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CIMC

China International Marine Containers (Group) Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)

H Share Stock Code : 2039 A Share Stock Code : 000039

China International Marine Containers (Group) Co., Ltd.

2018 Social Responsibility & Environmental, Social and Governance Report



2018

Social Responsibility & Environmental, Social
and Governance Report



Printed on environmentally friendly paper

CIMC Milestones



In 1982, CIMC formally put into production



In 1986, CIMC closed down the container production business and switched to steel structure processing



In 1987, COSCO became a shareholder of CIMC, making CIMC a three-way joint venture



In 1993, Mai Boliang was formally appointed as the general manager of CIMC



In 1993, CIMC acquired Dalian Container Industrial Co., Ltd



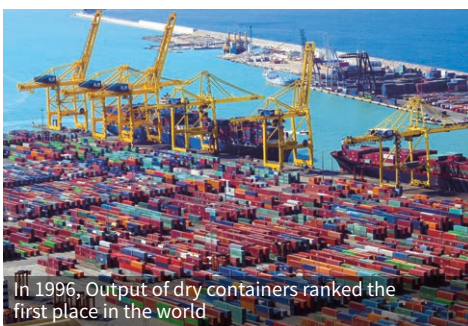
In 1994, CIMC stocks were listed and traded in Shenzhen Stock Exchange



On June 13, 2018, President Xi Jinping visited CIMC Raffles in the rain



In 1996, CIMC issued commercial paper in the United States



In 1996, Output of dry containers ranked the first place in the world



In 1996, Shanghai CIMC Reefer Containers Co., Ltd. put into production



In 1999, CIMC and British UBHI signed "strategic cooperation agreement and technology transfer agreement"



In 2001, CIMC defined the corporate mission of "providing equipment and service for modern transportation"



In 2001, CIMC Technical Center was recognized as a state-level technical center



In 2002, President Mai Boliang was invited to CCTV's show "Dialog"



In 2004, Mr. Mai Boliang was awarded as the title of "China Economic Leaders of the Year" by CCTV



In 2007, CIMC acquired Enric Energy Equipment Holdings Limited



In 2008, CIMC purchased Yantai Raffles



In 2009, heavy truck project of CIMC Vehicles took a substantive start



In 2009, CIMC established the leadership standards and leadership development plan



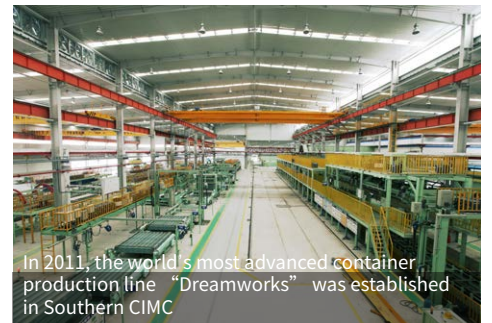
In 2010, CIMC Finance Co., Ltd. was established



In 2010, CIMC Upgrade Leadership Council Was Founded



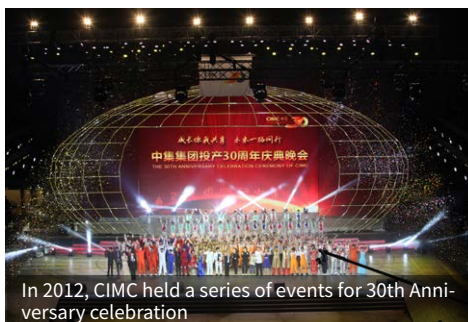
In 2010, CIMC has won the 5-year exclusive strategic camp housing supply contract of BHPB Iron Ore Project in Western Australia



In 2011, the world's most advanced container production line "Dreamworks" was established in Southern CIMC



In 2012 CIMC successfully pass the examination as one of the first main board listed companies to implement internal control standards of China Securities Regulatory Commission



In 2012, CIMC held a series of events for 30th Anniversary celebration



In 2012, CIMC and CMA CGM entered into charter arrangements for ten 9,200TEU container ships



In 2012, CIMC's H shares were listed on Hong Kong Stock Exchange



In 2013, CIMC Airport listed



In 2014, the COSL Prospector Drilling Rig built by CIMC was delivered successfully



In 2014, CIMC won the "Shenzhen Mayor Quality Award"



In 2016, CIMC Vehicles successfully introduced three strategic investors



In 2017, CIMC "BLUEWHALE 1" drilling platform procures China's first success in trial mining of seabed combustible ice

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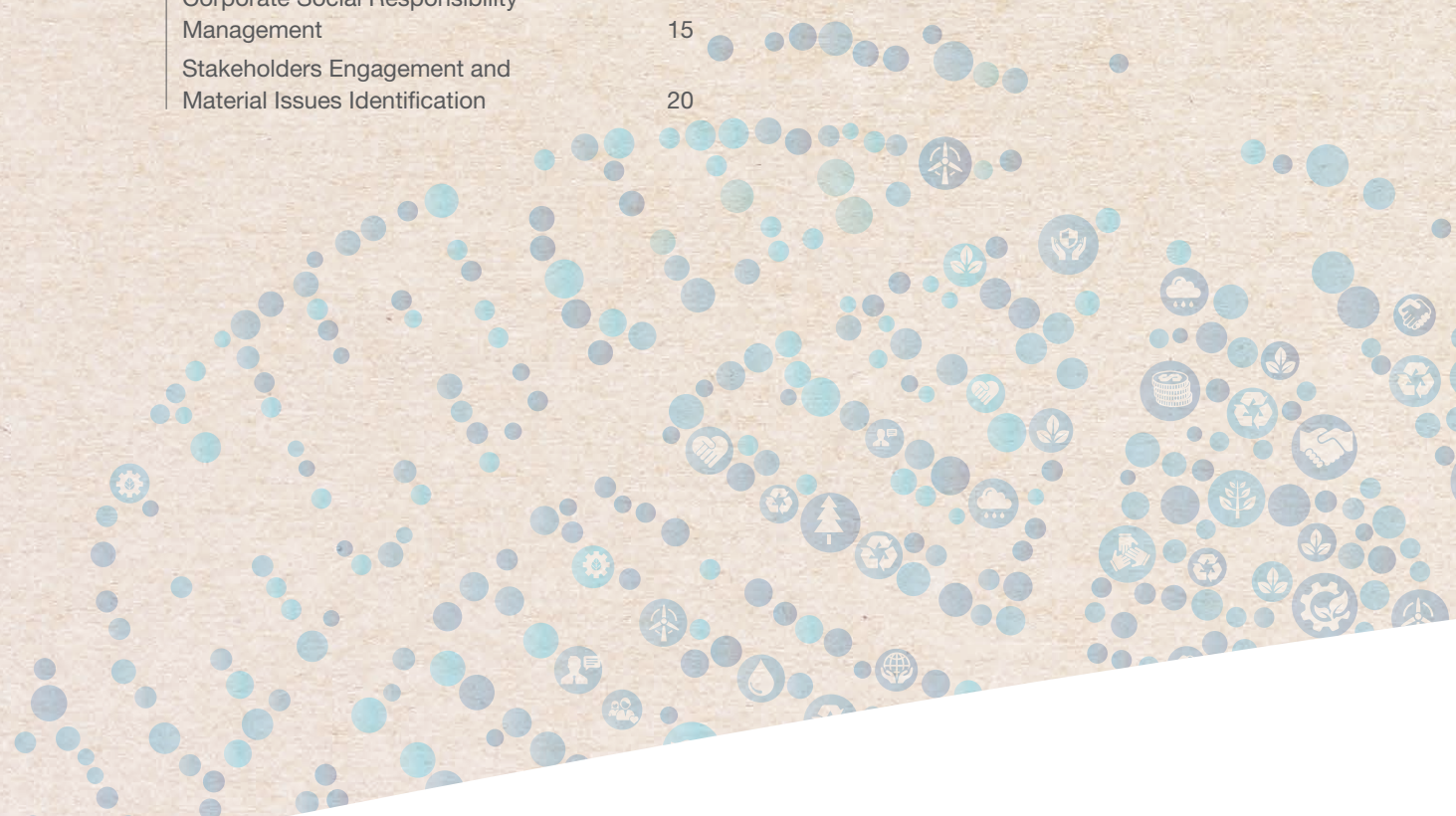


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Sustainability Achievements in 2018



1,833 questionnaires collected from stakeholder surveys, covering **11** kinds of internal and external stakeholders and collecting **338** specific suggestions



Invention patents of **251** applied for and obtained, accumulated invention patents **933** granted as at the end of 2018



Participating in the development of **over 160** international, domestic and industry standards as at the end of 2018



Two ONE topics were awarded the National Lean Management “**Demonstrative**” (示范级) and “**Improving**” (改进级) Technological Achievement Awards

The National Lean Management “Demonstrative” (示范级) Technological Achievement Awards



“Blue Whale No. 1” (蓝鲸1号) won the “**Golden Award of China Excellent Industrial Design for 2018**” (2018年中国优秀工业设计奖金奖) and the “**5th China Industry Award**” (第五届中国工业大奖)

Golden Award of China Excellent Industrial Design



China Industrial Awards



A Champion Product in Manufacturing

CIMC Containers was awarded the “**Champion Demonstrative Enterprise in One Product**” (单项冠军示范企业) and the CIMC Tianda’s boarding bridge was awarded “**A Champion Product in Manufacturing**” (制造业单项冠军产品) by the MIIT

Business Philosophy

Our Mission:

To supply the logistics and energy industries with quality and reliable equipment and services, provide good returns for its shareholders and employees and create sustainable value for the society.

