovation. The Company has formulated the *Measures for Managing "Golden Seed" Technological Innovation Projects of CIMC Enric Holding Co., Ltd.*, and continuously increased the investment in R&D and innovation to better meet customer needs and lay a solid foundation for future competitiveness. To support the development of innovative products and services, CIMC Enric has established 19 R&D centers worldwide, including 9 overseas institutions, to support technological innovation across geographical boundaries.

To ensure that the Company can continue to invest in R&D and create a sound environment for intellectual property protection, the Science and Technology Management Department of the Company is responsible for conducting intellectual property risk analysis and risk prevention for specific products and key parts and components of CIMC Enric and its subordinate enterprises, intending to preventing potential infringement upon third-party intellectual property rights.

The Company strictly abides by laws and regulations such as the *Trademark Law of the People's Republic of China*, *Patent Law of the People's Republic of China*, and *Copyright Law of the People's Republic of China*, and implements internal rules and regulations such as the *Regulations of CIMC Group on Patent Management*. We are committed to formalizing and normalizing the workflow of intellectual property management, have established a sound independent intellectual property protection system, and conduct reasonable patent searches, ensuring effective protection of intellectual property. The Company implements a strict review process for internal R&D achievements, applies for patents promptly, and safeguards intellectual property rights from infringement. We adhere to the principle of respecting and protecting intellectual property rights, implement management and protection of patents, and actively carry out intellectual property rights protection work to safeguard the legitimate rights and interests of the Company and make a positive response to promoting the sound development of market intellectual property rights protection.

As of the end of the Reporting Period, we have made significant innovation achievements in the entire industry chain of natural gas liquefaction, storage, transportation, refueling, marine/vehicle natural gas fuel systems, as well as in the fields of hydrogen energy, chemical industry, food equipment, etc. The Company has independently applied for over 1,500 domestic and foreign patents, including 114 invention patent applications in 2023, with a total of over 850 invention patent applications. The Company has obtained more than 1,400 authorized patents, including over 200 invention patents and 25 overseas authorized patents. Furthermore, the Company has won 4 Chinese Patent Excellence Awards.

In addition, the Company has conducted patent-related layouts in global major markets for core products including liquid hydrogen storage and transportation equipment, LNG low-temperature storage tanks, large-scale engineering storage tanks, CNG hydraulic substations, CNG ships, tank containers, food equipment, etc., and has completed 26 PCT international patent applications and 44 national-phase applications. We obtained 25 patent authorizations in multiple countries and regions including the United States, Germany, Australia, Japan, South Africa, and Brazil.

**To ensure the sustainability and intensity of innovation activities, we have increased our investment in R&D year by year, with the statistics listed below:**

Indicator	2019	2020	2021	2022	2023
R&D personnel	1,064	1,075	1,143	1,247	1,355
Proportion of R&D personnel to all employees (%)	11.68%	12.39%	12.20%	12.95%	13.37% <sup>7</sup>
R&D investment (RMB1,000)	310,595	359,085	524,570	562,498	690,400

**The table below provides our numbers of invention patents and patent applications:**

Indicator	2019	2020	2021	2022	2023
Number of invention patents	90	82	85	66	114
Number of authorized patents	89	110	143	159	128
Total number of patent applications	143	134	123	124	189
Percentage of invention patents (%)	62.90%	61.20%	69.10%	53.23%	60.32%

<sup>7</sup> R&D personnel as a percentage of all employees who is in the Enric's subsidiaries in Chinese Mainland.



## Pursuing Excellent Quality

CIMC Enric is committed to providing comprehensive solutions for transportation, storage, and processing in industries such as clean energy, chemical and environmental, and liquid food. We firmly believe that, by unremittingly pursuing excellent quality, we can create greater value for enterprises and contribute to the sustainable development of society. Therefore, we always adhere to international advanced quality management standards, and continuously optimize the quality management system to improve product quality. We have also implemented a strict product recall system to ensure that we can quickly and effectively respond to quality issues, thereby safeguarding the safety and rights of clients. In addition, we actively participate in the formulation and improvement of industry standards, promoting the high-quality development of the entire industry.

### QUALITY MANAGEMENT SYSTEM

CIMC Enric has always insisted on the principle of quality first and ensures that its products and services comply with international standards through ISO 9001 Quality Management System Certificate. By the end of 2023, 14 of the Company's member enterprises have obtained ISO 9001 Quality Management System Certificates, accounting for more than 61% of the total number of its member enterprises. Meanwhile, each member enterprise has established corresponding quality management systems based on product characteristics, business needs, and regulations of sales regions to meet the needs of various markets and continuously ensure the effectiveness of certificate.

#### Some certificates obtained by the member enterprises of the Company

- Special Equipment Production Licenses A1, A2, A3, D, SAD, B1, B2, B3, B4, C2, C3, GC1, GC2
- ISO 9001 Quality Management System Certificate
- IATF 16949 Autoamotive Quality Management System Certificate
- Quality Management System Certificate of China Classification Society
- American Society of Mechanical Engineers (ASME) Certificate
- Norway's Det Norske Veritas (DNV) GL Factory Certificate
- British's Lloyd's Register of Shipping (LR) Factory Certificate
- French's Bureau Veritas (BV) Factory Certificate
- Japan's Nippon Kaiji Kyokai (NK) Factory Certificate
- US DOT SP21090: Tank Re-inspection of DOT by UE Method
- ISO 13485: 2016 Medical Device Quality Management System Certificate

To ensure the product quality and the effectiveness of our management system, we have developed and implemented a series of quality management systems, including the *Inspection and Testing Quality Control Procedures*, *Management Review Procedures*, *Material Control Procedures*, *Nonconforming Product Control Procedures*, and *Corrective and Preventive Action Management Procedures*. To further strengthen the execution of quality management, we have implemented the *Product Quality Reward and Punishment Measures* to reward member enterprises with outstanding quality management performance and make rectifications in case any nonconforming products are detected. In addition, the Company's Lean Management Department and the HSE Department conduct an internal audit of the quality management system at least once a year to ensure that all operating areas meet certification requirements and maintain the effectiveness of the system.

We ensure standard compliance through product type test, enhancing design validation and improving user satisfaction. To ensure product quality, the Company strictly implements process inspection and process monitoring to increase the qualification rate of product quality. The pressure vessel products, which are products subject to national mandatory supervision and inspection, must be 100% qualified to obtain the supervision and inspection certificate. To improve the efficiency and effectiveness of product quality management, we have purchased product quality insurance and product liability insurance, enhancing the Company's ability to resist risks, avoiding major crises, and achieve stable operations.

In terms of equipment engineering quality management, we have formulated the *Project Planning and Management Regulation*, *Project Design Control Management Regulation*, and *Management Regulation of Quality Inspection and Finished Products Quality Assessment for Engineering Project* to ensure the quality of engineering design. Meanwhile, we have established the *Project Management Procedures* and the *Construction Process Management Regulation* to strictly enforce control over construction quality.

We also actively provide product quality and safety training to all employees, covering a variety of aspects such as product quality management knowledge, safety production laws and regulations, and safety points for operating procedures. Under various forms such as explanation by professional lecturers, case analysis, and field operation drills, we ensure that employees can deeply understand and master the importance of improving product quality and guaranteeing work safety through the combination of theory and practice.

## PRODUCT RECALL MANAGEMENT

To ensure product quality and protect public safety, the Company has developed and implemented a series of strict management systems. We have established a *Non-conforming Products Control Procedure* to ensure that non-conforming products are controlled within the Company and minimize the chance of non-conforming products flowing into the hands of customers. Meanwhile, in accordance with the *Special Equipment Safety Law of the People's Republic of China* and other relevant laws and regulations, the Company has established a *Product Recall System* to strictly monitor and manage potentially defective products.

The Product Recall System clearly defines the responsibilities of each department in the product recall process, the triggering conditions for recall, and specific operating procedures. Once defects are detected in the design, production, or instructions of the products, accessories, and other related products produced and sold by the Company that may threaten human health and life safety, the Company will promptly initiate the recall process. The recall process includes holding a recall group meeting regularly, preparing a recall plan, issuing a recall notice, stopping sales of related products, conducting an in-depth analysis of causes, developing solutions, and proper disposal of recalled products.

Relying on these quality control and product recall management measures, we have firmly fulfilled our commitment to product quality and public safety, ensuring high-standard quality of products and safeguarding the personal and property safety of users and the public.

Indicator	2023
Percentage (%) of products subject to recall due to environmental, safety, and health issues	0
Number of product safety accidents(unit)	0
Losses caused by violation of relevant laws and regulations (RMB10,000)	0
Number of major problematic <sup>8</sup> customer complaints (unit)	0
Number of Customer Complaints <sup>9</sup> (unit)	0

<sup>8</sup> It refers to the number of quality problems complained to CIMC headquarters, domestic and foreign quality supervision institutions and media exposure.

<sup>9</sup> It refers to the number of complaints from customers who complain to CIMC headquarters or whose loss exceeds RMB200,000.



## PARTICIPATION IN STANDARDS FORMULATION

CIMC Enric not only focuses on continuous improvement of its quality management system, but also actively engages in experience sharing in the field of product quality development. It deeply participates in the formulation and updating of national and industry standards to promote the overall improvement of industry quality standards. In 2023, the Company actively participated in the preparation of national, local, industry, and group standards, and successfully served as the drafting unit for 18 standards. As of 2023, the Company has presided over or participated in the revision of 39 national standards and 68 local/industry/group standards, among which 37 national standards are related to clean energy, including 7 hydrogen energy standards; 59 local/industry/group standards are related to clean energy, including 22 hydrogen energy standards.

In addition, we make full use of our advantages in production resources to widely participate in various activities organized by the industry, and jointly promote the progress of quality standards through communications and cooperation with the industry. For details about the industry organizations, we have joined and the positions we have held, please refer to the appendix to this Report.

The following table lists some of the published standards in charge of or drafted by CIMC Enric and its member enterprises.

As Main Drafting Unit	
• GB/T 33145-2023 Large Capacity Seamless Steel Gas Tanks	• QB/T 5823-2023 Workshop Beer Machinery Fermentation Tank
• QB/T 5824-2023 Workshop Beer Machinery Saccharification System	• DB13/T 5753-2023 Technical Requirements for Hydrogen Transportation of Long Tube Trailers
• DB13/T 5754-2023 Technical Requirements for Storage Equipment in Hydrogen Refueling Stations	• T/CATSI 05007-2023 Special Technical Requirements for Transportable Vacuum-insulated Liquid Hydrogen Pressure Vessels
• T/CATSI 05008-2023 Special Technical Requirements for Compressed Hydrogen Aluminum Liner Carbon Fiber Fully Wound Bottle Container	• T/CATSI 05009-2023 Steel Liner Fiber Ring Wound Tube Bundle Container
• GB/T41319-2022 Liquefied Natural Gas (LNG) Fueling Installations	• T/CCIASD100X-2022 Tank Container Inspection and Maintenance
• T/CCGA 40003-2021 Technical Specifications for the Safe Use of Hydrogen Long Tube Trailers	• T/CATSI 05004-2021 Small LPG (Commercial Propane) Storage Tank
• T/GDGM 0002-2019 Technical Specification for Green Design Product Evaluation - Liquefied Gas Tanker Made of Low Alloy Steel	• NB/T 10354-2019 Long Tube Trailer
• DB42/T1353-2018 Safety Technology Requirements of Container Skid-Mounted Refueling Device for Liquefied Natural Gas Vehicle	• T/CCGA1002-2018 Regulations on the Safe Use of Carbon Monoxide Tube Bundle Containers
• GB/T 19905-2017 Road Tanker for Liquefied Gas	• SH/T 3412-2017 Specification for Selection, Inspection and Acceptance of Metallic Hose for Piping in Petrochemical Industry
• NB/T47059-2017 Tank Containers for Refrigerated Liquefied Gas	• DB13/T2378-2016 Periodic Inspection and Evaluation of Welded Insulated Gas Cylinders
As Participating Drafting Unit	
• GB/T 42605-2023 Guidelines for Repair of Transportable Pressure Equipment	• GB/T 42610-2023 Test Method for Evaluating Hydrogen Compatibility of Plastic Liner of High-Pressure Gaseous Hydrogen Cylinders
• GB/T 42612-2023 Fully wrapped Carbon Fiber Reinforced Cylinders with a Plastic Liner for the On-board Storage of Compressed Hydrogen as a Fuel for Land Vehicles	• GB/T 42626-2023 Periodic Inspection and Evaluation of Fully Wrapped Fiber Reinforced Composite Gas Cylinders of Compressed Hydrogen Gas for Automotive Vehicles