Our Vision:

To become a globally respectable leading enterprise in the industry it enters.

Our Spirit:

To strive unceasingly and pursue excellence

Core Values:

Honesty and integrity, customer success, innovation, continuous improvement, win-win, result-oriented

Core Human Resources Management Philosophy:

People-oriented & Common Cause

Business/Management Philosophy:

Development concept: Quality growth
 Management concept: Concise and efficient
 Globalization concept: Global operations and local wisdom
 HSE concept: Safe and healthy, green management



National Enterprise Learning Project Design Silver Award



CIMC New Manager Training Camp won the “**2018 National Enterprise Learning Project Design Silver Award**” (2018 年全国企业学习项目设计银奖)



CIMC Vehicles won the “**2018 Guangdong Best Talent Management Innovation Award**” (2018 年度广东最佳人才管理创新奖)



Guangdong Best Talent Management Innovation Award

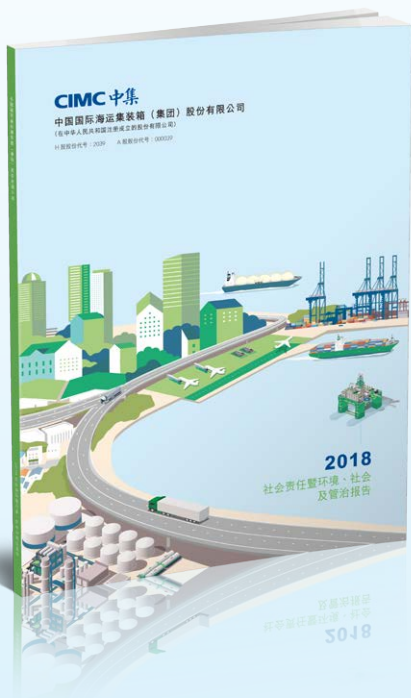


In 2018, the Group donated **RMB7.019 million**





About the Report



This report is the second Social Responsibility & Environmental, Social and Governance Report (referred to as “ESG&CSR Report” or the “Report”) of China International Marine Containers (Group) Co., Ltd. (the “Company” and its subsidiaries, collectively referred to as the “CIMC”, “CIMC Group”, “Group” or “we”). The board of directors of the Company expressly knows its responsibility for authenticity of the report, takes full responsibility for the Group’s environmental, social and governance strategies and reporting as it has reviewed and approved the report.



Reporting Period and Scope

The Report supplements the 2018 Annual Report of the Group and discloses the Group’s management approaches and performance of fulfilling its social responsibilities (including environmental, social and governance) from 1 January 2018 to 31 December 2018 (the “Year”, with some contents dating back to before 2018). For further details of corporate governance, please refer to the section headed “Corporate Governance and Corporate Governance Report” in the 2018 Annual Report of the Group.

The indicator data disclosed in this report covers:

- (1) manufacturing enterprises under the five major segments of CIMC Containers, CIMC Vehicles, CIMC Energy, CIMC Offshore and CIMC Airport (including all key pollutant discharge companies);
- (2) heavy trucks business with revenue of over RMB1 billion and Kaitong Company () of CIMC Logistics;
- (3) one overseas enterprise of CIMC Enric and one overseas enterprise of CIMC Airport.

We have included these business sectors and companies in the scope of continuous regulation and improvement. Compared with the 2017 ESG&CSR Report, the indicator data of this report has added the data of the CIMC Airport, heavy trucks business, Kaitong Company of CIMC Logistics, and the overseas companies of CIMC Energy and of CIMC Airport.



Main Reporting Guidelines

This report follows the framework of the Social Responsibility Guidelines for China's Industrial Enterprises and Industrial Associations (2.0), and prepared in accordance with the Guidelines for Companies Listed on the Shenzhen Stock Exchange on Releasing Information on Corporate Social Responsibility, the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") included in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and the "Core" items of Global Reporting Initiative Sustainability Reporting Standards. The currencies involved in the Report are measured in Renminbi unless otherwise stated.



Publication Cycle

The report is published annually, specifically in March of each year.



Publication

The Report is published in both Chinese and English. Should there be any discrepancy between the Chinese and the English versions, the Chinese version shall prevail. Shareholders and all stakeholders can inspect the Report at the Company's official website (www.cimc.com), Cninfo website (www.cninfo.com.cn) and the website of the Stock Exchange of Hong Kong Limited ("Stock Exchange") (www.hkexnews.hk).



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Message from the CEO & President



MAI Boliang, CEO and President of CIMC

The year 2018 was the 40th anniversary of China's reform and opening up, and it was also a year in which CIMC forged ahead and achieved leap-forward development. In the face of increasingly uncertain environmental and social risks, CIMC Group adhered to the corporate spirit of "To strive unceasingly and pursue excellence" and implemented the business philosophy of "complying with laws and regulations, safety and health, green operation" when unswervingly promoting its sustainable development strategy. While increasing revenue and improving efficiency, we substantially improved performance in indicators of emissions, energy conservation and environmental protection, gradually improved ESG management, actively assumed social responsibilities, better realized the allocation of resources and talents, and continuously consolidated and enhanced our leadership in the industry and led the way in the industry.

Pool the wisdom and efforts of everyone, pursue win-win cooperation

CIMC Group has firmly adhered to the core values of "helping customers succeed, pursuing win-win cooperation" and attached great importance to the interests of stakeholders. In 2018, we conducted extensive and in-depth communication with key stakeholders of the Group to further understand their concerns and related recommendations (see pages 20 to 25), driving problem-oriented internal management system improvement, and striving to share development results. Through customer satisfaction surveys, we listened carefully to customers' feedbacks and formulated improvement measures to ensure information security and customer privacy, and continuously improve our service level. We continued to improve our supplier management system and promoted the establishment of a good communication mechanism. We actively

participated in the formulation of industry norms in the upstream and downstream of the value chain, actively established our brands and achieved win-win cooperation with partners. We adhered to the "people-oriented, common cause" philosophy, respected and protected the legitimate rights and interests of employees, actively created an equal, harmonious, fair and open environment in the workplaces, paid attention to employees' growth and development, improved the talent management and cultivation system and conducted diversified employee training activities.

Safe, healthy, and green development

CIMC Group has unswervingly implemented the green development strategy, resolutely implemented measures for energy conservation and consumption reduction, vigorously applied and promoted new technologies and processes,

and accelerated the replacement of high-energy-consuming equipment. We strived to regulate pollutant discharges, and fully implemented the China Container Industry Association VOCs Governance Self-Discipline Convention (《中国集装箱行业协会VOCs治理自律公约》), by vigorously promoting environmentally-friendly paint production processes in each business sector and continuously increasing environmental protection investment. We were committed to creating a healthy, safe and environment-friendly working environment. Health, Safety, Environment (HSE) Committee was established in each business segment to strengthen safety and environmental management, and to prioritize the resources for HSE improvement. We actively developed and promoted green products and provided green services to help build the PRC's ecological civilization.