<ul style="list-style-type: none"> <li>T/CIET 240-2023 General Technical Specifications for Data Collection at Hydrogen Refueling Stations</li> </ul>	<ul style="list-style-type: none"> <li>DB13/T 5755-2023 Specifications for Operation and Management of Hydrogen Refueling Stations</li> </ul>
<ul style="list-style-type: none"> <li>DB13/T 5756-2023 Safety Management Specifications for Hydrogen-Involved Laboratories</li> </ul>	<ul style="list-style-type: none"> <li>NB/T47013.11-2023 Nondestructive Testing of Pressure Equipment - Part 11: Radiographic Digital Imaging Testing</li> </ul>
<ul style="list-style-type: none"> <li>NB/T11274-2023 Inspection and Evaluation of Pressure Vessels and Pipeline Systems for Gas Filling Stations</li> </ul>	<ul style="list-style-type: none"> <li>T/CASEI 024-2023 General Rules of Carbon Footprint Accounting for Special Equipment Products</li> </ul>
<ul style="list-style-type: none"> <li>TCANSI 90-2022 Welding Requirements for Marine High Manganese Austenitic Low Temperature Steel</li> </ul>	<ul style="list-style-type: none"> <li>SH/T 3172-2022 Terminology for General Planning and Industrial Transportation of Petrochemical Industry</li> </ul>
<ul style="list-style-type: none"> <li>T/CMES 16004-2022/T/CPASE P021-2022 Technical Requirements for Preventing Low-Temperature Brittle Fracture of Pressure Vessels</li> </ul>	<ul style="list-style-type: none"> <li>T/CSPSTC103-2022 Design Specification for Hydrogen Transport Pipeline Engineering</li> </ul>
<ul style="list-style-type: none"> <li>T/CATSI 02016-2022 Fully Wrapped Carbon-Fiber Reinforced Aluminum Lined Gas Cylinders Used on Trailers or Skids for Transportation of Compressed Hydrogen</li> </ul>	<ul style="list-style-type: none"> <li>T/CCIASD 10002-2022 Test Method for Strength of Railway Transport Tank Containers</li> </ul>
<ul style="list-style-type: none"> <li>GB/T 10892-2021 Stationary Air Compressors - Safety Rules and Code of Practice</li> </ul>	<ul style="list-style-type: none"> <li>T/CATSI 02013-2021 Safety Technical Requirements for High-Pressure Hydrogen Storage Cylinders Used in Hydrogen Refueling Stations</li> </ul>
<ul style="list-style-type: none"> <li>T/CATSI 05005-2021 Small LPG (Commercial Propane) Vehicle Tanker with Liquid Discharge Pump</li> </ul>	<ul style="list-style-type: none"> <li>T/CATSI 05006-2021 Special Technical Requirements for Stationary Vacuum-insulated Liquid Hydrogen Pressure Vessels</li> </ul>
<ul style="list-style-type: none"> <li>T/CCGA 40004-2021 Technical Regulations for Safety Use of Diaphragm Compressor for Hydrogen Refueling Stations</li> </ul>	<ul style="list-style-type: none"> <li>T/CCGA 40005-2021 Technical Specifications for Safe Use of Hydraulic Piston Compressor for Hydrogen Refueling Stations</li> </ul>
<ul style="list-style-type: none"> <li>T/CCGA 40006-2021 Technical Regulation for Safety Use of Hydrogen Dispenser</li> </ul>	<ul style="list-style-type: none"> <li>T/CAS 555-2021 Technical Regulation for Liquefied Natural Gas Tank Containers Yard</li> </ul>
<ul style="list-style-type: none"> <li>JB/T10683-2020 Reciprocating Air Compressors of Medium &amp; High Pressure</li> </ul>	<ul style="list-style-type: none"> <li>JB/T13963-2020 Reciprocating Piston Air Compressor for Bottle Blowing</li> </ul>
<ul style="list-style-type: none"> <li>T/SSEA0060-2020 High Manganese Austenitic Steel Plates for Low Temperature Pressure Vessels</li> </ul>	<ul style="list-style-type: none"> <li>T/CATSI 05002-2020 Special Technical Requirements for High Pressure Liquefied Gas Tube Skid Container</li> </ul>
<ul style="list-style-type: none"> <li>T/CATSI 05003-2020 Special Technical Requirements for Hydrogen Storage Pressure Vessel Used in Hydrogen Refueling Stations</li> </ul>	<ul style="list-style-type: none"> <li>GB/T 38109-2019 Application Guide for Safety Accessories and Instruments of Pressure Equipment</li> </ul>
<ul style="list-style-type: none"> <li>GB/T 18442.2-2019 Stationary Vacuum Insulated Cryogenic Pressure Vessels Part 2: Materials</li> </ul>	<ul style="list-style-type: none"> <li>GB/T 18442.3-2019 Stationary Vacuum Insulated Cryogenic Pressure Vessels Part 3: Design</li> </ul>
<ul style="list-style-type: none"> <li>GB/T 18442.4-2019 Stationary Vacuum Insulated Cryogenic Pressure Vessels Part 4: Fabrication</li> </ul>	<ul style="list-style-type: none"> <li>GB/T 18442.5-2019 Stationary Vacuum Insulated Cryogenic Pressure Vessels Part 5: Inspection and Testing</li> </ul>
<ul style="list-style-type: none"> <li>GB 18564.1-2019 Road Transport of Liquid Dangerous Goods Tank Vehicles Part 1: Metal Atmospheric Tank Technical Requirements</li> </ul>	<ul style="list-style-type: none"> <li>NB/T 10355-2019 Tubu Skid Containers</li> </ul>
<ul style="list-style-type: none"> <li>T/CGAS 004-2018 Technical Standards for Small Propane Storage Tank Gas Supply</li> </ul>	<ul style="list-style-type: none"> <li>T/CATSI 05001-2018 Technical Requirements for Strain Strengthening of Mobile Vacuum Insulated Cryogenic Pressure Vessels</li> </ul>
<ul style="list-style-type: none"> <li>GB/T 18442.7-2017 Stationary Vacuum Insulated Cryogenic Pressure Vessels Part 7 Technical Regulation for Strain Strengthening of Inner Container</li> </ul>	<ul style="list-style-type: none"> <li>NB/T 47058-2017 Road Tankers for Refrigerated Liquefied Gas</li> </ul>
<ul style="list-style-type: none"> <li>GB/T19905-2017 Liquid Gas Vehicle Tanker</li> </ul>	<ul style="list-style-type: none"> <li>NB/T 47057-2017 Tank Containers for Liquefied Gases</li> </ul>
<ul style="list-style-type: none"> <li>NB/T 47059-2017 Tank Containers for Refrigerated Liquefied Gas</li> </ul>	<ul style="list-style-type: none"> <li>GB/T 51246-2017 Design Specifications for Railroad Loading and Unloading Facilities for Petrochemical Liquid Materials</li> </ul>
<ul style="list-style-type: none"> <li>GB/T4453-2016 Marine LNG Fuel Storage Tanks</li> </ul>	<ul style="list-style-type: none"> <li>GB/T 31139-2014 Safety Technical Specifications for Mobile Hydrogenation Facilities</li> </ul>
<ul style="list-style-type: none"> <li>GB 50747-2012 Code for Design of Wastewater Treatment in Petrochemical Industry</li> </ul>	<ul style="list-style-type: none"> <li>TSG R0005-2011 Supervision Regulation on Safety Technology for Transportable Pressure Vessel</li> </ul>



## Supply Chain Sustainability

In terms of supply chain management, CIMC Enric adheres to relevant laws and regulations such as the *Bidding Law of the People's Republic of China* and the Civil Code of the People's Republic of China to ensure compliance with procurement and contract behaviors. We have developed and implemented internal management systems including the *Procurement Management Regulation*, *Supplier Management Procedure*, and *Bidding and Procurement Management Regulation*, clarifying the responsibilities of procurement personnel to avoid supply chain risks and ensure the stability and efficiency of the supply chain.

In 2023, we continue to strengthen our supply chain management system by newly adding a series of management system documents, covering multiple key areas such as anti-corruption, supply chain management, internal risk control, technological innovation, and HSE management, to ensure comprehensive and meticulous business operations. The new management system documents include the *CIMC Enric Supplier Management Procedure* and *Risk Management Policy of Engineering Consortium Projects*, which are conducive to effective control of costs, improvement of service quality, enhancement of business transparency, promotion of technological innovation, and increase of overall operational benefits.

### LIFECYCLE MANAGEMENT

To effectively evaluate and optimize the supply chain and ensure the efficient operation and quality control of the supplier network, CIMC Enric implements hierarchical and classified management for suppliers. Suppliers are classified into four categories by the nature of suppliers, i.e., manufacturing suppliers, outsourcing suppliers, agent suppliers, and service suppliers; classified into four levels according to management strategies, i.e., strategic suppliers, bottleneck suppliers, leverage suppliers, and general suppliers; classified into three ratings according to the quality, i.e., A, B, and C; and classified into suppliers of materials such as alloy steel, components, coatings, and carbon steel according to the type of supplied materials. Also, the Company's management of suppliers covers the entire lifecycle of the supply chain, from admission to cooperation, and then to annual audit, ensuring stability and quality of the supply chain.



During the supplier admission stage, the Company conducts comprehensive due diligence, including data review, on-site review, and sample trial use, to strictly evaluate suppliers, ensuring that they meet the Company's requirements, provide a good environment, and fulfill social responsibilities. Suppliers are required to fill out relevant questionnaires and sign HSE commitment letters to ensure their compliance with work safety, environmental management, and other aspects.



During the cooperation process, CIMC Enric utilizes a Supplier Relationship Management (SRM) system to monitor the qualifications and performance of suppliers. The SRM system is integrated with the risk control system of CIMC Group, and early warning is provided through data analysis on the potential risks such as external supplier risks, affiliated relationship risks, and bidding compliance risks. In 2023, the Company has promoted risk control models in 11 member enterprises, monitoring procurement behaviors in an all-around way and ensuring controllable supply chain risks. In the meantime, we regularly conduct on-site audits to ensure that suppliers continue to meet the Company's quality standards. The audit content covers the effectiveness of the quality system, technical capabilities, implementation of process discipline, etc. In addition, the Company encourages suppliers to use environmentally friendly materials and packages and takes measures to reduce environmental impact.



An annual audit is a crucial step in evaluating supplier performance, and the Company has developed a special audit template to standardize and perfect the audit process. We ensure the accuracy of supplier information through multidimensional evaluation such as customers, sub-suppliers, quality inspection, and qualifications. Qualified suppliers complete an information audit every two years, and suppliers with lower performance scores (ranked among the last 30%) will be included in the scope of mandatory audits. Suppliers with an overseas manufacturing location are not included in the scope of the on-site audit. During the on-site audit, the Company organizes a special review to ensure the compliance and controllability of the supplier's production process and requires the adoption of environmentally friendly and sustainable solutions in packaging, warehousing, and other aspects. The Company divides suppliers into four levels based on the performance results: excellent, good, qualified, and unqualified. Priority is given to excellent suppliers in the procurement process, while unqualified ones may be included in the blacklist.

In 2023, CIMC Enric conducted strict annual audits of suppliers. Particularly, an information review was conducted on 1,766 suppliers, and an in-depth comprehensive review was conducted on 168 suppliers, ultimately phasing out 111 suppliers that failed to meet the standards. To further improve the overall quality of the supply chain, the Company has also formulated an annual supplier review and assistance plan. In 2023, the Company has developed an on-site communication plan for 190 suppliers to strengthen communications and cooperation between the two parties in key areas such as quality and business.

For overseas supply chains, CIMC Enric has also implemented a supplier cycle management system to ensure the development and improvement of the supply chain system for overseas enterprises. From identification and qualification certification of potential suppliers to supplier classification management, every step is provided with a strict approval process to ensure that all operations comply with the Company's standards and requirements. In addition, the Company also creates and maintains a supplier list, and regularly updates the supplier qualification information to ensure the accuracy and timeliness of information, thereby guaranteeing stable and efficient operation of the supply chain.

## SUSTAINABLE PROCUREMENT

To minimize the impact of the supply chain on the Company, society, and environment, CIMC Enric has formulated the *Supplier Code of Conduct in Social Responsibility* and included relevant clauses on environmental protection and sustainable development in procurement contracts. The Company has transformed the traditional functional procurement to procurement based on value recognition, comprehensively considering non-economic factors such as environmental protection, health, and safety in procurement decision-making. By establishing new differentiated competitive strengths, we encourage suppliers to adopt green procurement standards and help suppliers with strong execution ability to generate an intrinsic driving force.

In the process of cooperation with suppliers, CIMC Enric requires suppliers to disclose their environmental information transparently so that the Company can identify and respond to potential environmental and social risks promptly. Meanwhile, the Company regularly evaluates and reviews the performance of suppliers in terms of environmental and social responsibilities and uses these review results as an important basis for supplier selection, order distribution, rewards, and punishments, as well as decisions of survival of the fittest.

To further manage the environmental and social risks of the supply chain, the Company also plans to take a series of follow-up actions, including strengthening internal and external environmental education, using the SRM system platform to cultivate suppliers to achieve green performance, incorporating environmental protection factors into the information disclosure mechanism, and providing financing support for suppliers who adopt environmentally friendly products and services, intending to comprehensively improve the green management and risk resistance ability of the supply chain, and assist the entire value chain in achieving the goal of sustainable development.

### Case

#### Building a Green Supply Chain, Advancing Sustainable Development Ecosystem

As China vigorously promotes green manufacturing, CIMC Hongtu, as a benchmark enterprise in domestic pressure vessel manufacturing, has long been committed to the R&D and application of green steel materials. Through joint research and development with domestic steel groups, CIMC Hongtu has developed high manganese steel materials to replace stainless steel plates in ship tanks, reducing steel costs in the industry and minimizing nickel consumption. This achievement contributes to the application of green raw materials. Collaborating with suppliers, CIMC Hongtu has also made breakthroughs in lightweight high-strength alloy steel with the development of WH590E material. Additionally, through technical exploration with axle companies, CIMC Hongtu has developed new lightweight suspensions, reducing the weight of each product by 300kg, further promoting energy-saving and emission reduction efforts.

### Jingmen Hongtu Green Supply Chain

Indicator	2023	Percentage
Total number of suppliers	1849	100%
Number of suppliers by geographical region		
Number of suppliers in Northern China	169	9.1%
Number of suppliers in Eastern China	1,269	68.6%
Number of suppliers in Southern China	48	2.6%
Number of suppliers in West-southern China	54	2.9%
Number of suppliers in West-northern China	24	1.3%
Number of suppliers in East-northern China	51	2.8%
Number of suppliers in Central China	149	8.1%
Other regions in mainland China	10	0.5%
Number of suppliers in Hong Kong, Macao, and Taiwan regions	26	1.4%
Number of overseas suppliers	49	2.7%
Number of suppliers who have signed the Sunshine Cooperation Agreement	1,631	88.2%
Number of suppliers who have signed the HSE Commitment	546	29.5%
Number of suppliers certified by quality management system	1147	62.0%
Number of suppliers certified by occupational health and safety management system	847	45.8%
Number of suppliers certified by environmental management system	833	45.1%
Number of suppliers took part in annual performance appraisal	1,347	72.9%
Number of suppliers whose performance evaluation factors include environmental and social issues (for suppliers whose performance are evaluated during the year, the assessment factors include environmental and social issues)	794	42.9%
Number of new suppliers	192	10.4%
Number of new suppliers who passed ESG assessment during the year (for suppliers added during the year, the assessment factors include environmental and social issues)	94	5.1%
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)	446	24.1%

Indicator	2023	Percentage
Number of reassessed suppliers who passed ESG assessment during the year (for suppliers reassessed for various reasons such as annual spot checks, periodic re-evaluation or reassessment initiated for special reason, the assessment factors include environmental and social issues)	252	13.6%
Number of terminated suppliers for the year	0	0.0%
Number of suppliers terminated due to HSE in the year	0	0.0%
Number of suppliers who received annual HSE training	1,198	64.8%





## Client Service and Privacy Protection

### IMPROVING SERVICE

CIMC Enric has always attached great importance to product performance and safety, while continuously improving customer service to ensure customer satisfaction. We value customer feedback and establish a solid partnership through regular communications with them.

We regularly dispatch professional teams in the fields of technology, quality, and engineering to conduct on-site inspections for customers, promptly fix problems encountered on site, and provide technical support and consulting services. When necessary, the President personally visits key clients to enhance communication and exchange. The Company also enhances service convenience through mobile services and builds a full-process market, sales, and operation system.

To improve customer satisfaction and efficiency in handling complaints, the Company has established a dedicated customer service team and regarded customer satisfaction as a departmental performance evaluation indicator to ensure timely and effective handling of customer complaints and improve the quality of after-sales service. In addition, the Company has established a complete customer service management system and implemented internal systems such as *Customer-related Process Control Procedures*, *Production and Service Provision Control Procedures*, *Customer Satisfaction Measurement Control Procedures*, and *Improvement Control Procedures* to control the pre-sales, sales, and after-sales processes of products to ensure consistency and quality of services. The Company also regularly sends *Client Satisfaction Questionnaires* to clients to evaluate their satisfaction with its brand reputation, product quality, service, and pricing, and collects their opinions and suggestions, while continuously improving its services.

Indicator	2023
Customer satisfaction (%)	94
Customer complaint handling rate (%)	100

Each member enterprise is also actively promoting process-oriented customer complaint handling. For example, Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd., a member enterprise, makes records of the faults and after-sales service of its products to better understand product usage and build trust with customers in an all-around manner.

#### Case

#### Deepening Customer Relationships, Driving Product Optimization

Shijiazhuang Enric adheres to the principle of “exploration and innovation, continuous improvement, and customer success.” Through the implementation of the “Blue Ship Action” customer visit activity, the company is committed to enhancing product quality, improving market competitiveness, and increasing brand influence.

In 2023, Shijiazhuang Enric conducted in-depth visits to 404 customers during the activity, involving 2,621 products. A total of 503 pieces of procurement information were collected. Based on these valuable visit data, we proposed over 30 product improvement suggestions, playing a crucial role in continuous product optimization and improving customer satisfaction.



Shijiazhuang Enric's “Blue Ship Action”

In addition, the Company adheres to the principle of matching product information with client needs, follows the *Advertising Law of the People's Republic of China* and ethical standards, and has formulated the *Measures for Market Promotion and Planning Management* to standardize marketing activities such as market planning, promotion, and research. Furthermore, it conducts reviews to ensure that marketing materials are true, transparent, and non-misleading, accurately conveying product information to meet client needs.

## CLIENT PRIVACY PROTECTION

Protecting client information and privacy security to avoid harm to clients' vital interests is the foundation for the Company to maintain long-term sustainable cooperations with clients. An Information Management Department is set up under the Company's Digital Lean Security Department and manages client data through an information standard system to ensure its security and compliance. The Information Security Department is also responsible for implementing the Company's privacy policy, monitoring changes in relevant regulations, and updating the Company's data privacy measures promptly.