Concentrate on research and exert our wisdom in pursuing excellence

CIMC Group has adhered to the core values of "innovation" and established a strategy of "Innovation drives value growth". We continued to promote the "100-person business plan (百人创业计划)" and created an ecosystem for innovative and starting business. Through the scientific and technological innovation mechanism and the R&D system combining the "research institute" and the "technical center", we launched the scientific and technological innovation leading talent training program to promote the growth of scientific and technological talents. We adhered to the strategic direction of conducting intelligent manufacturing upgrades, promoted the deep integration of informationization and industrialization, and enhanced the informationization capability of the integrated informationization and industrialization. We launched the champion product strategy, promoted product upgrades, led the way in the industry's transformation and upgrading, and consolidated our leading position in the industry.

Care for society, undertake social responsibility to repay society

CIMC Group has advocated and encouraged companies to create a harmonious relationship between enterprises and communities, and actively participated in various community activities to bring positive influence to the

community's development. We advocated and encouraged the enterprises under the Group to support the local education, culture, health and other public undertakings and to promote local economic development. We organized employees to donate blood for free, set up volunteer teams, and donated money and materials to help the poor or other people in need, which all show our patriotism and responsibility and show that the public welfare culture has long been deeply integrated into the essence of the Group culture. We actively implemented the precise poverty alleviation policy, gave back to the society with great love, and care for people with actions. CIMC goes further under its mission.

Prospects

As a global business conglomerate, CIMC will continue to adhere to the development philosophy of "innovation, coordination, greenness, openness and sharing", focusing on realising 17 United Nations sustainable development goals, seize opportunities and face challenges, while exploring opportunities to create social value and drive quality growth.

To this end, in the next three years, we will fully listen to the voice of stakeholders and use the communication mechanism of stakeholders and the results of the ESG evaluation of third parties as an effective tool for identifying problems, improve the system to solve the problems as driven by the ESG Report, and facilitate the continuous improvement of various ESG works, including:

- continued to strengthen the cultivation of the performance ability of duties of directors, supervisors and senior management of subsidiaries at all levels, and thoroughly implement the accountability system in accordance with the regulatory requirements on corporate governance.
- unswervingly operating in compliance with laws and regulations and adopt a zero-tolerance policy for operating acts in violation of laws and regulations of countries where we settle.
- based on the effective internal control system, we establish a comprehensive risk management system with stable operation and controlled risks in accordance with the COSO guidelines.
- continue to invest in the improvement of our resources system and

construction of information system, and implement the requirements of information safety-grade protection to ensure the effective operation of information security and customer privacy protection mechanism.

- the Company will continue to implement the "CIMC champion products strategy", implement technological innovation mechanism according to customers and market needs and continuously provide customers with products and services with higher quality, better performance and more environmental protection, and create new values for customers based on more "manufacture + service" products.
- based on the strategic plan of "CIMC Green Development Plan", the Group will build a solid foundation, improve system construction, vigorously promote the application of new techniques of safety, greenness, environmental protection, energy saving and emission reduction in the next three years, and make use of the effective tools for lean improvement to strive for significant year-on-year improvement in various HSE indicators.
- to firmly implement the idea of "people-oriented and mutual business" and continue to improve the career development paths of our employees, vigorously promote the innovative entrepreneurial mechanism, eliminate any form of discrimination in employment, increase investment in labour safety and occupational health, and provide a healthy working environment for our employees.
- to vigorously guide and encourage our subsidiaries worldwide to actively perform their social responsibilities, enhance community interaction, develop targeted poverty alleviation, and promote community prosperity.

With the vigorous vision of "Becoming a respected global leader in the industries where we operate", CIMC people will contribute more value to the building of a moderately prosperous society in all respects and the sustainable development of the human society. Grow with the reform and opening up, CIMC will start a new journey.

MAI Boliang

Executive Director, CEO and President
March 27, 2019



About Us

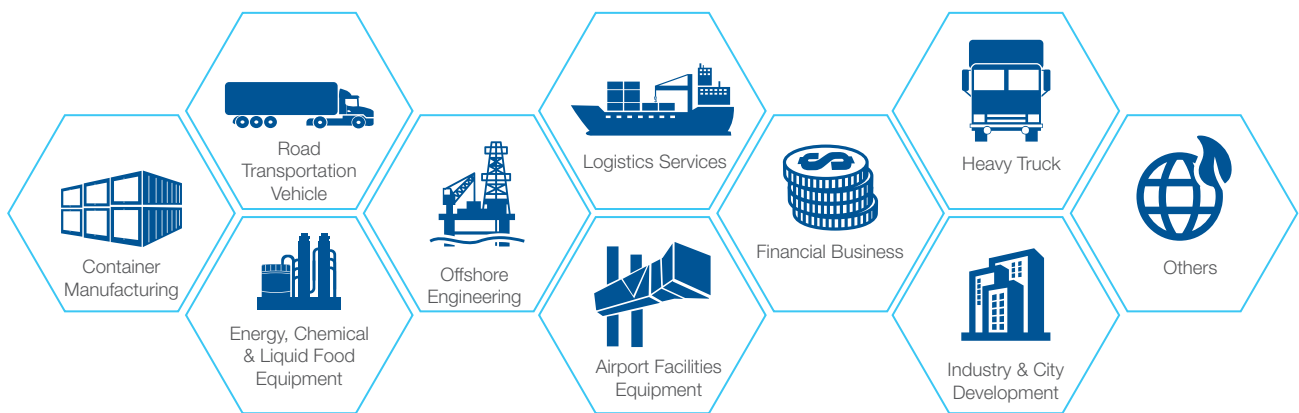
Company Profile¹



The Group's production and sales of standard dry containers, reefer containers and tank containers remain **the first** in the world.

The Group is a global leader in the comprehensive competitiveness of the boarding bridge business, and is one of the world's three largest passenger boarding bridge manufacturers, with **over 95%** of the Chinese market share for three consecutive years.

CIMC Group is a world leading equipment and solution provider in the logistics and energy industries and is principally engaged in the manufacture of containers, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering equipment, heavy trucks and airport facilities equipment as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, regional special containers, tank containers, container wood floors, road tank trucks, natural gas equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels and airport facilities and the provision of relevant services. In addition, the Group is also engaged in logistics service, industry & city development business, financial and other businesses. At present, the Group's production and sales of standard dry containers, reefer containers and tank containers remain the first in the world. The Group is one of the largest road transportation vehicles manufacturers in China, and we occupy the largest market share in the semi-trailer market in the world. The Group is a global leader in the comprehensive competitiveness of the boarding bridge business, and is one of the world's three largest passenger boarding bridge manufacturers, with more than 95% of the Chinese market share for three consecutive years. The Group is also one of the leading high-end offshore engineering equipment manufactures in China.



¹ For details of the operations of the Group and its main business segments during the reporting period, please refer to the "Report of the Board" section of the 2018 Annual Report of the Group.



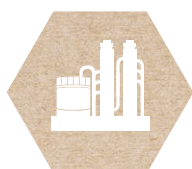
Container Manufacturing Business

The container manufacturing business is the largest and oldest business segment of the Group. It currently includes the main business of standard dry containers, reefer containers and special reefers and has the capacity to produce a full series of container products with independent intellectual property rights. The special reefers mainly include 53-foot inland North American containers, European wide containers, bulk containers, special reefer containers, foldable containers and other products. We have an annual production capacity of more than 2 million TEU (Twenty feet Equivalent Unit, 20-foot standard container) of dry containers and of more than 300,000 TEU of reefer containers. Our member companies cover China's coastal and inland ports as well as Europe, Australia, South America and other places. Our products are distributed throughout North America, Europe, Asia and other major global logistics systems.



Road Transportation Vehicle Business

CIMC Vehicles (Group) Co., Ltd. ("CIMC Vehicles"), a subsidiary of the Group, is a global leader in the semi-trailer industry, mainly engaged in the manufacture and sale of semi-trailer and truck bodies for specialty vehicles. By the end of 2018, CIMC Vehicles have marketed and sold an extensive range of semi-trailers and truck bodies in China, North America, Europe and other regions covering over 40 other countries and set up 31 manufacturing and assembly plants in China, the United States, the United Kingdom, Belgium, Poland, Australia, Thailand, South Africa and other regions. Its "CIMC", "Vanguard" (Vanguard National Trailer Corporation), "SDC" (SDC Trailers Limited) and "LAG" (Lag Trailers NV Bree Cluster) are the most well-known brands in the global semi-trailer industry.