The Company strictly abides by the relevant requirements of the *Cybersecurity Law of the People's Republic of China*, *Data Security Law of the People's Republic of China*, *Personal Information Protection Law of the People's Republic of China*, and the *EU Cybersecurity Act*, and, in combination with the actual situation of the Company, has formulated a total of 19 internal management systems related to network security, terminal security, and system security, such as the *Management Regulations on the Use of Personal Computers of CIMC Enric Holdings Limited*, *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*.

To ensure the security of clients, individuals, business data, and assets, the Company implemented a variety of security measures in 2023, including conducting network protection actions, data center level protection, application system level protection, data backup security, industrial network security, and other projects, with a cumulative investment of over RMB10 million. The Company has also guided its subordinate member enterprises to implement a series of security protection measures. The security and vulnerability repair rate reached 100% in the protection network security drill. In addition, member enterprises have actively carried out employee security training to enhance their security awareness and effectively reduce data security risks in enterprises.

### Information security technology

The Company has established a hierarchical information security protection system, covering multiple aspects such as network border security, intranet security, terminal server security, and user security. In terms of industrial network security, we, based on the Purdue model, have conducted pilot projects of industrial network security in enterprises, with remarkable effects achieved. The system of software applications installed on our computers is partially deployed on our server, while the other part is deployed on the cloud (for example, we use the Helios and the SRM system). We include our servers and applications in the network security exercises every year, and attacks and defenses are simulated to identify potential risks and promptly fix them to ensure information security. In addition, we regularly fix the server patches, and carry out network security level protection 2.0 certification for Internet applications according to the national requirements to improve our information security protection capability. The cloud services used by the Company have undergone strict screening and passed the Information Security Level Protection 3.0 certification, meeting the ISO 27001 standard and ensuring data security and reliability.

### Information security operations

We continuously monitor and improve our ability to respond to information security risks through regular vulnerability scanning, penetration tests, emergency drills, and other means. We have sorted out in detail the systems involving the personal data of clients and employees and implemented strict security requirements and process approval controls to ensure compliance with the requirements of the *Personal Information Security Protection Law of the People's Republic of China* and protect personal privacy from being disclosed. We also carried out safety training for the relevant employees who use this part of the data, with a view to enhance the security culture of the entire organization.

During the Reporting Period, the Group did not receive any complaints due to the leakage of client information, and the number of information security incidents was 0.

# 03



## LOW CARBON AND ENVIRONMENTAL PROTECTION, CARE FOR THE EARTH

CIMC Enric commits itself to minimizing the impact of production and operations on the environment. We take measures to conserve energy and reduce emissions, strengthen the management of pollutants, and mitigate water resources management risks. In active response to Goals 6, 7, 12, 13 and 15 of the United Nations SDGs, we deal with and addressed climate change, promoted our green and low-carbon development, and contributed to the national carbon neutrality target.

### Response to SDGs





# Addressing Climate Change

## GOVERNANCE

CIMC Enric has established an ESG governance structure that divides relevant responsibilities. Based on a top-down governance model, we are dedicated to integrating the concept of addressing climate change with our business strategies, ensuring the effective progress and orderly implementation of climate actions. For detailed information on governance responsibilities related to climate change under the ESG governance structure of CIMC Enric, please refer to the “ESG Governance” section.

In December 2023, CIMC Enric and Yabuli China Entrepreneurs Forum joined hands to participate in the 28th Conference of the Parties (COP28) to the *United Nations Framework Convention on Climate Change* held in Dubai, United Arab Emirates. On December 9, Mr. Yang Xiaohu, the executive director and President of the Company, attended the side event “Renewable Energy and the New Paradigm of Human Economic Growth” sponsored by the Ministry of Ecology and Environment of the People’s Republic of China. Additionally, Mr. Yang Xiaohu joined the themed discussion of “The Critical Decade: Breakthroughs in Next Generation Renewable Energy and Deep Decarbonization of the Global Economy” to demonstrate to the global community CIMC Enric’s commitment and practice in supporting decarbonization, addressing climate change and contributing to the global sustainability.

## STRATEGY

In 2023, CIMC Enric assessed the climate performance and climate-related risks and opportunities of existing facilities of both the Company and its member enterprises (the same as the scope of the Report) from January 1, 2023, to December 31, 2023, by referring to the TCFD Recommendations and through communication with and advice from stakeholders.

Following the TCFD Recommendations, we conducted a scenario analysis of climate-related risks and opportunities in the short-term (in 2023-2025), medium-term (by 2030), and long-term (by 2050) across the following five different scenarios:

No.	Potential temperature rise	Scenario	Pathway adopted	Temperature rise by 2100
1	~2.7°C	RCP4.5	Adopting strong mitigation actions	Over 2°C
2	>4°C	RCP8.5	Continuing the existing policies	Over 4°C
3	<1.5°C	IEA NZE 2050	Following the 2050 zero-carbon transition pathway	1.5°C
4	~1.7°C	IEA APS	Adhering to all climate commitments made by governments across the world	Nationally determined contributions (NDCs) and long-term net-zero targets will be fully achieved on time
5	2~3°C	IEA STEPS	Based on current and announced specific policies	2.6°C

Please refer to the table below for the results of the scenario analysis on physical risks as well as the management strategies for both physical risks and transition risks:

Physical risk		Average Risk Rating
Acute risk	Extreme precipitation	Medium risk
	Extreme heat	Medium risk
	Tropical cyclone	Medium risk
	Coastal flood	Low risk
	River flood	Risk-free
Chronic risk	Wind speed trend	Low risk
	Warming trend	Low risk
	Drying trend	Low risk
	Water shortfall	Low risk
	Sea level rise	Low risk

Physical risk	Short-term	Medium-term	Long-term	Explanation of potential impact	Value chain impact	Financial impact	Countermeasure
Extreme heat Warming trend Flash drought	○	○	○	<p>Power rationing under high temperatures leads to limited production capacity and adjustments in project schedules, as well as minor work discontinuation.</p> <p>Rising temperatures increase energy consumption and maintenance frequency regarding ventilation, cooling, refrigeration, and air conditioning in operation and plants.</p> <p>Sudden extreme heat poses health and safety risks for employees working outdoors.</p>	Operation	<p>Increased operational and management costs.</p> <p>Revenue loss due to operational disruptions.</p>	<p>Photovoltaic and energy storage projects are implemented to increase the proportion of electricity supply generated with new energy and enhance the resilience of various plant sites during electricity consumption peak periods.</p> <p>Energy storage projects are planned to improve business continuity in the event of power restrictions and production limitations during extreme high temperatures.</p> <p>Backup generators are provided and work schedules can be adjusted flexibly during summer power rationing.</p> <p><i>A Special Emergency Plan for Heatstroke Accidents</i> is developed.</p> <p>Emergency drills for heatstroke incidents among personnel in summer are organized to improve emergency response capabilities.</p> <p>Special work for heatstroke prevention and cooling is implemented at construction sites in summer, such as setting rest rooms for high-temperature weather, distributing relevant supplies, identifying heat-related work contraindication, and providing heat allowances to protect the health of relevant personnel.</p>

Physical risk	Short-term	Medium-term	Long-term	Explanation of potential impact	Value chain impact	Financial impact	Countermeasure
Extreme precipitation Flood	○	○	○	<p>Urban floods may lead to damage or submersion of assets such as plants, equipment, and inventories.</p> <p>Short-term heavy rainfall may result in localized flooding or leakage in plant sites or workshops, rendering equipment unusable and causing the suspension of specific processes.</p> <p>Long rainy periods can increase the requirements for drainage facilities in the plant site, potentially resulting in the submersion of the ground and even equipment.</p>	Operation	<p>Increased operational and management costs.</p> <p>Revenue reduction due to major natural disasters causing work discontinuation and production halts.</p> <p>Increased expenses for insurance of employees and equipments.</p> <p>Asset value losses and impairment.</p>	<p>All member enterprises have formulated their emergency response plans and procedures for typhoon and flood prevention, such as the <i>Emergency Response Plan for Typhoon and Flood</i>, the <i>Emergency Response Procedure Guidelines for Typhoon and Gale</i>, and the <i>Special Emergency Response Plan for Natural Disasters</i>.</p> <p>Emergency drills for typhoons and floods are organized, and targeted improvements are made for problems reflected during the drills.</p> <p>Before the rainy season, special precautions against floods are deployed in advance, and sufficient materials are provided to enhance the emergency response capabilities during the flood season.</p> <p>When the rainy season comes, active inspections are carried out to improve the layout of equipment or reinforce equipment in low-lying and permeable areas. Safety inspections are conducted on electrical facilities, and rainwater wells and drainage pipes are checked for clearance.</p> <p>Emergency drills for typhoons and floods are organized, and targeted improvements are made for problems reflected during the drills.</p>
Tropical cyclones (typhoons and hurricanes) Wind speed trend	○	○	○	<p>Typhoons or hurricanes may cause damage to buildings such as factories (such as roofs, rolling shutter doors, doors and windows, etc.); Equipment and facilities on the construction site, such as cranes, may be damaged or even cause safety accidents; Damage to ship cables at the dock may cause the aft ship to drift or collide with the dock.</p> <p>Typhoons lead to the suspension of outdoor operations and equipment damage. Such situations can have a minor impact on project cost but do not affect the overall project delivery.</p> <p>Extreme weather accompanied by lightning causes failures in the plant site's power distribution system and even leads to electrical fires or explosions.</p> <p>Strong wind restricts traffic or damages transportation infrastructure, affecting the transportation of upstream and downstream products.</p> <p>Safety risks to employees, customers, contractors, and suppliers increase.</p>	Operation	<p>Increased operational and management costs.</p> <p>Revenue reduction due to major natural disasters causing work discontinuation and production halts.</p> <p>Increased expenses for insurance of employees and equipments.</p> <p>Asset value losses and impairment.</p>	<p>All member enterprises have formulated their emergency response plans and procedures for typhoon and flood prevention, such as the <i>Emergency Response Plan for Typhoon and Flood</i>, the <i>Emergency Response Procedure Guidelines for Typhoon and Gale</i>, and the <i>Special Emergency Response Plan for Natural Disasters</i>.</p> <p>Before a tropical cyclone, meteorological warnings are monitored consistently. Warning notifications are issued in advance, and emergency response plans are initiated to predict safety risks on site and implement prevention measures, ensuring that safety inspection of gale prevention is completed.</p> <p>When a tropical cyclone comes, key precaution tasks against floods and typhoons are conducted based on different meteorological warning signals, following the emergency response procedure guidelines.</p> <p>Engineering projects often require purchasing natural disaster insurance as a risk mitigation measure before the project begins.</p>
Landslide	○			<p>At present, there are no projects located near mountainous areas. If there are future projects located near rocky slopes or mountains, it is required to consider the risks of plant collapse, interruptions in project operations, equipment damage, and risks to personnel safety resulting from landslides.</p>			
Water shortfall			○	<p>High-water-consuming plant sites or engineering projects may face restrictions on water consumption, thereby reducing production capacity.</p> <p>The availability of water is affected in terms of water quality and quantity, for example, nuclear power Ag water devices have water quality requirements.</p>			
Sea level rise			○	<p>At present, there are no projects that need to consider this climate risk, and long-term impacts are modelled through scenario analysis.</p>			

Physical risk	Short-term	Medium-term	Long-term	Explanation of potential impact	Value chain impact	Financial impact	Countermeasure
Domestic/national climate policy	○	○	○	<p>The increasingly stricter national climate policies may lead to increased carbon management costs. For instance, recently, the executive meeting of the State Council discussed the <i>Energy Law of the People's Republic of China (Draft)</i> and reviewed and passed the <i>Interim Regulations for the Management of Carbon Emission Trading (Draft)</i>.</p> <p>CBAM will impose carbon tariff on products imported into the European Union. This could pose a risk of increased costs for exports of relevant products from CIMC Enric, such as steel containers for compressed or liquefied gas (CN code 7311 00), as outlined in Regulation (EU) 2023/956 of CBAM.</p> <p>We strictly adhere to local regulatory requirements for information disclosure and forensics to avoid misinformation and greenwashing.</p>	Upstream operation	<p>Increased operating and management costs.</p> <p>Short-term capital expenditure.</p>	<p>Development of supervisory policies, laws, and regulations.</p> <p>Active participation in the formulation of national standards, industry standards, and group standards.</p> <p>Climate-related goals and standards are reasonably integrated into investment decisions.</p> <p>Reasonable investment is increased, emission reduction measures are implemented, and energy consumption management is improved to meet the policy requirements.</p> <p>Transferring production capacity overseas can be considered at the proper time to mitigate risks.</p> <p>The EU CSRD has been formally implemented, requiring, among other things, forensic sustainability disclosure and reporting by companies operating in the EU.</p>
Industry development		○	○	<p>The changing balance between decarbonization and supply security will constrain investment decisions in natural gas for many companies.</p> <p>Natural gas serves as a transitional energy for achieving net-zero emissions. The IEA predicts that its consumption demand will peak between 2030 and 2035, followed by the risk of declining demand.</p>	Upstream operation	<p>Increased research and development costs.</p> <p>Decreased revenue.</p>	<p>Market insights are strengthened to promptly adjust business development strategies.</p> <p>Internal management and competitor analysis are conducted to ensure that products maintain advantages compared to rivals.</p>
Upstream raw materials	○	○	○	<p>The rising costs of raw materials such as steel and the risk of increased electricity prices for high-energy-consuming enterprises may affect costs.</p>	Upstream	<p>Increased production costs.</p>	<p>Research and development are strengthened to mitigate risks by substituting raw materials.</p> <p>Procurement processes are innovated and improved in terms of working models and ideas to develop targeted sustainable procurement strategies.</p> <p>We will grow with suppliers for a low carbon transition.</p>
Downstream market demands		○	○	<p>The downstream market is experiencing a decrease in demand for high carbon footprint products and a growing preference for green and low-carbon products. Failure to achieve product transition accordingly may impact the Company's revenue.</p>	Downstream	<p>Decreased revenue.</p>	<p>Communication with customers is increased to predict their demands in advance.</p> <p>We will increase research into the carbon footprint of products.</p> <p>Investment in the research and development of clean energy and environmentally friendly products is increased.</p>
Low-carbon technological innovation	○	○		<p>The mismatch between the research and development costs of low-carbon technological innovations and their corresponding benefits may affect the Company's costs and revenue.</p> <p>The external low-carbon technological innovations have resulted in a decline in the competitiveness of the Company's products.</p>	Operation	<p>Increased research and development costs.</p> <p>Accelerated depreciation of high-energy-consuming equipment.</p> <p>Decreased revenue.</p>	<p>Low carbon technological innovations are conducted based on market demands to reasonably avoid market risks.</p> <p>A research and development center is specifically established to strengthen low-carbon research and development, including research and development of hydrogen production and optimization of storage tank design schemes. The research outcomes can also be achieved through the commercialization of technological achievements.</p> <p>Energy conservation transformations are carried out to enhance equipment energy efficiency. The elimination of high-energy-consuming and low-value assets is expedited to avoid the risk of stranded assets.</p>

Physical risk	Short-term	Medium-term	Long-term	Explanation of potential impact	Value chain impact	Financial impact	Countermeasure
Energy structure adjustment	○	○	○	<p>The government issues break-down objectives for "control of total energy consumption and energy intensity" of the Company, and as a result, the frequency of energy management events such as power rationing, control of total energy consumption and energy intensity, and peak-shifting electricity usage is expected to increase continuously, leading to restrictions on regular production electricity usage.</p> <p>Failure to promptly assess and adjust the energy consumption structure may cause increased energy costs. Investing in green electricity projects and purchasing green electricity requires a significant amount of capital.</p>	Operation	<p>Increased operating and management costs.</p> <p>Short-term capital expenditure.</p>	<p>Constructing photovoltaic power generation infrastructure helps reduce reliance on conventional fossil fuels.</p> <p>Energy storage fixtures are planned and deployed to enhance the reliability and stability of the microgrid power supply.</p> <p>Digital energy monitoring and management, as well as improvement measures, are carried out.</p> <p>The operational efficiency of plant facilities is optimized through process innovations.</p>
Carbon performance risk		○	○	<p>The national policy has shifted from control of total energy consumption and energy intensity to control of total carbon emissions and carbon emission intensity, leading to an increase in carbon emission control and carbon performance risks.</p> <p>The CCER market has been reopened, and there is a possibility of expanding industries subject to mandatory performance, which could result in increased business costs.</p> <p>Countries of COP 28 were unable to reach an agreement on the latest proposals of Articles 6.2 and 6.4 (concerned about the inability to verify high-quality carbon credits in voluntary carbon markets). As a result, there is certain uncertainty in the future carbon market.</p>	Upstream	Non-operating expenses.	<p>It is important to pay attention to such risk issues, closely follow relevant domestic and international policies, and proactively plan.</p> <p>The Company's technologies in energy conservation and carbon emission reduction are improved to continuously reduce carbon emissions.</p> <p>Photovoltaic and energy storage projects are implemented to meet the policy requirements.</p>