Energy, Chemical & Liquid Food Equipment Business

The energy, chemical and liquid food equipment business of the Group is mainly conducted by CIMC Enric Holding Limited ("CIMC Enric"), which, as the spearhead, is based on energy, chemical and food equipment industries and provides services in the design, development, manufacturing, engineering, sales and related technical maintenance of various types of transportation, storage and processing equipment, including CNG, LNG storage and transportation equipment, and ISO tank, and beer and other liquid food brewing and storage and transportation equipment. CIMC Enric has more than 20 manufacture bases and R&D centers in China, Germany, Holland and so on, and its marketing network covers Europe, South America, Central Asia, Southeast Asia and other regions and countries, and extends to other regions such as North America.



Offshore Engineering Business

Established under CIMC Raffles offshore Ltd. ("CIMC Raffles"), a subsidiary of the Group, are 4 R&D and design companies, 3 construction bases and 6 operation and management companies, whose integrated operation model comprises design, procurement, manufacture, construction, commission and operation, and possesses the capability of mass and industrialised construction of high-end offshore engineering equipment and other special vessels. They are also one of the leading contractors of high-end offshore engineering equipment in China and have always participated in international competitions within the offshore engineering market. Their main businesses cover the design and construction of offshore engineering products such as semi-submersibles, jack-up platforms and other high-end marine specialty vessels. The deepwater semi-submersible drilling platform we delivered has served global major offshore oil and gas producing areas such as the Norwegian North Sea, South China Sea, Gulf of Mexico and Brazil.



Logistics Services Business

The Group's logistics services segment focuses on four core business lines of container services, railwater transport and equipment logistics, and has established a strategic mission of "becoming a cross-border full-service logistics solution provider with 'equipment + service' as the core". We own Zhenhua Logistics, Nanfang Logistics, Baijian International and other well-known domestic and overseas logistics brands.



Heavy Truck Business

The Group operates the heavy truck business through its subsidiary C&C Trucks Co., Ltd (“C&C Trucks”). C&C Trucks positions its main products in the mid-end to high-end heavy truck market with the product development strategy of “leading domestic techniques and following foreign techniques” and the development strategy of “making high-end products, providing quality services, and creating first-class brands”. Its key products cover two kinds, namely diesel and oil, and four series, namely tractors, mixer trucks, dump trucks, cargo trucks and special-use vehicles.



Airport Facilities Equipment Business

The Group primarily operates its airport facilities equipment business, fire and rescue vehicle business, automated logistics systems and smart parking business through its subsidiaries Pteris Global Limited, CIMC-Tianda Holdings Company Limited (“CIMC Tianda”) and Albert Ziegler GmbH (“Ziegler”). Among them, products including passenger boarding bridges and airport shuttle buses have been distributed in more than 200 civil aviation airports in nearly 80 countries and regions on five continents. The performance of air cargo handling system ranks among the top three in the world, and the comprehensive strength of high-end automated three-dimensional parking systems is also among the highest in the world. The subsidiary Ziegler is the world’s leading supplier of fire rescue equipment, and its fire truck business ranks first in the German market.



Financial Business

The Group’s financial business is devoted to establish a financial service system which matches the Group’s strategic role as a global leading manufacturer, to enhance the efficiency and effectiveness of the Group’s internal capital utilisation, and to provide various financial measures for the Group’s strategy extension, business model innovation, industrial structure optimisation and overall competitiveness enhancement. Main operating subsidiaries consist of CIMC Financing and Leasing Co., Ltd. (“CIMC Financing and Leasing”) and CIMC Finance Company.



Industry & City Development Business

The Group’s industry & city development business is operated mainly through its subsidiary Shenzhen CIMC Industry & City Development Co., Ltd. (“CIMC Skyspace Real Estate”) and its subsidiaries. The main operations include the development of complexes in industrial cities, development and operation of industrial parks and development of traditional real estate. CIMC Skyspace Real Estate has developed and owned several real estate projects in various cities such as the Yangtze River Delta, Pearl River Delta and Bohai Rim, including industrial park zones, ordinary residential buildings, villas, luxury apartments, 5A office buildings, five-star hotels and high-end shopping malls. It has devoted itself actively to the development and operation of industrial real estate. Taking the integration of industry and city as the leading goal and taking the needs of enterprises as the core, CIMC Skyspace Real Estate strives to become a serious player in the development and operation of urban industrial real estate in China.



Other Innovation Businesses

Modular Building: CIMC Modular Building Systems Holding Co., Ltd. (“CIMC Modular”), a subsidiary of the Group, operates modular building business, and has developed a onestop service model of “Manufacturing + Finance + Service” integrating industry and finance. CIMC Modular is committed to providing industry-leading EPC (Engineering Procurement Construction) general package services to customers worldwide. CIMC Modular’s buildings are now widely used in B2B (business-to-business) areas, providing a wide range of modular buildings for hotel management companies, real estate companies and mining companies from around the world, delivering over 30,000 suites and establishing strategic partnerships with global famous hotel groups such as Hilton, Intercontinental, and Marriott.

Multimodal Transport Business: In 2018, the Group’s multimodal transport network layout and cargo collection and distribution capacity construction continued to advance, the business operation and management platform was further optimized, and various business units developed in coordination. In the railway business, the railway-based inland network layout has covered the main economic areas in China, and more than 20 railway container trains have been operated. We have provided dispatched services in 7 railway bureaus out of the 18 railway bureaus in China, and train arrival business in 10 railway bureaus. In the maritime transport business, we have more than 50 the controllable ships and have begun to provide the road-rail transport service for coil steel.

Table of Financial Indicators

In 2018, the Group's revenue amounted to RMB93.498 billion (2017: RMB76.300 billion), representing a year-on-year increase of 22.54%.

	Units	2018	2017
Operating revenue	RMB thousand	93,497,622	76,299,930
Operating costs	RMB thousand	79,586,408	62,292,715
Total assets	RMB thousand	158,883,963	130,604,379

Table of Environmental Key Performance Indicators

In accordance with the requirements of the "ESG Reporting Guidelines" of the Hong Kong Stock Exchange, CIMC Group reviewed its sustainable development status and conducted benchmarking analysis with reference to other companies in the industry to finalize the following environmental key performance indicators for the year 2018.

Indicators	Units	2018 ²	2017	2018/2017 data comparison	Revenue data intensity per RMB100 million
Total amount of sewage discharged	thousand cubic meters	3,771.55	4,414.80	85.43%	4.04
Total gas emissions: VOCs	tons	1,838.95	2,891.40	63.60%	1.97
Total greenhouse gas emissions ³	tonnes of carbon dioxide equivalent	981,285.86	979,679.00	100.16%	1,051.34
Total amount of hazardous waste generated	tons	35,130.56	28,140.70	124.84%	37.64
Total amount of non-hazardous waste generated	tons	208,310.95	197,658.00	105.39%	223.18
Total energy consumption	tonnes of coal equivalent	201,213.14	207,986.00	96.74%	215.58
Electricity consumption	tonnes of coal equivalent	118,044.11	134,131.00	88.01%	126.47
Gas consumption	tonnes of coal equivalent	66,612.49	48,057.50	138.61%	71.37
Oil consumption ⁴	tonnes of coal equivalent	16,542.00	24,686.40	67.01%	17.72
Total water consumption	thousand cubic meters	6,183.55	6,207.90	99.61%	6.62

² The accounting method for 2018 is consistent with that for 2017: the proportion of the data of the top five sectors i.e. the proportion of the all enterprises included in the statistics to revenue of sectors, to the Group's revenue were used to calculate the data of the Group. Details of reason for changes in data of the indicators, please refer to the sections headed "Resource development, energy conservation and high efficiency" and "Emission control, less pollution".

³ The Group will disclose direct greenhouse gas emissions and indirect greenhouse gas emissions in the ESG Report in future.

⁴ Oil consumption included gasoline and diesel consumption.

Sustainable Development Strategy and Governance

Sustainable Development Strategy

As the internal and external environment changes, the risks and challenges faced by CIMC Group in achieving the sustainable development goals include:



- **Risks arisen from China’s economic restructuring and industrial policy upgrading**

China’s economy has entered a new normal. As the Chinese government has comprehensively deepened supply-side reforms and promoted economic restructuring and upgrading, changes on new industrial policies and tax policies that have a huge impact on business operations have brought uncertainties to the future development of the industry. The industry in which the Group’s main business is operated is a traditional manufacturing industry and will face certain policy adjustment risks in the next few years.