Physical risk	Short-term	Medium-term	Long-term	Explanation of potential impact	Value chain impact	Financial impact	Countermeasure
<b>Operations of the Company</b>							
Digital energy management		○		<p>Energy monitoring and management, including establishing an energy management system, conducting energy audits or energy conservation assessments, and implementing energy-saving technological upgrades, are particularly important for CIMC Enric, especially in its equipment and process-oriented business. These practices can result in significant energy savings, reduce carbon emissions, and lead to cost savings.</p>			<p>Digital energy management is improved to optimize energy efficiency.</p> <p>Investments in renewable energy and low-carbon solutions are increased.</p>
Energy conservation transformation		○		<p>In the current context of rapid development in green energy, timely adjustments to the existing energy use structure and the development of clean energy present opportunities for energy cost savings for the Company.</p> <p>Research and development, and improvement of technologies and production process for energy conservation and low carbon, as well as lean production management, may increase the investment costs of the Company in the short term.</p>	Operation	<p>Short-term capital expenditure increases due to technological improvements.</p> <p>Decreased operating costs due to reduced energy consumption.</p>	<p>Energy-saving technological upgrade projects are implemented to optimize production procedures.</p> <p>New low-energy consumption or high-efficiency technologies are developed through R&amp;D and innovation.</p> <p>Waste materials are recycled to improve material utilization rate.</p>
Process innovation		○	○	<p>However, in the long term, low-carbon process innovations can lead to a reduction in production energy consumption and carbon emissions, resulting in cost savings in energy consumption and carbon emissions.</p>			<p>Product lightweighting measures are adopted to reduce Scope 3 emissions.</p> <p>Technological channels are broadened by actively participating in green collaborative research projects, such as low-carbon footprint steel.</p>

Physical risk	Short-term	Medium-term	Long-term	Explanation of potential impact	Value chain impact	Financial impact	Countermeasure
<b>Green businesses</b>							
Natural gas (full value chain)	○	○		Product structure adjustment is a crucial process of the low-carbon transition, which includes technological upgrades, changes in raw materials, and adjustments to business models, all of which can have an impact on the Company. For CIMC Enric's 5 major business segments such as clean energy equipment manufacturing, natural gas transportation, and EPC, aligning with the carbon peaking and carbon neutrality trend and making adjustments in products or services such as green transportation and green equipment manufacturing can enhance the Company's product competitiveness, increase market share, and ultimately boost revenue.  Recently, the Ministry of Industry and Information Technology and other five departments jointly issued the "Shipbuilding Manufacturing Industry Green Development Action Programme (2024-2030)", which mentions that China's marine alternative fuel and new energy technology applications are in line with international standards, and that the international market share of liquefied natural gas (LNG), methanol and other green-powered ships is more than 50%; and that the European Union's Fit for 55 explicitly includes the shipping industry in the ETS, which will usher in definite business development opportunities for clean energy ships. The EU's Fit for 55 explicitly includes the shipping industry in the ETS, and clean energy ships will usher in definite business development opportunities.	Downstream		<p>Hydrogen energy business is deployed to create an integrated business pattern encompassing production, storage, transportation, refueling, application scenarios, and smart hydrogen energy business.</p> <p>Technological explorations and reserves are conducted for alternative energy such as green methanol and green ammonia.</p> <p>The reserves and research and development of CCUS technology are closely monitored to await the maturity of commercial models.</p> <p>Research and development investment are increased. In 2023, CIMC Enric applied for a total of 74 green patents covering energy conservation, environmental protection, clean energy, and green infrastructure upgrades.</p> <p>Active participation in the formulation of national standards, industry standards, group standards, and other relevant standards related to the development of low-carbon products and low-carbon technologies.</p>
Hydrogen energy (full chain chain)		○	○				
Ammonia (biological production, industrial tail gas production and storage and transport)		○	○				
Methanol (biological production, storage, and transportation)		○	○				

## RISK MANAGEMENT

CIMC Enric consistently prioritizes the benefits of stakeholders. We deeply recognize the importance of climate change risk prevention and control, as well as seizing relevant business opportunities, in creating sustainable value and achieving long-term stable development of the Company. Therefore, the Company has developed and continued to refine our risk management structure and risk control system, realizing closed-loop risk management. We have integrated climate change-related factors into the Company's risk management system in a forward-looking manner, aiming to create resilient and responsible corporate core values.

### ☰ Risk management structure

CIMC Enric has established three lines of defense for controlling business risks and considers climate change-related risks to involve all employees in the Company's risk control.



## Risk management procedures

CIMC Enric has developed management procedures for climate risks and opportunities and achieved closed-loop risk management through “risk identification, risk assessment, risk priority ranking, risk response, and optimization and improvement”.



### ● Risk identification

CIMC Enric implements a “prevention-oriented” risk control strategy and has formulated a climate risk identification list based on the COSO ERM framework. The Company has conducted seminars and interviews with the persons in charge of business and risk management from subsidiaries. We have invited internal and external stakeholders to participate in questionnaire surveys to identify physical risk and transition risks faced by the Company comprehensively and objectively.

Concerning physical risk identification, the Company considered the geographical locations, climate characteristics, disaster features, industry characteristics, and other aspects of subsidiaries to conduct an initial screening of physical risk, identifying a total of 13 subcategories of enterprise-related physical risk. In terms of transition risk, the Company scanned across multiple dimensions such as external macro economy, policies and laws, industry development, market risks (including upstream and downstream market, consumer, low-carbon technologies, and products, etc.), supply chain risks, and corporate operation and asset risks, screening a total of 12 subcategories of transition risk.

As for the identification of business opportunities, the Company identified 13 business opportunities, covering various dimensions, including resource efficiency, energy structure adjustment, energy conservation transformation, digital energy management system, product and business, and emerging market and carbon market.

### ● Risk assessment

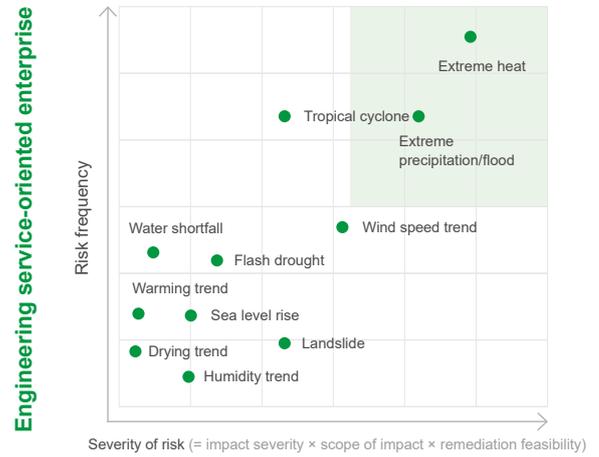
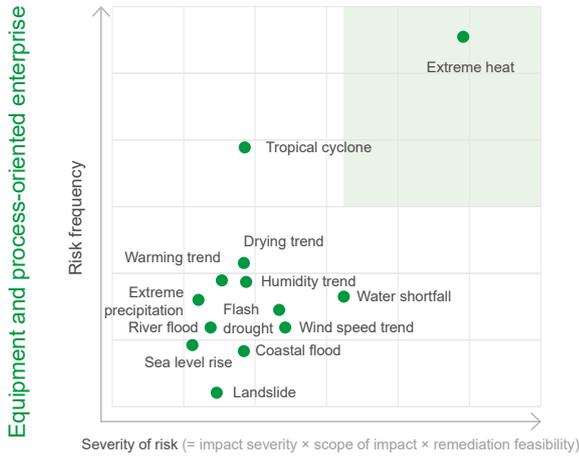
In terms of risk assessment, CIMC Enric has referred to the COSO's *Enterprise Risk Management for Environmental, Social, and Governance-Related Risks* as well as the methodology of the Value Balancing Alliance (VBA). We have adopted the Delphi method to effectively obtain expert opinions. CIMC Enric invited the persons in charge of the Company's business and risk control, as well as external industrial experts, to score potential risks faced by CIMC Enric at present. We assessed the expected impact and likelihood of each risk one by one through several rounds of questionnaire surveys, thereby identifying and confirming the most relevant physical risk, transition risk, and business opportunities of the Company.

### ● Priority ranking

CIMC Enric analyzed and compiled issues on climate-related risks and opportunities of CIMC Enric based on miscellaneous policy information, market changes, and technological development trends, and ranked the priority of climate-related risks and opportunities according to the replies of the invested enterprises and relevant departments.

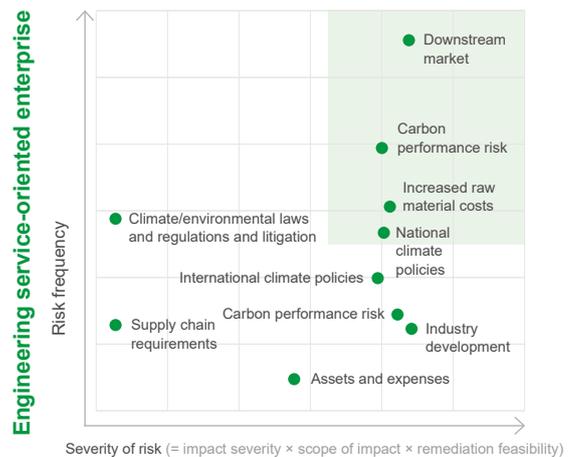
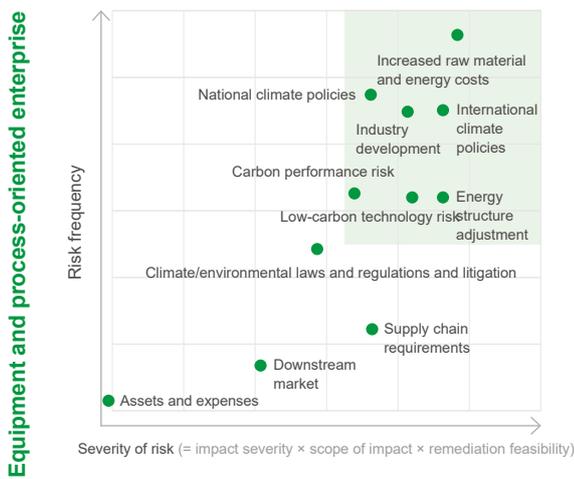
Given the different business patterns, there may be significant variations in climate risks. We conducted internal investigations separately on risks based on various business types, including equipment and process-oriented enterprises as well as engineering service-oriented enterprises. We first calculated the score for a specific risk point within a single subsidiary and then aggregated the scores. Based on the major business categories of the Company, we generated separate matrices for physical risk and transition risk. As for business opportunities, we use the same method and create an opportunity matrix based on the results.

Physical risk matrix



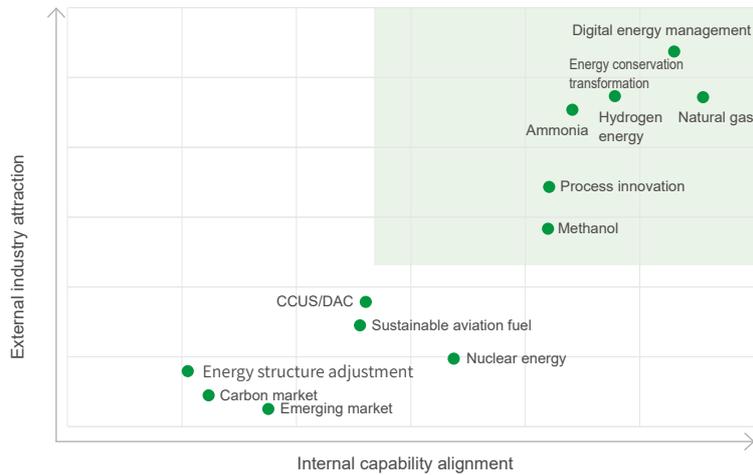
For equipment and process-oriented enterprises, extreme heat is the main risk point that affects business continuity, while for engineering service-oriented enterprises, there is uncertainty due to the reliance of engineering projects on customer-designated construction sites. It is often susceptible to local disasters, with the most common being extreme precipitation or flooding, tropical cyclones, wind speed trends, etc.

转型风险矩阵



Compared with engineering service-oriented enterprises, equipment and process-oriented enterprises have a higher reliance on energy (particularly electricity) consumption and the development of energy-related businesses (such as LNG). As a result, they face greater risks in terms of low-carbon transition. Specifically, the risks of issues associated with rising energy costs, energy structure adjustments, and energy industry development are increasing.

**Climate opportunity matrix**



**Risk response**

Following risk identification and assessment results, the Company has analyzed the causes lying behind risks and formulated or adjusted risk management strategies, internal monitoring procedures, and risk control rules and standards in a targeted manner, striving to prevent, avoid, or mitigate risks at their source. Besides, the Company has developed pertinent response measures and solutions based on business risk scenarios, including a special emergency plan for natural disasters and emergency response guidelines. We regularly discuss the nature of risks as well as their severity change to confirm that risks are effectively controlled. In addition, we continuously strengthen our internal control as well as the monitoring and early warning features of our risk management system, thereby fully leveraging the advantages of digital risk control tools. The Company commits itself to the whole process of key business and achieves the automated analysis and warning of business risks. In terms of reinforcing awareness, the Company provides corresponding special training and disaster relief drills to improve employees' risk prevention awareness and capabilities. Please refer to the Strategy section in *Addressing Climate Change* in the Report for specific measures.

**Optimization and improvement**

Climate risks are highly complex and uncertain. Consequently, we will continue to refine and improve the forward-looking methods to identify climate risks and capabilities to research and mitigate them. With a constant focus on climate practices by internationally leading organizations and enterprises, we enforce cross-departmental cooperation and stakeholder engagement to consistently improve information communications and transparency. Furthermore, we will increase climate-related training sessions to improve awareness and enhance the climate adaptation capacity of both the Company and its employees, ensuring that we are better prepared to face the challenges of climate change in the future.

**Case**

**Conducting Drills for Precaution Against Typhoons and Floods to Enhance Emergency Response Capability**

In May 2023, SOE held a comprehensive precaution drill for typhoons and floods. The drill started from receiving the alert and lasted for half an hour. During this period, all necessary preparations regarding precautions against typhoons and floods were efficiently and swiftly carried out. This not only improved the emergency response capabilities of the response team but also validated the company's emergency preparation mechanism.



SOE's precaution drill for typhoons and floods

After the drill, SOE promptly took associated protection and maintenance measures in response to problems identified during the drill, such as rust and corrosion of the lashing ring. Additionally, SOE implemented centralized management of equipment used for precaution against flood and developed a regular maintenance plan to ensure efficient response to future disaster situations.

## INDICATORS AND OBJECTIVES

To ensure that the process of addressing climate change can be effectively measured, we have set a range of control indicators as well as corresponding response objectives. Based on its actual conditions, the Group has specified risk indicators related to energy efficiency, water use, waste management, and greenhouse gas (GHG) emissions. Furthermore, the Group has also formulated a series of relevant objectives (see the section “ESG goals and ESG performance in 2023” in the Report for specific information) and regularly reviewed the execution of these objectives.