- **Large risks arisen from overseas operations**

The Group is big and has a large number of overseas companies. The localization of the headquarters and the internationalization of the business segments have brought risks to the Group in the management of overseas companies. It is necessary to promote the strategy of “global operation and local wisdom”.



- **Increased environmental protection pressure**

At present, China has continued to increase investment in ecological development and energy conservation and consumption reduction, and the requirements for environmental protection have become stricter. The traditional manufacturing industries feature high pollution and high energy consumption. So the Group still has great pressure in treating hazardous waste. Sustainability requires the Group to continuously increase investment in environmental protection and energy conservation to upgrade its technology and transform equipment while upgrading its production capacity and efficiency. It is urgent for the manufacturing industry to transform and upgrade to become more intelligent.

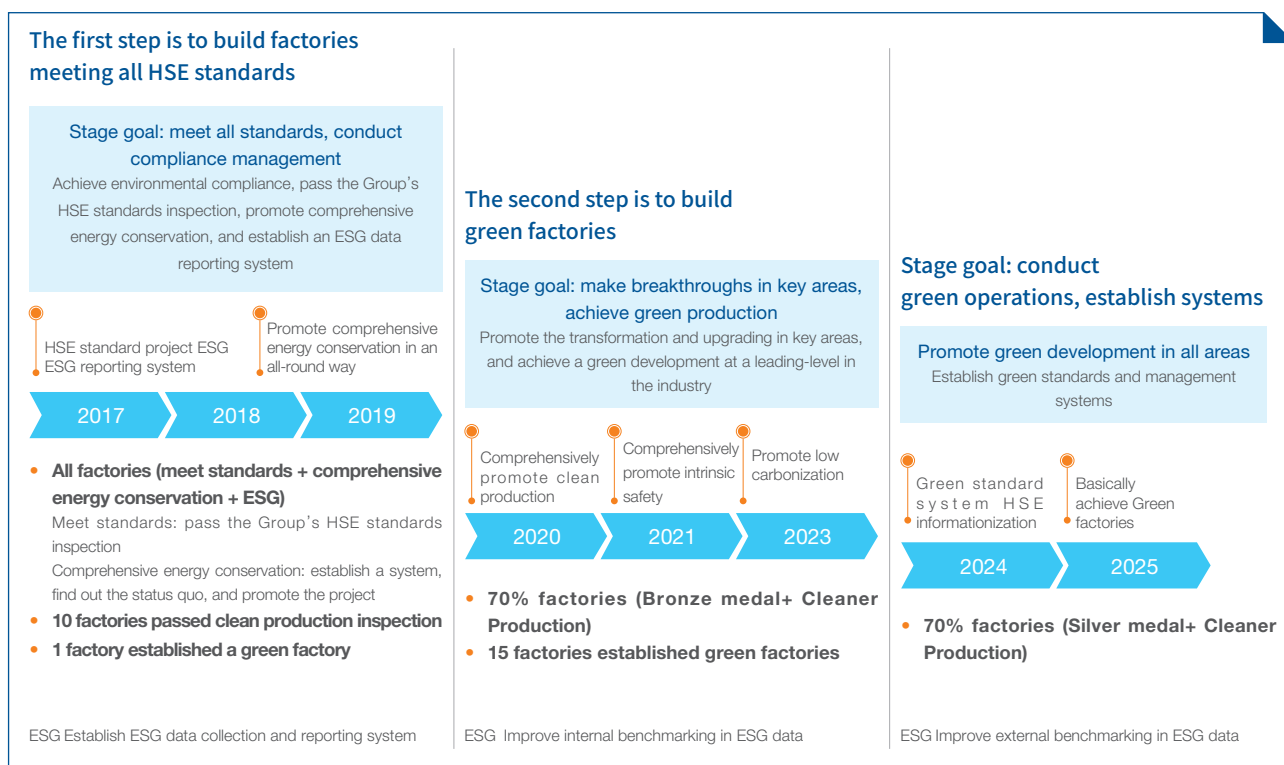


- **Prominent labor shortage problem**

As China’s demographic dividends gradually disappear and the population ages, the problems of “labor shortage” and of having “difficulties in recruiting workers” have become increasingly prominent. Labor costs have been rising, and enterprises face more and more pressure in employment. Some enterprises have a higher proportion of outsourcing workers. At the same time, in order to transform and upgrade the manufacturing industry, the Group’s demand for middle and senior talents has continued to increase. How to improve the Group’s attractiveness to talents and how to retain high-quality talents pose major challenges to our human resources management.

Facing the complicated and grim situation and under the strategic guideline of “Deep Reform, Innovation-driven, Steady Progress and Quality Growth”, CIMC Group responded to the needs of the market to continue to transform, making breakthroughs courageously and not fearing challenges. We actively applied our superior resources in emerging industries with strict cost control while keeping track of social needs so as to promote mutual development of both the enterprise and the society. We strived to establish and improve the system at the group level, strengthen capital and operations capabilities, and build a shared service platform for each segment and member companies. Under the guidance of the Group, each segment independently pursues business development by adhering to the concept of “mutually beneficial business”.

The Group strictly complies with the three bottom lines in three aspects, namely the economy, the society and the environment when creating economic value, and pursues organic combination between enterprise operations and social responsibility fulfillment through allocating corporate resources in a more scientific, transparent, moral and compliant way. At the same time, we have established an ESG&HSE strategy including “improving the ESG indicator system and promoting green development”, and integrated the establishment of the ESG indicator system with green production as an important part of the Group’s sustainable development strategy.



HSE development goals and planning (CIMC Intelligent Manufacturing Initiative – Green Development Plan)

In the future, we will further strengthen the ESG management structure, and at the same time benchmark against the enterprise risk management framework issued by the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) in November 2018, including ESG risks into the scope of comprehensive risk management. In the future, we will, through further promoting the application of green products, cooperating with industry associations and research institutions to achieve more extensive results, deepening the communication of stakeholders and efforts in other dimensions, perfect ESG performance, improve the quality and effectiveness of ESG information disclosure, strengthen the action of enterprises in the field of social responsibility, put the concept of responsibility into practice and truly promote the sustainable development of society.

Corporate Social Responsibility Management

The management and those charged with governance of CIMC Group attach great importance to the sustainable development of the Group and continuously improve its governance and management mechanisms to actively address risks arisen from sustainable development and seize business opportunities associated with such risks.

Corporate Governance

Capital Structure

As of 31 December 2018 the total issued share capital of the Group was 2,984,988,936 shares, of which 1,716,576,609 shares were A Shares and 1,268,412,32 shares were H shares. China Merchants Group Limited and China COSCO Shipping Corporation Limited are major substantial shareholders of the Group. Please refer to the 2018 annual report for the Group's shareholding structure in 2018.