Indicator	2023
<b>Total GHG emissions (tCO<sub>2</sub>e)</b>	<b>33,257.59</b> tonnes of carbon dioxide equivalent
▶ Scope 1 GHG emissions (tCO <sub>2</sub> e)	▶ <b>31,353.17</b> tonnes of carbon dioxide equivalent
▶ Scope 2 GHG emissions (tCO <sub>2</sub> e)	▶ <b>84,326.44</b> tonnes of carbon dioxide equivalent
<b>Total energy consumption (Tons of standard coal)</b>	<b>33,257.59</b> tons of standard coal
▶ Direct energy consumption (Tons of standard coal)	▶ <b>19,226.19</b> tons of standard coal
▶ Indirect energy consumption (Tons of standard coal)	▶ <b>14,031.40</b> tons of standard coal





## Strict Control of Pollution Discharge

CIMC Enric attaches great importance to the impact of our products, services and operations on environmental protection, energy conservation and comprehensive utilization of resources, and has formulated and implemented several internal environmental management policies to achieve unified management of green development and business operation. The Company conducts regular environmental factor identification and evaluation. In 2023, we identified 125 important environmental factors, and effectively controlled potential environmental pollution risks by taking measures integrating human, material, and management, ensuring that our routine operations are conducted in compliance.

By 2023, a total of 13 member enterprises of the Company have obtained ISO 14001 Environmental Management System Certificate, accounting for over 57% of all member enterprises. Two enterprises have been awarded the provincial title of “Leading Enterprise in Green Development”.

Furthermore, the Company’s Digital Lean Security Department and HSE department conduct internal reviews of the environmental management system at least once a year and require subordinate invested companies to carry out external audits of the environmental management system every three years based on requirements specified in the ISO 14001, thereby ensuring that all operation areas comply with certification requirements.

Additionally, to make sure that four key pollutant discharge enterprises effectively conduct environmental protection and comply with the environmental protection red-lines, we set up a management board for the key pollutant discharge enterprises and collected their environmental protection data quarterly, covering pollutant discharge, environmental protection-related administrative licensing, and continuous improvement measures. All the environmental protection operations at the key pollutant discharge enterprises have been carried out in an orderly manner.

Indicator	2023
Quantity of environmental violations (unit)	0
Environmental compliance rate (%) based on monitoring	100

## EXHAUST GAS MANAGEMENT

CIMC Enric monitors and evaluates emissions regularly in strict compliance with *the Atmospheric Pollution Prevention and Control Law of the People’s Republic of China* to ensure that exhaust gas emission complies with national air pollutant emission standards. To continuously refine environmental management, the Company has conducted several investments, upgrading and transformation projects, including spraying exhaust gas treatment facilities, acid mist treatment facilities, hazardous waste warehouses, and sludge filter press systems.

### Goals to reduce the emission of exhaust gas

CIMC Enric aims to have annual exhaust gas emissions less than the national air pollutant emission standards and to reduce emissions year by year.

In 2024, taking 2023 as the base year, CIMC Enric’s goal to reduce the density of VOCs per million revenue is 7.5%.

The Company attaches great importance to VOC treatment. Our member enterprises have 41 VOC treatment facilities. Primarily, these facilities have adopted the treatment technology of RTO and “activated carbon absorption + desorption catalytic combustion”, and the treatment efficiency is as high as 90%. Meanwhile, the Company has actively responded to the government’s call to promote the use of low-VOC coatings and has been implementing the “oil-to-powder” transformation project to phase out oil-based coatings, decreasing the generation of VOCs at source and reducing VOC emissions substantially. The fugitive emission of VOCs has been effectively controlled, and the annual VOC emission was reduced by more than 5 tons, achieving the annual objective for 2023.

Regarding NO<sub>x</sub>, SO<sub>x</sub>, and particulate matter, we strictly conduct regular testing in accordance with the emission permit and environmental impact assessments. During the Reporting Period, CIMC Enric achieved 100% compliance with the emission standards for various types of gas pollutants within our operational scope.

**Case**

**Nantong Transport Comprehensively Upgraded Exhaust Gas Treatment Facilities to Improve Its End Treatment Capabilities for Exhaust Gas**

Nantong Transport upgraded all its original “activated carbon adsorption fixtures” to “regenerative thermal oxidizers (RTOs)” to enhance the end treatment capabilities of exhaust gas treatment facilities. After the exhaust gas treatment facilities were upgraded, VOC emissions are reduced by 42 tons/year and waste activated carbon is reduced by 36 tons/year, significantly improving ecological and environmental benefits.



Transformed equipment in plants

## WASTEWATER MANAGEMENT

CIMC Enric has effectively alleviated the pressure on water resources in the production and operation premises by deepening water resources management and conserving and recycling water resources. The Company’s water mainly comes from the municipal water supply and there are no issues in sourcing water. Furthermore, we adhere to setting wastewater treatment and discharge standards above the national regulations to ensure that all discharged wastewater is clean and harmless, thereby reducing the potential environmental impact of wastewater.

The Company has rigorously abided by the *Water Pollution Prevention and Control Law of the People’s Republic of China* and implemented a range of pollution prevention and control measures to strengthen its management capabilities of water pollution prevention and control. The Company explicitly prohibited the direct discharge of hazardous wastes into the drainage system such as high-freezing point oily products, oil stains, solvent waste, acid waste, and acetone waste. Sewage containing harmful substances must be properly treated to ensure that it meets the discharge standards before it is discharged into the municipal sewage pipeline network.

To further reduce sewage treatment and discharge, we consistently improve two sets of independent sewage pipeline systems for industrial water and test water. We have treated the pickling wastewater in the alkaline washing tank and reused the test water in the water pressure test process to optimize the utilization efficiency of resources and effectively reduce the total amount of wastewater treated and discharged.

During the reporting period, CIMC Enric's quarterly wastewater discharge monitoring results within our operational scope were all in compliance with the standards.

#### Case

##### Upgraded Wastewater Treatment and Achieved Green Industrial Production

To achieve the goal of zero discharge of production sewage in the entire plant site, CIMC Sanctum implemented strict treatment procedures for pre-discharge wastewater, including pickling wastewater treatment, RO and MVR treatment, and paint wastewater treatment. However, during the treatment process, there were problems such as scaling in the pickling wastewater treatment tank and the generation of a large number of crystalline salts from MVR and RO concentrate, leading to pipeline and pump blockages.

To solve these issues, CIMC Sanctum introduced refinement measures such as circulating water systems for removing paint mist and strain-hardening pressure testing, effectively removing hazards. These innovative measures have not only reduced the monthly average electricity consumption of the water treatment facilities by 37% but also significantly improved the efficiency of the water treatment process, leading to greener industrial production.

## WASTE MANAGEMENT

CIMC Enric strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes* and other relevant laws and regulations, and continuously improves our internal management policies, including the *Solid Waste Management Measures* and the *Hazardous Waste Pollution Prevention Management Policy*, to consistently refine our waste management.

##### Goal to reduce the discharge of hazardous waste

In 2024, taking 2023 as the base year, CIMC Enric's goal to reduce the density of hazardous waste per million revenue is 80.45%.

The Company takes proactive measures to prevent and control the generation and discharge of hazardous waste. We implement a rigorous recording system to record detailed information on hazardous waste sources, quantity, inventory, and disposal processes, ensuring effective risk control. In the meantime, with a bottom-line mindset, we analyze and track relevant indicators of hazardous waste every quarter to strictly control its generation and disposal. For solid waste, the Company implements categorized management, to properly collect, store and dispose of waste based on waste type and attributes.

During the reporting period, CIMC Enric recorded no non-compliant disposal of hazardous waste within our operational scope.

## NOISE MANAGEMENT

CIMC Enric has strictly complied with the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise* and other relevant laws and regulations and committed itself to actively preventing and controlling environmental noise pollution. In production, especially during the sandblasting process, relevant subsidiaries have identified noise risk sources and implemented a series of effective measures to improve noise management constantly. These measures include optimizing operation procedures, enforcing sound insulation facilities, regularly maintaining equipment, and enhancing employees' protection awareness. We strive to improve the operating environment in terms of noise to ensure the occupational health of our employees and minimize the impact of noise on the surrounding environment.

## BIODIVERSITY CONSERVATION

CIMC Enric is aware that biodiversity conservation is not only a core component of national development strategies but also a key focus in the Company's ecological protection. We are dedicated to protecting the ecological environment surrounding our production and operation premises, ensuring the effective preservation of habitats for biological populations, and safeguarding the normal lives of the species.

The Company has been aware of the framework of the Taskforce on Nature-related Financial Disclosures (TNFD). We plan to adopt the framework to assess our operational impacts and dependencies on nature and identify nature-related risks and opportunities, thereby managing environmental risks more effectively, seizing opportunities for sustainable development, and ensuring long-term and stable operations.

### Case

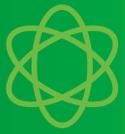
#### **Implemented the Sustainable Development Initiative Thoroughly and Upheld the Concept of "Seeking Low-carbon, Environment-friendly and Green Development"**

To thoroughly implement the sustainable development initiative and uphold CIMC Enric's HSE concept of "Seeking low-carbon, environment-friendly and green development", CLPT organized a voluntary tree-planting activity from April 4 to 6. Mr. Klaus Gehrig, President of the Liquid Food Business Center and CLPT, and more than 30 representatives from various departments participated in the tree-planting activity, which could not only improve the ecological environment but also ignite the enthusiasm of employees in afforestation and forest conservation. The newly planted seedlings would grow and thrive together with CLPT.



Mr. Klaus Gehrig, President of the Liquid Food Business Center and CLPT, participated in the tree-planting activity





## Optimizing the Use of Energy

CIMC Enric is dedicated to deepening energy management and guiding production and operations to be more energy-saving, green and low-carbon. The Company commits itself to promoting the application of clean energy and actively facilitates the layout of distributed photovoltaic power generation systems within the plant sites, thereby transforming and upgrading the energy structure. We convert solar energy into electricity by installing photovoltaic panels on suitable rooftops and open spaces within the plant sites, which significantly reduces our reliance on fossil fuels, increases energy self-sufficiency and lowers energy consumption and carbon emissions.

In 2023, we achieved significant milestones in developing our photovoltaic projects. The overview of the progress of distributed photovoltaic projects within the plant sites of CIMC Enric’s subsidiaries is shown as follows:

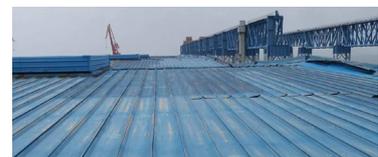
Member enterprises	Rooftop construction area	Installed capacity	Progress
SOE	60,000 square meters	5.67MW	In operation
CIMC Hongtu	70,000 square meters	5.00MW	In operation
GCT	14,000 square meters	1.20MW	In operation
CIMC Safe Tech	6,500 square meters	0.70MW	In operation
CIMC Sanctum	37,000 square meters	3.90MW	Expected to be completed in 2024
Shijiazhuang Enric	70,000 square meters	6.24MW	Expected to be completed in 2024
CLPT	19,000 square meters	1.60MW	Expected to be completed in 2024
Nantong Transport (including the plant sites of CIMC Enric Hydrogen Energy)	8,000 square meters	1.11MW	Expected to be completed in 2024
Installed capacity in operation		12.57MW	

### Case

#### SOE Vigorously Promoted the Green Transformation of Energy Structure

SOE’s east plant site faced challenges of increasing energy demand and environmental protection. The annual electricity consumption of the plant was approximately 10 million kWh, with an average monthly load of around 3,000 KW, resulting in an estimated annual carbon dioxide emission of up to 7,035 tons. Guided by national policies of control on total energy consumption and energy intensity as well as peak load shifting, the east plant decided to initiate a distributed photovoltaic power generation project to achieve the green transformation of energy structure and ensure a stable power supply for production and domestic consumption.

After the project was implemented, the annual electricity generated by the photovoltaic system in the east plant site significantly increased, effectively reducing reliance on traditional energy. In 2023, the carbon dioxide emissions in the east plant site were reduced by approximately 3,426 tons compared to the previous data, not only reducing the plant site’s carbon emissions but also improving energy self-sufficiency.



Before the implementation of the photovoltaic project



After the implementation of the photovoltaic project

**Case**

**Photovoltaic Power Generation and New Energy Boosted the Green and Low-carbon Development**

CIMC Hongtu was dedicated to constantly promoting the green development strategy. Guided by the national comprehensive energy-saving and emission reduction proposal under the 14th Five-Year Plan, the plant has implemented a rooftop distributed photovoltaic power generation project to achieve the green transformation of energy structure.

Before the implementation of the project, the annual electricity consumption of the plant site was approximately 8 million kWh. After the project was implemented, the annual electricity generated by the photovoltaic system in the plant site significantly increased, effectively reducing reliance on traditional energy. In 2023, the total electricity generated in the plant site reached 5.02 million kWh, resulting in a reduction of 616.6 tons of standard coal. Specifically, the Company utilized approximately 3.57 million kWh of electricity, leading to a reduction of 438.5 tons of standard coal. This not only lowered the carbon emissions of the plant site but also improved energy self-sufficiency. It injected a “green power” into CIMC Hongtu’s high-quality.



Before the implementation of the photovoltaic project



After the implementation of the photovoltaic project

**Case**

**CIMC Sanctum Took Multiple Measures and was Dedicated to Carbon Neutrality in Operations**

CIMC Sanctum is currently building a rooftop distributed photovoltaic project with an area of 37,000 square meters and an installed capacity of 3.90 MW. The project is expected to be completed in 2024. In the meantime, CIMC Sanctum reduced the impact of its carbon emissions on the environment by purchasing green electricity certificates. In June 2023, we purchased 100,000 kWh of wind power green electricity, reducing 87,190 kg of carbon dioxide emissions and promoting our low-carbon operations.



Green Electricity Certificate

In addition to sustained efforts in promoting the application of clean energy, the Company also refers to advanced energy management systems at home and abroad to constantly improve our energy management. The Company strictly follows internal management policies, including the Management Regulations for Energy, the Management Regulation on Use of Water, Electricity and Gas, the Equipment and Energy Awards and Punishment Regulation and the *Detailed Rules of Equipment and Facilities Management*, and effectively reduces potential impacts on business operations by implementing energy saving management plans and conducting regular inspections.

By 2023, a total of six member enterprises of the Company have passed ISO 50001 Energy Management System Certificate, accounting for over 26% of all member enterprises.

The Company also extensively improves our energy use efficiency through technological upgrades, equipment renovations, process optimizations, and digital and intelligent management. With our profound experience and technological advantages in energy equipment, we continuously advance new industrialization development. By promoting high-quality development, we reduce operational energy consumption and support the national *strategy* of carbon peaking and carbon neutrality.

In 2023, the energy-saving effects achieved by our projects are as shown in the table below:

No.	Energy conservation project	Energy conservation (tons of standard coal equivalent)
1	Transformation of vacuum systems for low-temperature products	620.80
2	Transformation of lighting energy-saving system	21.90
3	Centralized gas supply transformation	336.70
4	LPG production line transformation	272.90
5	LNG production line transformation	189.30
6	Application of rotating tools	10.00
7	Application of digital imaging technology	46.30
8	Application of welding robots	79.20
9	Frequency conversion transformation for air compressors	27.10
10	Transformation for water recycling	34.50
11	Energy-saving application of air compressors	14.60
	Total	1,653.30

**Case**

**Shijiazhuang Enric Purchased New Energy Passenger Vehicles for Employee Commuting**

In 2023, to achieve a transition towards new energy vehicles, Shijiazhuang Enric significantly promoted the electrification of transportation terminals. By purchasing a fleet of new energy passenger vehicles as employee commuting shuttles, we reduced the use of fossil fuels, lowered the overall greenhouse gas emissions, and supported national policies to achieve energy security and protect the environment.