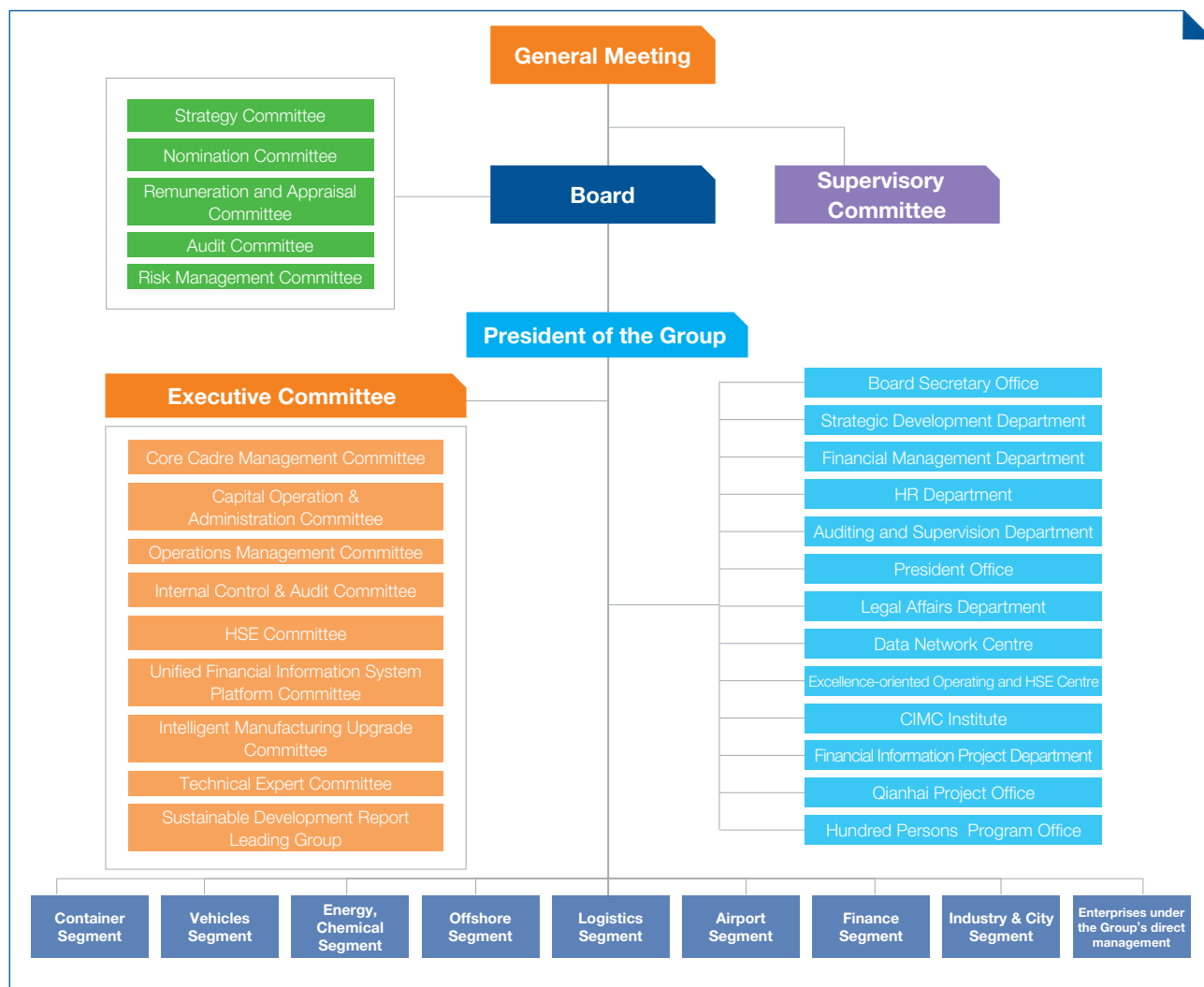
The Group has strictly complied with the requirements of the Rules of General Meetings of Listed Companies issued by the CSRC and established the Rules of Procedures for General Meetings of China International Marine Containers (Group) Co., Ltd.. The general meeting of shareholders has the supreme power of the Company to ensure that all shareholders, especially minority shareholders, can enjoy equal rights and exercise their rights effectively. At the general meeting, the Group usually arranges for directors and management to communicate on-site, with the minority shareholders present at the meeting. On the other hand, the balanced ownership structure of the Group and the reasonable balance of power in the Board's decision-making mechanism can effectively ensure a clear boundary between the Group's ownership and management rights.

According to the amendments of the Company Law of the People’s Republic of China and the Corporate Governance Guidelines for Listed Companies, on November 29, 2018, the 24th Board Meeting reviewed and agreed to amend the Articles of Association, the Rules of Procedures for General Meetings of the Company, the Rules of Procedures for the Board of the Company and the Rules of Procedure for the Supervisory Committee of the Company, which were submitted to the general meeting for review. The new Articles of Association and related rules of procedure were reviewed and approved at the general meeting on January 15, 2019.

The 2018 general meetings

Session of general meeting	Number of shares represented	% of shareholding attended
First extraordinary general meeting for 2018	1,648,835,922	55.2%
2017 Annual General Meeting	1,646,715,257	55.2%
Second extraordinary general meeting for 2018	1,729,248,138	57.9%
First A Shareholders’ class meeting For 2018	432,504,543	34.1%
First H Shareholders’ class meeting For 2018	564,282,385	32.9%
Third extraordinary general meeting for 2018	1,748,407,465	58.6%

Governance Structure



The Group organizational structure for 2018

In 2018, we established the Group and business segments ESG&CSR report leading group to improve the social responsibility management mechanism under the two main goals of “improving governance and improving the quality of report”. The performance supervision and reporting of sustainable development of the Group are directly led by the CEO and President of the Group. The Excellence-oriented Operating and HSE Centre is the leading responsible department, and other functional departments of the headquarters are deeply involved in the social responsibility management. All segments and enterprises, as the responsible entities, undertake and implement the requirements of the Group, continuously identify, measure, manage and report risks and opportunities related to the sustainable development.

In 2018, the name “Excellent-oriented Operating Centre” was changed to “Excellent-oriented Operating and HSE Centre” to strengthen HSE and ESG report management functions. Secretariat includes Excellent-oriented Operating and HSE Centre and Board Secretary Office of the Group. Excellent-oriented Operating and HSE Centre is the lead responsible department for ESG report work, responsible for promoting the establishment and operation of ESG report system of the Group, and integrating the sustainable development into the daily management and operation.

Information Disclosure

In compliance with relevant laws and regulations such as the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Articles of Association, Corporate Governance Guidelines for Listed Companies, Rules Governing the Listing of Securities on the Shenzhen Stock Exchange and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, the Group strictly carries out the obligations of information disclosure as listed companies. The Office of the Secretary to the Board of the Company is responsible for information disclosure. We maintain true, accurate, complete, timely and compliant disclosure of company announcements and reporting documents on designated media outlets.

In 2018, the Company completed the disclosure of periodic reports and interim announcements especially for major or unexpected events of concern to shareholders and investors, in accordance with the A-Shares and H-Shares disclosure requirements, ensuring that investors could be informed of the true state of affairs of the Company in a timely, fair, accurate and complete manner. Throughout the year of 2018, the Company disclosed a total of 557 announcements, of which 181 were A shares-related announcements, 188 were H share-related announcements in English and 188 H share-related announcements in Chinese.

Investor Relations

In 2018, CIMC continued to place emphasis on and be committed to improving investor relations management. In strict accordance with the relevant laws and regulations such as the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Articles of Association and the Manual for Investor Relations Management of Listed Companies as well as internal systems such as the Investor Relations Management Policy of CIMC, we followed the principles of “full and compliance disclosure of information, equal opportunity for all investors, honesty and integrity, and interactive communication” for the investor relations management. For the protection of the interests of minority investors, the Group adopted effective and convenient measures in daily work and settlement of major issues to strengthen all-around and effective communication with Shareholders and investors. Selective disclosure is avoided to ensure the interests of minority Shareholders in obtaining corporate information in a fair and just manner.

In 2018, the Group received a total of 18 visits, surveys and factory visits from various institutions and individual investors, and participated in 31 brokerage strategy conferences. It continued to distribute the latest business information through the mobile micro-journal platform, with a view to enrich information sources for medium and small investors.



Throughout the year of 2018, the Company disclosed a total of **557** announcements

181 A shares-related announcements

396 H share-related announcements

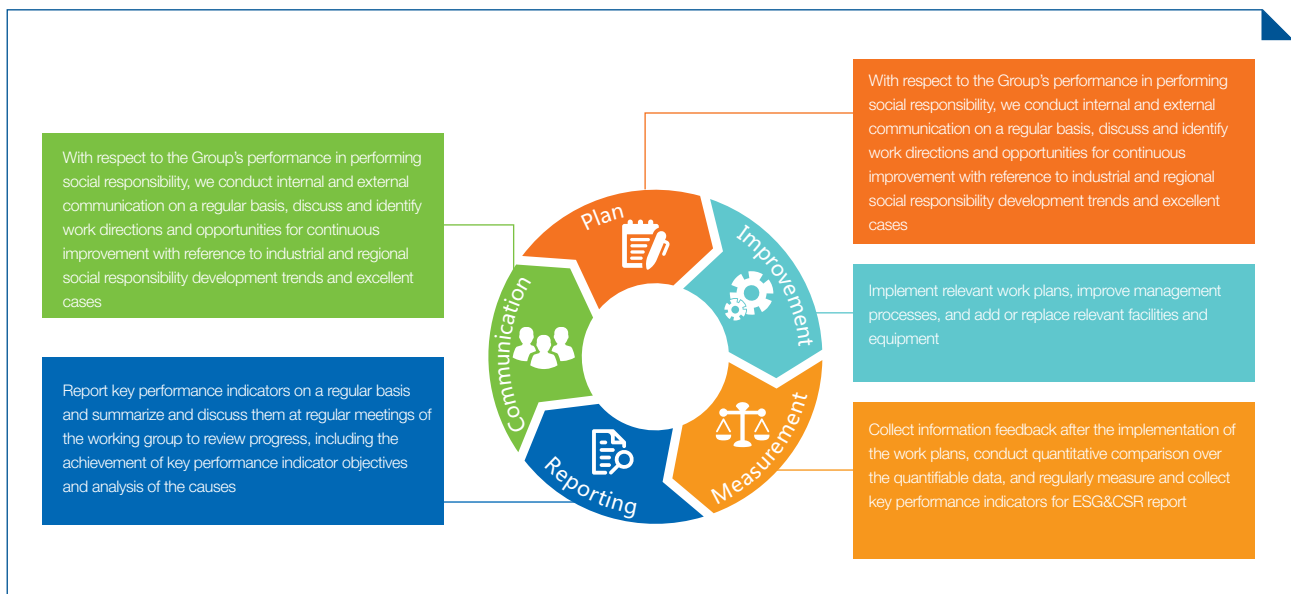
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participated in **31** brokerage strategy conferences