Shijiazhuang Enric's new energy shuttles



# 04



## PEOPLE-ORIENTED, HAEMONIOUS AND WIN-WIN

CIMC Enric is committed to creating a safe and healthy working environment and adheres to a people-oriented development strategy. In active response to Goals 1,2,3,4,5,8,10 and 11 of the United Nations SDGs we help employees and communities grow together through equality and respect, skill development, and diverse community engagement.

Response to SDGs





## Occupational Health and Safety

### OCCUPATIONAL HEALTH AND SAFETY SYSTEM

CIMC Enric upholds the core concept of “people orientation and safe development” and is fully aware that a sound governance structure, and clear responsibilities and roles are the keys to ensuring occupational health and safety management. The Company has established an ESG work leader team under the Sustainable Development Committee, the Digital Lean Security Department and the Human Resources and Administration Department. The members of the ESG work leader team are mainly responsible for reviewing, formulating and supervising the Company’s occupational health and safety policies, guidelines and goals, ensuring the health and safety of employees.

To strengthen the leadership’s emphasis on occupational health and safety, the Company closely links occupational health and safety management performance indicators with the performance of the executive president. Aside from that, the Board also closely relates the performance evaluation of the Sustainable Development Committee and ESG work leader team to the achievement of occupational health and safety performance indicators. In case of a major event, the Company will use a one-vote veto system to deduct performance-based compensation for relevant senior managers based on the severity and impact of the event, and corresponding administrative or economic liabilities might be imposed.

The Company continuously strives to improve the quality of occupational health and safety management and strengthen the recognition and commitment of all employees and related parties to safety culture. To ensure that the effective implementation of occupational health and safety measures is consistent with the Company’s long-term goals and resource allocation, the Company unremittingly improves relevant systems and incorporates them into strategic planning. In addition, the Company actively communicates with all employees and relevant parties to ensure that they fully understand the occupational health and safety policies objectives and provides suggestions on improving occupational health and safety management to create a sound environment of work safety and improve the overall occupational health and safety standards.

By the end of 2023, 16 of the Company’s member enterprises have obtained ISO 45001 Occupational Health and Safety Management System Certificates, accounting for more than 70% of all the member enterprises.

### OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

CIMC Enric ensures the life safety and health of all employees and related parties through comprehensive occupational health and work safety management. We have taken a series of comprehensive measures, ranging from strengthening intrinsic safety to implementing goal-oriented safety management, from special improvement plans to strengthening risk management and control, and to improving employees’ safety awareness and emergency response capabilities. Every step aims to build a safer working environment. In addition, we use the HSE digital platform and continuous safety inspections and internal audits to constantly optimize the management system and ensure its efficient operation, thus providing a solid guarantee for the Company’s stable operations and sustainable development.

#### Intrinsic safety

Each member enterprise adheres to the principle of “strengthening equipment safety management and improving intrinsic safety” and implements an entire-process, all-employee, whole-cycle and full-scope management strategy. We systematically evaluate and consider safety risks during the initial stage of design, manufacturing process and equipment use, and continuously improve the intrinsic safety performance of equipment through safety risk investigation and scheduled equipment condition assessment.

 **Goal-oriented**

Based on the results of risk investigation, assessment and analysis, each member enterprise sets specific safety performance goals, builds a production intrinsic safety system through the target content, optimizes resource allocation, and improves its integrity, making the entire system safe and reliable. Each member enterprise has set the goal of “zero” equipment safety accidents.

 **Special plan**

Each member enterprise formulates a special improvement plan based on safety performance goals. Each plan is managed by a special team, which coordinates the formulation of a detailed improvement plan and conducts the technical demonstration. The factory strictly implements management measures and technical transformation according to these plans and conducts continuous reviews and statistical analysis of the improvement process. Based on the evaluation of improvement results and analysis of risk points, we continuously optimize the improvement results and promote continuous progress of occupational health and safety management throughout the Company.

 **Safety culture**

We promote a comprehensive occupational health and safety culture and boost the safety awareness and operational skills of all employees through innovative safety education and training cases and a plurality of special training sessions. In 2023, 100% of the special operation personnel and special equipment operators of CIMC Enric held appropriate certificates.

 **Emergency drills**

We have held multiple emergency drills to strengthen employees’ emergency response capabilities and improve each emergency response unit’s ability to respond quickly to emergencies and tested the timeliness of each emergency response unit’s arrival at the accident scene, the accuracy of information transmission, and the reliability of communications. Again, we conducted emergency drills to reveal and resolve in advance the deficiencies in the response procedures and measures of the emergency response plan, thereby improving and standardizing the emergency response plan.

 **Digital platform**

We actively promote the construction of the HSE digital platform, which is set up with core functional modules including shareholding supervision, compliance performance, safety education and training, hidden danger investigation and governance, risk classification and control, etc. The platform can ensure that the safety responsibilities of each position are effectively implemented, and strengthening safety education, supervision, and assessment. Meanwhile, the potential risk inspection and governance process has been optimized through online processing to improve management efficiency. In addition, the platform automatically assigns inspection tasks based on risk levels, ensuring that daily, weekly, and monthly inspection work receives the attention of and is carried out by the corresponding persons in charge, thereby strengthening risk classification control and safety management.

 **Safety inspection**

The Company’s Digital Lean Security Department and HSE Department conduct at least one internal audit of the occupational health and safety management system on an annual basis to ensure that the operating areas that currently meet certification requirements comply with the system requirements.

Indicator	2023
Number of identified significant or higher risks	629
Number of work-related deaths(person)	0
Lost working hours due to work-related injury (hour)	265.50



## Equality, Diversity, and Inclusion

### EMPLOYMENT RIGHTS PROTECTION

CIMC Enric supports international human rights norms and national regulations such as the *Universal Declaration of Human Rights*, the *United Nations Guiding Principles on Business and Human Rights*, the international labor standards of the International Labour Organization (ILO), the *Voluntary Principles on Security and Human Rights*, and the *Provisions on the Prohibition of Using Child Labor*. We require all employees and member enterprises to have a correct understanding of human rights issues and respect the understanding of human rights in other cultures. In addition, the Company also requires the suppliers and partners to follow the principle of equal employment and create a sound employment atmosphere.

The Company strictly complies with relevant laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China* and has formulated the *Human Resources Employment Management System* to standardize various management tasks in the employment process such as recruitment, working hours, and termination of employment. The Company firmly opposes any form of discrimination and ensures that there is no unfair treatment caused by gender, age, race, nationality, religious belief, or other social and personal factors, and provides equal job opportunities for all employees and candidates. In 2023, the Company actively provided job opportunities for people with disabilities and recruited 16 disabled employees. During the reporting period, no incidents of discrimination, fraud, or harassment were found within the scope of CIMC Enric and its member enterprises; there have been no strikes/ lockouts within CIMC Enric and its member enterprises in the past three years.

We strictly prohibit any department, member enterprise, or partner from engaging in any type of child labor or forced labor, and sign labor contracts with all regular employees and labor service contracts with contingent workers. In the recruitment process, we strictly verify the identity of each applicant and prohibit the illegal procedure of "factory workers are recruited first, and the official recruitment formalities are completed afterward". Meanwhile, the Company's HSE Department and Human Resources Department make random checks from time to time on the employment of child labor and forced labor and clarify the joint liability and punishment mechanism for relevant personnel such as the head of the employing department in the event of such a phenomenon, maximizing legal and regulatory compliance in employment. During the reporting period, the Company has not violated any local employment laws and regulations where it operates, nor has it employed child labor or forced labor.

We organize the Human Resources Department of the member enterprises to perform self-inspection of risks on regular projects regularly. We have developed over 60 risk self-inspection nodes, covering recruitment, employment and training, compensation and benefits, human resource information system management, organization management and other aspects, to ensure that the Company keeps a good grip on the overall employment, makes timely rectification plans, and reduces the overall risks of human resources.

#### Case

##### Briggs UK Developed the Modern Slavery Statement

Briggs UK has publicly released the *Modern Slavery Statement* on the Company's official website, requiring that no part of the supply chain or business be involved in modern slavery or human trafficking, and adopting procedures that help ensure that modern slavery does not occur in our business or supply chain, while encouraging partners to develop similar policies and comply with them in their business. Briggs UK has established the following management system to prevent modern slavery:

- ✓ Identify and evaluate potential risk areas in our supply chain;
- ✓ Reduce the risks of slavery and human trafficking in the supply chain;
- ✓ Monitor potential risk areas in our supply chain;
- ✓ Protect whistleblowers.

Briggs UK also stated in the *Modern Slavery Statement* that training is provided to employees.



Modern Slavery Statement Issued by Briggs UK

CIMC Enric values relationships with all employees and conducts fair, unified, and reasonable planning of human capital for all employees. We have established a talent pool to carry out a portrait depiction of the work characteristics of employees and analyze their abilities and job matching to provide suitable talents for different positions in the Company. We encourage employees to choose suitable positions through internal recruitment, constantly embrace challenges, and unleash more work potential. In 2023, we actively carried out campus recruitment, attracting 149 new graduates, promoting the optimization of employee structure, and introducing excellent talent reserves.

**CIMC Enric won the following Best Employer Awards from 2021 to 2023:**

Year	Award	
2022		
	Liepin – Outstanding Contribution Award in Human Resources	SHL – 2022 SHL China Talents Management Practice Award
2023		
	Liepin - Extraordinary Employer	Liepin – Excellent Talents Partner Award

Employee Category	Indicator	2023
	Total number of employees	10637
Employees by employment type	Full-time	9509
	Part-time	1,128
Among them, the number of contracted employees is as follows:		
Employees by ethnicity	Han Nationality	9381
	Ethnic minorities	128
Employees by gender	Male	7995
	Female	1514

<sup>10</sup> The data range related to the number of contract employees divided by ethnicity does not cover overseas enterprises

Employee Category	Indicator	2023
Employees by age	Under 30 (inclusive)	1324
	31 to 49	6614
	Above 50 (inclusive)	1571
Employees by educational background	Doctoral degree or above	11
	Master's degree	415
	Bachelor's degree	2537
	Junior college degree	1926
	Senior high school degree or below	4620
Employees by region	Chinese mainland	8,698
	Hong Kong, Macao and Taiwan	9
	Overseas	802

## COMPREHENSIVE COMPENSATION AND BENEFITS

CIMC Enric is committed to building a fair, competitive, and incentive compensation system. The Human Resources and Administration Department of the Company is responsible for continuously optimizing the content of the regulations such as the *Management Measures on Compensations*, the *Management Measures of Reward and Punishment of Employees*, and the *Management Measures on Working Hours and Leaves* to ensure that the compensation structure is based on the job responsibilities, personal abilities, and performance of employees, to achieve internal fairness and market competitiveness. On top of that, we respect the labor contribution of all employees, strictly comply with regulations on working hours of employees, and have made provisions on the implementation, supervision, and punishment of labor and work, employees' leaves, and overtime, etc., to ensure that all employees enjoy national statutory holidays and benefits in accordance with the law.

The Company's compensation system emphasizes performance orientation. The "fixed compensation + floating compensation" model is implemented to ensure that all employees can get corresponding compensation for their performances and promote consistency between personal development and long-term corporate goals. The employees who perform better will receive higher compensation provided that the other conditions are the same. The Company follows the principle of equal pay for equal work, and the performance-based compensation range for male and female employees is the same.

In addition, to share long-term value with employees, the Company continues to implement an employee stock ownership plan and further expands its scope during the reporting period, covering the middle management personnel and above, key position personnel, and outstanding employees. It continues to help more employees to be included in the scope of the employee stock ownership plan, promoting the sharing of benefits brought by corporate development between employees and the Company.

We provide comprehensive social security for all regular employees, including contribution payment of pension insurance, medical insurance, maternity insurance, unemployment insurance, and work-related injury insurance, to ensure that the basic rights and interests of employees are protected. Furthermore, the Company unveils an enterprise annuity plan for some employees.

To add extra benefits and care, we held a Women's Day celebration and provided summer heat allowance and other benefits to relevant employees. The Company attaches great importance to the health conditions of its employees and organizes comprehensive annual health examinations, including occupational disease examinations for special jobs, to ensure that employees receive necessary health examinations during their onboarding, employment, and departure periods. We continuously monitor and manage the results of physical examinations to understand the health conditions of employees promptly and take corresponding preventive and intervention measures.

Case

**Happy Family Day, Growing Together**

In June 2023, CIMC Safe Tech successfully held the “Happy Family Day” event, attracting over 170 employees and their families who participated enthusiastically. Diverse interactive activities were carefully designed for this event, such as the magic performance, traditional Chinese culture classes, and plant rubbing, immersing participants in the charm of traditional culture and strengthening communication between parents and children. This event not only deepened the understanding of the Company’s business and culture among the employees’ families and enhanced their support to work, but also improved the cohesion and happiness of the corporate family.



Site of CIMC Safe Tech’s “Happy Family Day” Event

Case

**Summer Care Action: Provide Coolness in High Temperature Weather**

CIMC Enric deeply knows the hard work of frontline staff in the scorching heat and has launched a series of “Provide Coolness in High Temperature Weather” activities to express its deep concern for its employees.

SOE has established a special work leader team responsible for deploying heatstroke prevention and cooling measures for key areas and projects, including distributing iced mung bean soup, salty soda water, and other cool drinks, as well as setting up high-temperature temporary restrooms to ensure that employees can maintain health and safety in hot weather. In the process, senior leaders also went to the frontline to visit relevant staff and personally distributed gifts to employees, boosting their morale and enhancing their sense of belonging and the cohesion of the Company.



A Series of “Provide Coolness in High Temperature Weather” Activities

## DEMOCRATIC COMMUNICATIONS WITH EMPLOYEES

CIMC Enric is committed to creating a harmonious and democratic corporate culture. Establishing an efficient employee communication mechanism and sound regulations on staff congress, encourages employees to fully participate in the decision-making process of the enterprise, to enhance their sense of belonging and engagement. The Company signs collective contracts with employees and regularly holds a staff congress to respond to employees' suggestions and optimize the welfare plan. In addition, we conduct annual employee satisfaction surveys and invite all employees to participate, ensuring that we can accurately understand their views on the Company's operations.

We put a premium on the rights of employees to express their demands and encourage them to join clubs or related associations. CIMC Enric has established a trade union in each invested enterprise and encourages employees to join the trade union. Moreover, we have entered into collective contracts to effectively promote the exercise of worker rights by employees and carry out democratic development in CIMC Enric. There have been no large-scale layoffs at CIMC Enric this year.

To continuously promote democratic development, the trade unions and the human resources departments of the member enterprises under the Company jointly hold activities regularly, including new employee exchange meetings, visits to ordinary employees, employee development, team building activities, etc.

### Case

#### Multi-level Democratic Communication to Improve Employee Satisfaction

SOE continuously deepens the employee communication mechanism and optimizes the feedback mechanism to ensure that the demands and suggestions of employees are effectively heard and addressed. The Company successfully carried out two key communication activities - the Staff Congress and the New College Student Exchange Symposium, and timely feedback and resolution of employee issues were given through interactive communication and on-the-spot Q&A during the meeting, as well as the subsequent release of meeting minutes.

To further improve feedback efficiency, the Company has launched a dedicated mini-program platform to collect demands and suggestions from employees. The Comprehensive Management Department is responsible for the operation of the platform, ensuring timely receipt of feedback and cross-department coordination and resolution, thereby promoting transparent communications and mutual understanding between the Company and employees.

## EMPLOYEE TRAINING AND DEVELOPMENT

CIMC Enric is in the full conviction that talent is the core of corporate competitiveness, and therefore strives to create an environment that supports the comprehensive development of employees. With the elaborately designed training programs and systems, we continuously enhance the skills and potential of our employees, while providing clear career growth paths and optimizing the team composition to ensure that the enterprise can continue to innovate and maintain industry competitiveness.