Social Responsibility Management

CIMC Group knows well that fulfilling social responsibility is not only a report that meets the requirements, but also a long-term, systematic work that should be integrated into the blood of the enterprise. We have established a “Report-Promoting Management(以报告促管理)” approach to take the ESG&CSR report as an important tool for improving management: continuously reviewing problems in social responsibility management and identifying shortcomings and gaps, and then resolving those problems or overcoming shortcomings and gaps in functional management, using 5S system (a system for strategic planning, business planning, management report, internal control auditing, evaluation and appraisal) to continuously promote the improvement of social responsibility management, and reflect the improvement measures and achievements in the next annual report, so as to continuously improve the social responsibility work system. We have integrated the sustainable development strategy with the enterprise development strategy, and formulated the management systems such as the CIMC Social Responsibility Report Management Measures(《中集集团社会责任报告管理办法》) which integrates systems, workflow, division of labor and operations.



Social Responsibility Report Management Measures



Table of the social responsibility report management functions of the Group in 2018⁷

Social responsibility item	Responsible units													
	Board	Management Team	Board Secretary Office	Strategic Development Department	Financial Management Department	Auditing and Supervision Department	Legal Affairs Department	HR Department	President Office	Excellence-oriented Operating and HSE Centre	Network Data Centre	CIMC Institute	Segments	Member companies
Sustainable development strategy		▲		▲	△	△	△	△	△	▲		△	▲	▲
Corporate Social Responsibility Management	▲	▲	▲	△	△	△	△	△	△	▲				
Internal control system and management improvement		△		△	△	▲	▲	△	△	△	△	△	▲	▲
Honesty, integrity and compliance operations		△		△	▲	▲	▲	△	△	△	△	△	▲	▲
Product liability and quality assurance		△								▲			▲	▲
Dedicated service and customer satisfaction		△								▲			▲	▲
Information security and privacy protection		△									▲		▲	▲
Technological innovation and leading the industry		△		△						▲	▲		▲	▲
Intellectual property and patent protection		△		△		△	▲			▲			▲	▲
Pursue green development and go global		△		▲		△				▲			▲	▲
Green products and clean technology		△				△				▲			▲	▲
Develop resource to save energy and improve efficiency		△		△		△				▲	△	△	▲	▲
Emissions control and pollution reduction		△				△				▲	△	△	▲	▲
Fair employment and rights and interests protection		△						▲					▲	▲
Talents cultivation and promotion and development		△						▲				▲	▲	▲
Occupational safety and employees' health		△				△		▲		▲	△	△	▲	▲
Communications, care and happiness		△						▲	▲				▲	▲
Regional contributions and development promotion		△						△	▲	△			▲	▲
Green supply products and responsible purchase		△		▲						▲			▲	▲
Community public welfare activities and repay the society		△							▲	△			▲	▲
Prospect		△		▲				△	△	▲	△	△	▲	▲

⁷ Note: ▲ in the above table represents "responsible" or "strongly involved"; ▲ represents responsible for a specific part; △ represents "involved" or "support"

From 2018 to 2019

Basis

Five policies

- Providing guarantee by the Group, and implementing mechanisms
- Leading by strategies and goals
- Strengthening data analysis, promoting improvement
- Emphasizing report quality, and improving disclosure level
- Strengthening internal communication and striving for external recognition

Formulating

27 specific implementation projects

Setting up the ESG report working group; establishing an ESG report working group for individual listing segment; providing corresponding function, system and resource guarantee (pilot) for the Group and segments; sorting out the indicator systems, formulating data filling templates and requirements, and standardizing the submission process; establishing ESG data pool and board, and analyzing ESG data; studying domestic and international well-known sustainable development index and making work improvement suggestions; expanding the scope of research of relevant parties and increasing communication with relevant parties.



First ESG report training course of the Group

In 2018, we have communicated with the external consultation company for many times in respect of improvement direction for ESG report, updated ESG work plan for 2019 and continuously improved ESG report quality.

Stakeholders Engagement and Material Issues Identification

The Group’s stakeholders include employees, governments and regulatory authorities, investment institutions/shareholders, suppliers/contractors/service contractors, clients, research institutions, industry associations, media, local communities, non-profit organizations, etc. Through diversified, multi-channel stakeholder communication, we identified material issues in sustainable development to ensure that the Group can collect and respond to the demands of the parties in a normal and targeted manner.

CIMC Stakeholder Communication Mechanism

Stakeholders	Communication ways
Staff	Employee satisfaction survey and ESG survey questionnaire
Governments and regulatory authorities	Paper reports (annual reports, CSR&ESG reports, etc.) mailed by the Group and ESG survey questionnaire
Investment institutions/ shareholders	Paper reports (annual reports, CSR&ESG reports, etc.) mailed by the Group and ESG survey questionnaire
Suppliers/contractors/service contractors	Regular communication and ESG survey questionnaire
Clients	Customer satisfaction survey and ESG survey questionnaire
Research institutions	Visiting, investigating and surveying the Group and conducting ESG survey questionnaire
Industry associations	Visiting, investigating and surveying the Group and conducting ESG survey questionnaire
Media	Public reporting, interview with relevant personnel and ESG survey questionnaire
Local communities	Public reports of the media and ESG survey questionnaire
Non-profit organizations	Conduct charity events and ESG survey questionnaire

Sustainable development issues identification

According to the 2017 ESG&CSR report and the GRI Sustainability Reporting Standards and based on compliance matters, we identified 4 corporate governance issues, 7 market issues, 8 environmental issues, and 8 social issues with reference to the issues of interest in the capital market and a group of sustainable development issues established by outstanding peers.

List of Issues

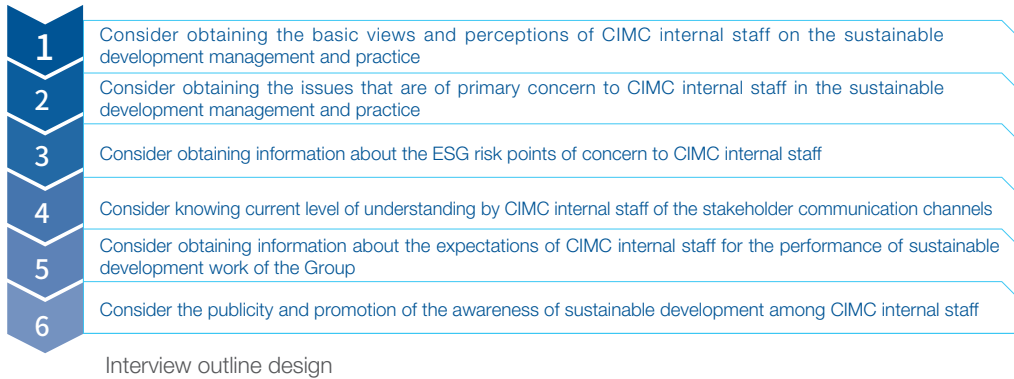
Corporate governance issues	Market issues	Environmental issues	Social issues
<ul style="list-style-type: none"> Operations with honesty and integrity Compliance operation and risk control Corporate social responsibility management Industrial development promotion 	<ul style="list-style-type: none"> Product quality and safety Technology innovation and intellectual property protection Customer service and satisfaction Customer privacy protection Supply chain management Green supply chain and green procurement The economic benefits created by the Group in the place where the Group operates 	<ul style="list-style-type: none"> Climate change and greenhouse gas emissions Air pollutant emission management (such as NO_x, SO₂, VOCs) Sewage treatment Waste management Noise management Water management Energy conservation and consumption reduction Green office and environmental protection promotion 	<ul style="list-style-type: none"> Employee rights and interests protection Staff training and team building Employee safety and health Employee compensation and benefits Diversity and equal participation Employee communication and complaint mechanism Localized operation Conduct community public welfare activities

Process of researching stakeholders

In 2018, we conducted Group executive interviews, online surveys, and external stakeholder interviews through independent third-party institutions to ensure the depth, breadth and width of communication, and to take stakeholders' feedback as important reference for analyzing material issues.