### Training plan

The Company starts to develop the training plan for the next year at the end of each year. The plan follows the principles of practicality and pertinence, focusing on enhancing employees' core skills and professional knowledge. By integrating internal training, external training, and online learning resources, we adopt diversified learning methods to meet the learning needs of different employees. In addition, the Company attaches great importance to the development of the internal lecturer team, continuously improving the professional quality and teaching skills of internal lecturers, thereby further improving the quality of training and the learning experience of employees.

### Training system

The Company has established a comprehensive training system, covering multiple phases such as the formulation of training systems, development of course content, implementation of training activities, and evaluation of training effects. Our training modules are diversified, including, but not limited to, leadership development, management skill enhancement, new employee onboarding guidance, supply chain management training, work safety education, and multicultural understanding workshops. By promoting training, we make great efforts to comprehensively enhance the professional skills and teamwork abilities of our employees, deepen their understanding and recognition of the corporate culture, and promote the diversified and inclusive development of the workplace.

### Ability enhancement

The Company comprehensively enhances the personal abilities of employees through various means such as practical programs, external and internal training courses, and professional certification exams. We provide diversified training courses for young employees including professional knowledge, English, welding skills, etc., focusing on cultivating their project management and on-site operation experience. To encourage employees to combine theoretical knowledge with practical skills, the Company also supports them in obtaining professional qualification certificates, such as certificates of registered environmental engineers and safety officers.

### Career planning

According to the *Management Regulations on Career Development Channels*, the Company has established promotion channels for both management and professional staff, providing abundant promotion opportunities based on their interests. We also provide career planning services to assist employees in choosing suitable career development paths to support their growth together with the Company.

### Team building

The Company continuously optimizes its talent team, rationalizes its employee structure, introduces talents from multiple fields such as environmental protection, safety, project management and investment, and promotes the rejuvenation and innovation of the team, building a team with core competitiveness.

#### Case

#### “Leadership Training Action”: CIMC Enric’s Executive Reserve Talent Training Program

In response to the strategic goals and the requirements for business and organizational development, the Company has planned and launched the executive reserve talent training program - “Leadership Training Action”, intending to explore and cultivate talents with the potential to grow into general manager of the enterprise.

The program focuses on four core themes: strategic management, corporate operation, collaborative integration, and leadership team building. Through in-depth knowledge transmission and skill enhancement in these key areas, we tap into and stimulate the potential of employees, and cultivate all-round management talents for future leadership.



“Leadership Training Action” Class



“Leadership Training Action” Activities



## Caring for People's Livelihoods

CIMC Enric is committed to bringing a positive impact to society by participating in various public welfare volunteer activities, such as education, disaster relief, and environmental protection. The Company closely cooperates with stakeholders such as the community and government to fix social well-being-related issues through joint efforts. We actively participate in community service activities, work together with local communities to improve the living environment of residents, and hold educational support and environmental protection programs. In addition, we cooperate with non-governmental organizations to carry out public welfare activities such as poverty alleviation and medical support and give back to society through practical actions.

In 2023, the Company further implemented the philanthropic concept of the Group's Charity Foundation and actively engaged in educational philanthropy. We have supported a total of 49 college students in the academic year of 2022-2023, and we expect to support 54 college students in the academic year of 2023-2024, continuing to make contributions to educational philanthropy.

### Case

#### Continuous Public Welfare Action for Ten Years: Employees Donated Blood to Show Care

In January 2023, the Trade Union and Infirmary of CIMC Safe Tech learned of a drop in the blood inventory in the urban area of Nantong City, Jiangsu Province. They quickly took action and took the initiative to contact Nantong Central Blood Station. On 17 January, the activity "Employees Donate Blood, Giving Back to Society" was organized, receiving broad support and active engagement from the Company's management and employees. More than 100 employees signed up to participate in the activity, and a total of 102 employees successfully donated blood, with a cumulative blood of over 30,000 ml donated. Over the past decade, CIMC Safe Tech has organized employees to participate in voluntary blood donation activities every year, actively assuming social responsibilities and bringing a positive social impact.



"Employees Donate Blood, Giving Back to Society" Activity

### Case

#### GROW Activity Promotes Green Public Welfare

In order to embody CIMC Enric's constant dedication to delivering value to the society, giving back to the society, performing social responsibility, putting the corporate philosophy of "Green development" into practice, the Company unveils the Green and Low-carbon Practice in the second week of November of each year. In this week, the staff of the energy and chemical sector take actions in person to engage in the green and low-carbon, energy-saving and environmental activities.

**Case**

**Carry out Emergency Rescue and Fire Safety Training to Contribute to Safety of the Hazardous Chemical Transportation Industry**

In February 2023, CIMC Hongtu conducted emergency rescue training for hazardous chemical transport vehicles for the Wuhan Petroleum Team for the National Emergency Rescue of Hazardous Chemicals of Jingmen Fire Rescue Brigade.

In May 2023, CIMC Hongtu conducted training and communications on the manufacturing process of tank trucks, risk points for the use of propane-distributed energy gas supply systems and tank trucks, and normalized emergency response measures for Anhui Special Equipment Inspection Institute and Anhui Provincial Fire Rescue Brigade.

In addition, as an emergency rescue base for pressure vessels, CIMC Hongtu actively provided emergency response plans for customers and has provided product structure training for key customers multiple times. It also exchanged experience in emergency rescue and disposal of road accidents of mobile pressure vessel tank trucks and provided remote telephone guidance for emergency disposal of multiple accidents.



Emergency Rescue Training for Hazardous Chemical Transport Vehicles



Product Structure Training for Hazardous Chemical Transport Vehicles

**Case**

**Enterprises Join Hands with Rural Areas to Build a Stable Home Together**

In December 2023, SOE established a cooperative relationship with Yufeng Village Economic Cooperative in Yinyang Town, Qidong City, Jiangsu Province. SOE will carry out rural revitalization assistance work in the following aspects:

- ✓ Properly address the employment issue of nearby eligible villagers: 70 villagers from Yufeng Village have been assisted in obtaining jobs as of December 2023;
- ✓ Assist in resolving various labor disputes among in-service villagers, promote joint security defense, handle emergency affairs, and undertake other routine coordination and management work of villagers;
- ✓ Carry out assistance through consumption: Reach an agreement with some villagers who are planting crops and purchase crops at appropriate prices for use in the Company's canteens, achieving mutual benefits.

In 2023, SOE supported Yufeng Village Economic Cooperative by donating RMB100,000, to facilitate stable, safe and long-term development of both rural areas and the enterprise.

Indicator	2023
▶ Total public welfare investment	◀▶ <b>48.76</b> RMB ten thousand
▶ Including: Rural revitalization	◀▶ <b>1.50</b> RMB ten thousand
▶ Education	◀▶ <b>14.32</b> RMB ten thousand
▶ Community assistance	◀▶ <b>31.94</b> RMB ten thousand
▶ Healthcare	◀▶ <b>1.00</b> RMB ten thousand
▶ Other donations	◀▶ <b>10.19</b> RMB ten thousand
▶ Employee Donation	◀▶ <b>163</b> 人次
▶ Employee volunteer service hours	◀▶ <b>1,534</b> hour



## APPENDIX

### *Details of Member Enterprises Covered in the Report*

No.	Short Name	Full Name
1	CIMC Safe Tech	CIMC Safeway Technologies Co., Ltd.
2	CIMC Sanctum	Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.
3	Shijiazhuang Enric	Shijiazhuang Enric Gas Equipment Company Limited
4	CIMC Hongtu	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.
5	Langfang Integration	Enric (Langfang) Energy Equipment Integration Company Limited
6	CLPT	CIMC Liquid Process Technology Co., Ltd.
7	SOE	Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd.
8	Liaoning Hashenleng	Liaoning CIMC Hashenleng Gas Liquefaction Plant Co., Ltd.
9	Nantong Transport	Nantong CIMC Energy Equipment Co., Ltd.
10	EYX	CIMC Nantong Port Development Co., Ltd.
11	CET	CIMC Enric Engineering Technology Co., Ltd.
12	Enric (Bengbu) Compressor	Enric (Bengbu) Compressor Company Limited
13	GCT	CIMC Eco Building Technology Co., Ltd.
14	ENV	CIMC Environmental Service 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 Saiwei Jiaxing	CIMC Saiwei Technology Service 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 Organizations

Member enterprises	Organization Name	Positions
SOE	Jiangsu Shipbuilding Industry Association	Member
SOE	Nantong Shipbuilding Industry Association	Vice chairman
SOE	China Steel Construction Society	Member
Nantong Transport	Welding Branch of Jiangsu Mechanical Engineering Society	Managing director/ director
Nantong Transport	Working Committee on Technology and Informatization of Hazardous Chemical Storage and Transportation Equipment	Committee member
Nantong Transport	Committee on Transport Safety of Radioactive Materials, China Society of Radiation Protection	Committee member
Nantong Transport	Design Committee of Jiangsu Petrochemical Equipment Industry Association	Committee member
Nantong Transport	Liaoning Huludao Special Equipment Association	Managing director
Nantong Transport	Sub-committee on Moveable Cryogenic Pressure Vessels, China Standardization Committee on Boilers and Pressure Vessels	Expert
Nantong Transport	ISO Working Group on Cryogenic Vessel Standards	Committee member
Nantong Transport	Shanghai Gases Industry Association	Committee member
Nantong Transport	China Chemical Industrial Equipment Association	Reviewer
Nantong Transport	Jiangsu Provincial Association of Machinery Industry	Managing director
CIMC Sanctum	China Chemical Industrial Equipment Association	Director
CIMC Sanctum	Guangdong Industrial Gases Occupation Association	Director
CIMC Sanctum	Jiangsu Industrial Gases Association	Director
CIMC Sanctum	China Industrial Gases Industry Association	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	1st Working Committee on Standardization 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 Standardization	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

Member enterprises	Organization Name	Positions
CIMC Sanctum	Suzhou Military-Civilian Integration Development Association	Member
CIMC Sanctum	Hebei Industrial Gases Industry Association	Member
CIMC Sanctum	Cryogenic Gas Cylinder Branch	Member
CET	Petrochemical Branch of China Construction Industry Association	Member
CET	Petrochemical Branch of China Construction Industry Association, Survey and Design Committee	Member
CET	Construction Project Management and General Contracting Subcommittee of China Engineering & Consulting Association,	Director
CET	Jiangsu Provincial Association of Engineering Consultants	Director
CET	Jiangsu Survey and Design Association	Director
CET	Nanjing Survey and Design Association	Director
CET	China Petroleum & Chemical Engineering Survey and Design Association	Member
Shijiazhuang Enric	China Industrial Gases Industry Association	Vice president
Shijiazhuang Enric	Hebei Province Industrial Gas Association	Director
Shijiazhuang Enric	LNG Branch of China Industrial Gases Industry Association	Vice chairman
Shijiazhuang Enric	Alliance development of Beijing Tianjin Hebei on Gases Industry of China Industrial Gases Industry Association	Member
Shijiazhuang Enric	Hazardous Chemicals Logistics Branch, China Federation of Logistics & Purchasing	Member
Shijiazhuang Enric	China Chemical Industrial Equipment Association	Director
Shijiazhuang Enric	China Industrial Gases Industry Association, Transportation and Energy Branch	Chairman
Shijiazhuang Enric	China Petroleum & Petrochemical Equipment Industry Association	Committee member, member
Shijiazhuang Enric	Great Strategy Taxpayer Club Co., Ltd., Shijiazhuang Branch	Committee member, member
Shijiazhuang Enric	China Promotion Association for Special Equipment Safety and Energy-saving	Managing director
Shijiazhuang Enric	Shanghai Gas Industry Association	Member
Shijiazhuang Enric	China Renewable Energy Hydrogen Energy Industry Committee	Member
Shijiazhuang Enric	Hebei Boiler Pressure Vessel Energy Saving Association	Vice president
Shijiazhuang Enric	Hebei Industrial Design Association	Director
Shijiazhuang Enric	Hebei Hi-tech Industry Association	Member
Shijiazhuang Enric	Shijiazhuang Labor Supervision Association	Committee member, member
CIMC Hongtu	Sub-committee of Moveable Pressure Vessels, China Standardization Committee on Boilers and Pressure Vessels	Committee member
CIMC Hongtu	Working Committee on Technology and Informatization of Hazardous Chemical Storage and Transportation Equipment, China Association for Technical Supervision Information	Committee member, expert
CIMC Hongtu	China Chemical Industrial Equipment Association	Managing director
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
CIMC Hongtu	Working Committee of Hazardous Chemical Atmospheric Vessels Inspection, China Association of Special Equipment Inspection	Committee member

Member enterprises	Organization Name	Positions
CIMC Hongtu	Shanghai Gases Industry Association	Committee member
CIMC Hongtu	Hubei Welding Association	Member
CIMC Hongtu	Jingmen Municipal Quality Association	Member
CIMC Hongtu	China Council for Brand Development	Member
Enric (Bengbu) Compressor	China Compressor Standardization Technical Committee	Committee member
Enric (Bengbu) Compressor	Technical Committee of Compressor Sub-association, China General Machinery Industry Association	Member
Enric (Bengbu) Compressor	Anhui Machinery Industry Federation	Director
Enric (Bengbu) Compressor	Fluid Engineering Sub-society, Chinese Mechanical Engineering Society	Committee member
Enric (Bengbu) Compressor	Anhui Industrial Internet Association	Member
CIMC Safe Tech	China Chemical Industrial Equipment Association	Director
CIMC Safe Tech	International Tank Container Organization (ITCO)	President of the Manufacturing Sub-Division
CIMC Safe Tech	China Promotion Association for Special Equipment Safety and Energy-saving	Director
CIMC Safe Tech	2023 Global Chemical Supply Chain (China) Summit	Member
Langfang Integration	Low-carbon Fuel Automotive Technology Sub-society, China Society of Automotive Engineers	Expert
Langfang Integration	Standard Technologies Committee, China Industrial Gases Industry Association	Expert
Langfang Integration	Working Committee on Technology and Informatization of Hazardous Chemical Storage and Transportation Equipment, China Association for Technical Supervision Information	Expert
Langfang Integration	Experts Committee, China Sub-association of IoT Hazardous Chemical Logistics	Expert

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

**Table of ESG KPIS**

ENVIRONMENTAL PERFORMANCE DATA SHEET					
Environmental Performance Metrics		Unit	2023	2022	Data intensity in 2023 (per RMB100 million revenue)
Exhaust emissions	Sulfur dioxide	Tons	0.68	0.57	0.0029
	Nitrogen oxide	Tons	11.22	8.88	0.047
	Particulate matter	Tons	35.00	12.36	0.148
	Volatile organic compounds (VOCs)	Tons	23.52	20.74	0.10
	Mileage of business vehicles	Kilometers	2,261,736.00	/	9,572.97
Greenhouse gas emissions	Total greenhouse gas emissions	Tons of CO <sub>2</sub> e	115,679.61	94,838.54	489.62
	Direct greenhouse gas emissions (Scope 1)	Tons of CO <sub>2</sub> e	31,353.17	23,140.20	132.70
	Indirect greenhouse gas emissions (Scope 2)	Tons of CO <sub>2</sub> e	84,326.44	71,698.35	356.92
Sewage	Total sewage discharge	Thousand cubic meters	715.65	525.76	3.03
	Domestic water discharged	Thousand cubic meters	263.05	192.29	1.11
	Process water discharged	Thousand cubic meters	452.60	333.47	1.92
	Wastewater pollutant discharge - COD	Tons/a	21.73	/	0.09
	Wastewater pollutant discharge - NO <sub>x</sub>	Tons/a	0.75	/	0.0032
Hazardous Waste generated	Total hazardous waste generated	Tons	2,466.45	2,365.54	10.44
	Waste paint bucket	Tons	360.33	293.58	1.53
	Pickling sludge	Tons	736.26	843.31	3.12
	Lacquer residue	Tons	615.77	704.47	2.61
	Waste oil	Tons	105.80	35.09	0.45
	Waste activated carbon	Tons	174.70	174.82	0.74
	Waste developer	Tons	20.47	15.16	0.09
	Waste organic resin	Tons	44.79	8.28	0.19
Nonhazardous waste generated	Total non-hazardous waste generated	Tons	33,668.05	34,551.23	142.50
	Scrap metal	Tons	26,747.96	28,372.37	113.21
	Waste wood	Tons	40.95	686.10	0.17
	Domestic garbage	Tons	3,491.76	2,613.85	14.78
	Other	Tons	3,387.38	2,878.91	14.34

ENVIRONMENTAL PERFORMANCE DATA SHEET					
Environmental Performance Metrics	Unit	2023	2022	Data intensity in 2023 (per RMB100 million revenue)	
Energy consumption	Total energy use	Tons of standard coal	33,257.59	33,257.59	140.77
	ratio of non-fossil fuel to energy consumption	%	43.30	46.64	/
	Total electricity purchased	MWh	117,183.31	93,115.77	495.99
	Clean energy usage	MWh	3,014.06	/	12.76
	Natural gas	Thousand cubic meters	13,033.91	9,156.80	55.17
	Total oil consumption	Kiloliter	1,029.80	750.32	4.36
	Gasoline	Kiloliter	245.32	190.78	1.04
	Diesel	Kiloliter	784.48	559.54	3.32
Resource consumption	Total water use	10,000 cubic meters	149.03	137.16	0.63
	Domestic water consumption	10,000 cubic meters	46.11	/	0.20
	Industrial water consumption	10,000 cubic meters	102.92	/	0.44
	Recycled water use	10,000 cubic meters	13.29	/	0.06
	Percentage of recycled water use	%	8.92	/	/
	Total packaging used	Tons	2,356.58	/	9.97

SOCIAL PERFORMANCE DATA SHEET					
Category	Indicator	Unit	2023	2022	2021
<b>Employee composition</b>					
Employees by employment type (Person)	Contract employee	Person	9,509	8,593	8,881
	Rehired employees, part-time employees, and dispatched employees	Person	1,128	865	854
Contract employees by gender (Person)	Male	Person	7,995	7,290	7,488
	Female	Person	1,514	1,303	1,393
Contract employees by age (Person)	Under 30 (inclusive)	Person	1,324	1,255	1,225
	31~49	Person	6,614	6,244	6,491
	Over 50 (inclusive)	Person	1,571	1,094	1,165
Contract employees by educational background (Person)	Doctoral degree or above	Person	11	5	7
	Master's degree	Person	415	297	347
	Bachelor's degree	Person	2,537	2,163	1,985
	Junior college degree	Person	1,926	1,691	1,854
	Senior high school degree or below	Person	4,620	4,437	4,688
Contract employees by region (Person)	Chinese mainland	Person	8,698	8,577	8,433
	Hong Kong, Macao, Taiwan	Person	9	8	8
	Overseas	Person	802	8	440
Contract employee turnover (by gender)	Male	%	12.6	18.2	6.1
	Female	%	7.5	8.9	7.3
Contract employee turnover (by age)	Under 30 (inclusive)	%	23.6	40.2	16.2
	31~49	%	10.5	14.4	5.1
	Over 50 (inclusive)	%	7.5	3.7	2.6
Contract employee turnover (by region)	Chinese mainland	%	12.9	16.8	6.7
	Hong Kong, Macao, Taiwan	%	11.1	25.0	0.0
	Overseas	%	0.3	0.0	0.2

SOCIAL PERFORMANCE DATA SHEET					
Category	Indicator	Unit	2023	2022	2021
<b>Occupational health and safety</b>					
Occupational health and safety	Work-related deaths	Person	0	0	0
	Work-related injuries/one thousand employees	%	0.8	0.6	0.9
	Work-related injuries/one million work hours	%	0.32	0.29	0.46
	Work-related injuries	times	8	6	9
<b>Employee training and development</b>					
Training-related percentages	Percentage of employees trained	%	96.59	87.57	/
	Percentage of male employees trained	%	96.83	87.50	/
	Percentage of female employees trained	%	95.35	87.95	/
	Percentage of senior management trained	%	87.10	95.70	/
	Percentage of middle management trained	%	96.26	88.37	/
	Percentage of ordinary employees trained	%	96.72	87.43	/
Total training hours	Total training hours of employees	Hours	148,363.81	163,681.01	/
	Total training hours of male employees	Hours	128,709.97	139,041.52	/
	Total training hours of female employees	Hours	19,653.84	24,639.50	/
	Total training hours of senior management	Hours	4,823.16	1,551.67	/
	Total training hours of middle management	Hours	11,280.45	8,259.58	/
	Total training hours of ordinary employees	Hours	132,260.20	153,869.77	/
Average training hours	Average training hours of employees	Hours	17.02	19.05	/
	Average training hours of male employees	Hours	17.54	19.07	/
	Average training hours of female employees	Hours	14.27	18.91	/
	Average training hours of senior management	Hours	51.86	16.68	/
	Average training hours of middle management	Hours	24.79	17.46	/
	Average training hours of ordinary employees	Hours	16.19	19.17	/

Note: The data of occupational health and safety, employee training and development does not cover the overseas member enterprises.

## Applicable Laws and Regulations and Compliance

Topics	Application Laws and Regulations (Part)	Compliance	Internal Policies
Environment	<p>Environmental Protection Law of the People's Republic of China</p> <p>Atmospheric Pollution Prevention and Control Law of the People's Republic of China</p> <p>Water Pollution Prevention and Control Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes</p> <p>Energy Conservation Law of the People's Republic of China</p> <p>Law of the People's Republic of China on Environmental Impact Assessment</p> <p>Regulations on the Administration of Construction Project Environmental Protection</p> <p>Soil Pollution Prevention and Control Law of the People's Republic of China</p>	<p>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.</p>	<p>Solid Waste Management Measures</p> <p>Hazardous Waste Pollution Prevention Management Policy Related Stakeholders Management Policy</p> <p>Management Regulations for Dynamic Energy</p> <p>Management Regulation on Use of Water, Electricity and Gas</p> <p>Equipment and Energy Awards and Punishment Regulation</p>
Employment	<p>Labor Law of the People's Republic of China</p> <p>Labor Contract Law of the People's Republic of China</p> <p>Social Insurance Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Prevention &amp; Control of Occupational Diseases</p> <p>Law of the People's Republic of China on the Protection of Disabled Persons</p> <p>Law of the People's Republic of China on the Protection of Women's Rights and Interests</p> <p>Regulations Concerning the Labor Protection of Female Staff and Workers</p> <p>Provisions of The State Council on Working Hours for Workers and Staff</p> <p>Provisions on Collective Contracts</p>	<p>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.</p>	<p>Human Resources Management System</p> <p>Overtime Management Measures</p> <p>Management Measures on Compensations</p> <p>Management Measures of Reward and Punishment of Employees</p> <p>Management Measures on Working Hours and Leaves</p> <p>Management Measures on Business Development Incentives</p> <p>Regulations on Project Appraisal</p> <p>Management Regulations on Career Development Channels</p>
Safety	<p>Work Safety Law of the People's Republic of China</p> <p>Fire Protection Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Prevention &amp; Control of Occupational Diseases</p> <p>Health Standards for Radiation Workers</p> <p>The Measures for the Administration of Occupational Health Checks</p> <p>Regulations on Safety Supervision over Special Equipment</p> <p>Eight Provisions on the Prevention and Control of Occupational Hazards by Employers</p> <p>The Regulations on Labor Protection in Workplaces Where Toxic Substances are Used</p>	<p>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.</p>	<p>CIMC Enric's Guidelines on Safety Inspections for Management Cadres</p> <p>Regulations on Safety Inspections (Trail)</p> <p>Regulations on Safety Management for Dispatched Employees</p> <p>Guidelines on the Management of Work Safety Responsibility System</p> <p>Planning Guidelines for Safety Month &amp; Environment Day Theme Events</p> <p>Inspection Guidelines for Key Equipment and Facilities (Including Tooling) of the Energy and Chemical Sectors</p> <p>HSE Budgeting Guidelines</p> <p>HSE Management Guidelines of CIMC Enric for Remote Engineering Project Operations</p>

Topics	Application Laws and Regulations (Part)	Compliance	Internal Policies
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 Special Equipment Safety Law of the People's Republic of China 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 Anti-Unfair Competition Law of the People's Republic of China 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

Topics	GRI Indicators	Description	ESG Reporting Guidelines of HKEx	Corresponding content in the Report/remarks
<b>General Disclosures</b>				
Organizational profile	102-1	Corporate name		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 nature and legal form		About Us
	102-6	Markets served		About Us
	102-7	Company scale		About Us
	102-8	Information on employees and other workers	B1.1	Equality, Diversity, and Inclusion
	102-9	Supply chain of the Company	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		Industry Organizations
Strategy	102-14	Statement from the top 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		Corporate Governance and ESG Governance
	102-19	Delegation of authority and responsibility		Corporate Governance and ESG Governance
	102-20	Executive-level responsibility for economic, environmental, and social topics		Corporate Governance and ESG Governance
	102-28	Evaluating the highest governance body's		Sustainable Achievements in 2023
Communication with stakeholders	102-40	Stakeholders with which the Company communicates		Communication with Stakeholders
	102-41	Percentage of total employees covered by the collective bargaining agreement		Equality, Diversity, and Inclusion
	102-42	Basis of identifying and selecting stakeholders		Communication with Stakeholders
	102-43	Approach to communication with stakeholders		Communication with Stakeholders
	102-44	Key topics and concerns raised through communication with stakeholders		Materiality Issues

Topics	GRI Indicators	Description	ESG Reporting Guidelines of HKEx	Corresponding content in the Report/remarks
Reporting practice	102-45	Entities included in the consolidated financial statements or equivalent documents		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 identified in the process of defining report content		Communication with Stakeholders
	102-48	Reasons and impacts of recompiling any information reported in the previous report		No recompilation content
	102-49	Significant changes in important issues and issue boundaries compared to the previous report		Materiality Issues
	102-50	Reporting period		About the Report
	102-51	Date of most recent report (If applicable)		About the Report
	102-52	Reporting cycle		About the Report
	102-53	Contact person for questions regarding the report or its content		Readers' Feedback
	102-54	The Report preparation in accordance with the "core options" of the GRI Standards		Conform to the core options
	102-55	Content index of the GRI Sustainability Reporting Guidelines		Report Standard Index Table
	102-56	External authentication		None
<b>Material Topics</b>				
<b>1. Economic Topics</b>				
Economic performance	103-1	Explanation of the material topic and its boundary		About the Report
	103-2	The management approach and its components		Corporate Governance and 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 2023
Anti-corruption	103-1	Explanation of the material topic and its boundary	B7	Materiality Issues
	103-2	The management approach and its components		Business Ethics and Anti-corruption
	103-3	Evaluation of the management approach		Business Ethics and Anti-corruption
	205-3	Confirmed incidents of corruption and actions	B7(b),B7.1	Business Ethics and Anti-corruption
Anti-competitive behavior	103-1	Explanation of the material topic and its boundary		Materiality Issues
	103-2	The management approach and its components		Business Ethics and Anti-corruption
	103-3	Evaluation of the management approach		Business Ethics and Anti-corruption
	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices		Business Ethics and Anti-corruption

Topics	GRI Indicators	Description	ESG Reporting Guidelines of HKEx	Corresponding content in the Report/remarks
<b>2. Environmental Topics</b>				
Materials	103-1	Explanation of the material topic and its boundary	A2 A3	Materiality Issues
	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
	301-1	Weight or volume of materials used	A2.5	Not applicable
Energy	103-1	Explanation of the material topic and its boundary	A2 A3	Communication with Stakeholders
	103-2	The management approach and its components		Optimizing the Use of Energy
	103-3	Evaluation of the management approach		Optimizing the Use of Energy
	302-1	Energy consumption within the organization	A2.1	Optimizing the Use of Energy
	302-4	Reduction of energy consumption	A2.3	Optimizing the Use of Energy
Water	103-1	Explanation of the material topic and its boundary	A2 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
	303-1	Water withdrawal by source	A2.2	Strict Control of Pollution Discharge
	303-3	Water recycled and reused	A2.4	Strict Control of Pollution Discharge
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	Table of ESG KPIs
	305-2	Energy indirect (Scope 2) GHG emissions	A1.2	Table of ESG KPIs
	305-4	GHG emissions intensity	A1.2	Table of ESG KPIs
	305-5	Reduction of GHG emissions	A1.5	Table of ESG KPIs
Sewage and 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	Water discharge by water quality and discharge destination	A1.1	Table of ESG KPIs
	306-2	Waste by the category and disposal method	A1.3, A1.4, A1.6	Table of ESG KPIs

Topics	GRI Indicators	Description	ESG Reporting Guidelines of HKEx	Corresponding content in the Report/remarks
Compliance to laws related to environmental protection	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 regulations	A1(b)	Applicable Laws and Regulations and Compliance
Environmental assessment of suppliers	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	Screening new suppliers by adopting environmental criteria	B5.2	Supply Chain Sustainability
<b>3. Social Topics</b>				
Employment	103-1	Explanation of the material topic and its boundary	B1	Communication with Stakeholders
	103-2	The management approach and its components		Equality, Diversity, and Inclusion
	103-3	Evaluation of the management approach		Equality, Diversity, and Inclusion
	401-1	New employees and resigned employees	B1.2	Table of ESG KPIs
	401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	B1	Equality, Diversity, and Inclusion
	401-3	Parental leave		Equality, Diversity, and Inclusion
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	Injury type, ratio of injury, occupational disease, days lost, absence, and number of work-related death incidents	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		Equality, Diversity, and Inclusion
	103-3	Evaluation of the management approach		Equality, Diversity, and Inclusion
	404-1	Average hours of training per year per employee	B3.2	Equality, Diversity, and Inclusion
Employee 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		Equality, Diversity, and Inclusion
	103-3	Evaluation of the management approach		Equality, Diversity, and Inclusion
	405-1	Diversity of governance bodies and employees		Equality, Diversity, and Inclusion

Topics	GRI Indicators	Description	ESG Reporting Guidelines of HKEx	Corresponding content in the Report/ remarks
Child labor	103-1	Explanation of the material topic and its boundary	B4	Communication with Stakeholders
	103-2	The management approach and its components		Equality, Diversity, and Inclusion
	103-3	Evaluation of the management approach		Equality, Diversity, and Inclusion
	408-1	Significant risks of using child labor in operation sites and by suppliers	B4.1 B4.2	Equality, Diversity, and Inclusion
Forced or compulsory labor	103-1	Explanation of the material topic and its boundary	B4	Communication with Stakeholders
	103-2	The management approach and its components		Equality, Diversity, and Inclusion
	103-3	Evaluation of the management approach		Equality, Diversity, and Inclusion
	409-1	Operation sites and suppliers at significant risks of forced and compulsory labor	B4.1 B4.2	Equality, Diversity, and Inclusion
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	Operation activities through communication with local communities, impact assessments, and development programs	B8.1	Caring for People's Livelihoods
Social assessment of suppliers	103-1	Explanation of the material topic and its boundary	B5	Communication with Stakeholders
	103-2	The management approach and its components		Equality, Diversity, and Inclusion
	103-3	Evaluation of the management approach		Equality, Diversity, and Inclusion
	414-1	Screening new suppliers by adopting social criteria	B5.2	Equality, Diversity, and Inclusion
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 with the health and safety regulations concerning 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 with the relevant regulations concerning product and service information and labeling		Client Service and Privacy Protection
	417-3	Incidents of non-compliance with relevant regulations concerning marketing communications		Applicable Laws and Regulations and Compliance

Topics	GRI Indicators	Description	ESG Reporting Guidelines of HKEx	Corresponding content in the Report/remarks
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	Applicable Laws and Regulations and Compliance
Socioeconomic compliance	103-1	Explanation of the material topic and its boundary	B6	Communication with Stakeholders
	103-2	The management approach and its components		Expanding Green Opportunities
	103-3	Evaluation of the management approach		Expanding Green Opportunities
	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	Strengthening Innovation Drive



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