Executive interviews

We conducted 13 in-depth interviews in 10 days with the Group's internal executives. The interviews covered the Group and major segments. We have designed a targeted interview outline from six aspects to integrate sustainable development with CIMC's strategic direction to ensure the depth of stakeholder communication.



In **10 days**

we conducted **13** in-depth interviews with the Group's internal executives

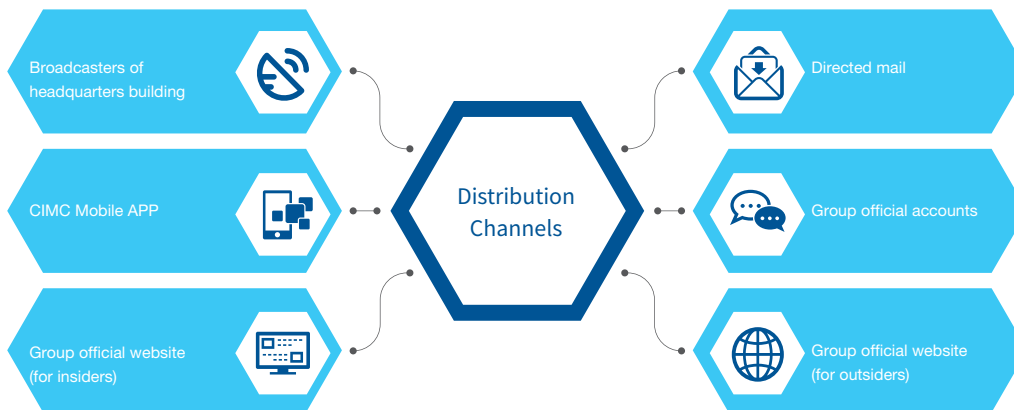
Online surveys

We designed questionnaire based on the interview results and the issues and distributed our questionnaire widely through 6 channels. The questionnaire contains issues related to the four dimensions of corporate governance, market, environment and society, and invited relevant parties to score the importance of various issues in the sustainable development of CIMC. The survey collected 1,833 questionnaires covering 11 categories of internal and external stakeholders to ensure the breadth of communication.

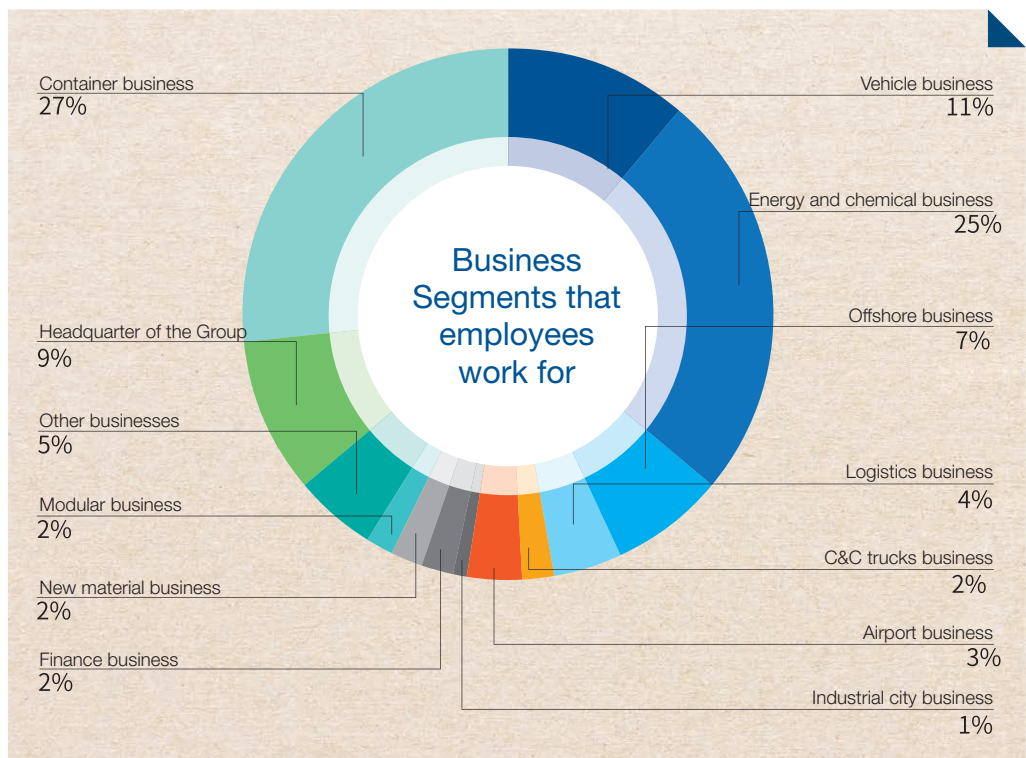
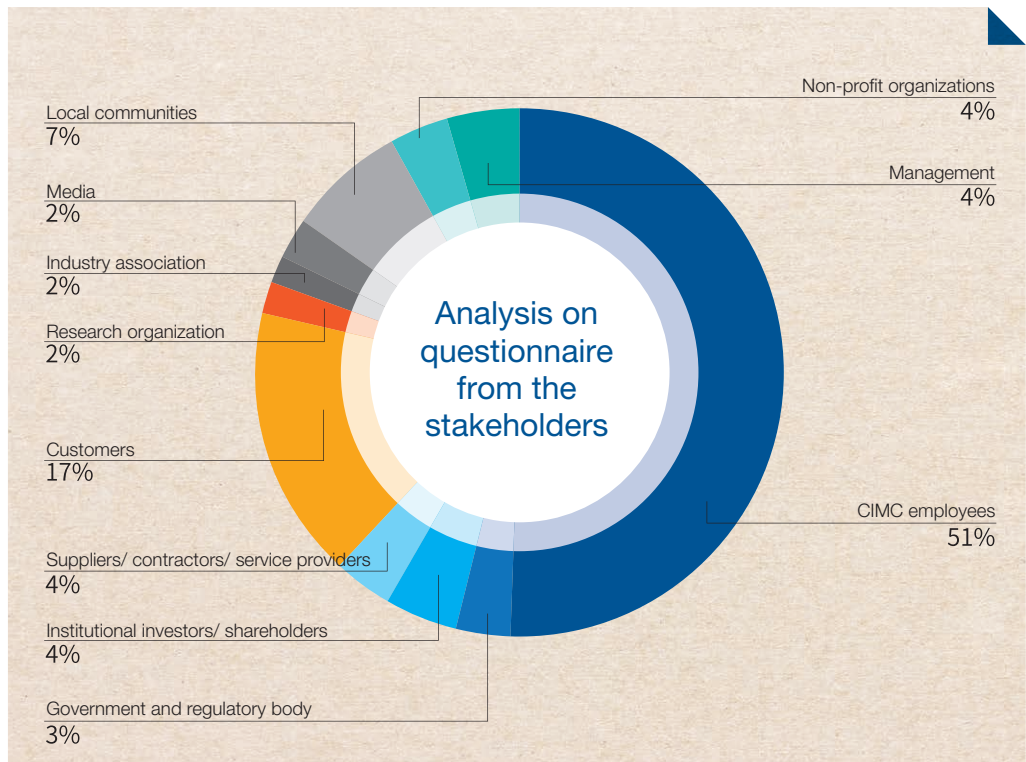


The survey collected **1,833** questionnaires

covering **11** categories of internal and external stakeholders



Distribution Channels of Questionnaire



External stakeholder interviews

Interviews with external stakeholders included 12 suppliers, 5 clients and 4 investment institutions, covering the value chain of the Group and extending CIMC’s responsibility to the upstream and downstream to ensure the breadth of communication.

Importance analysis

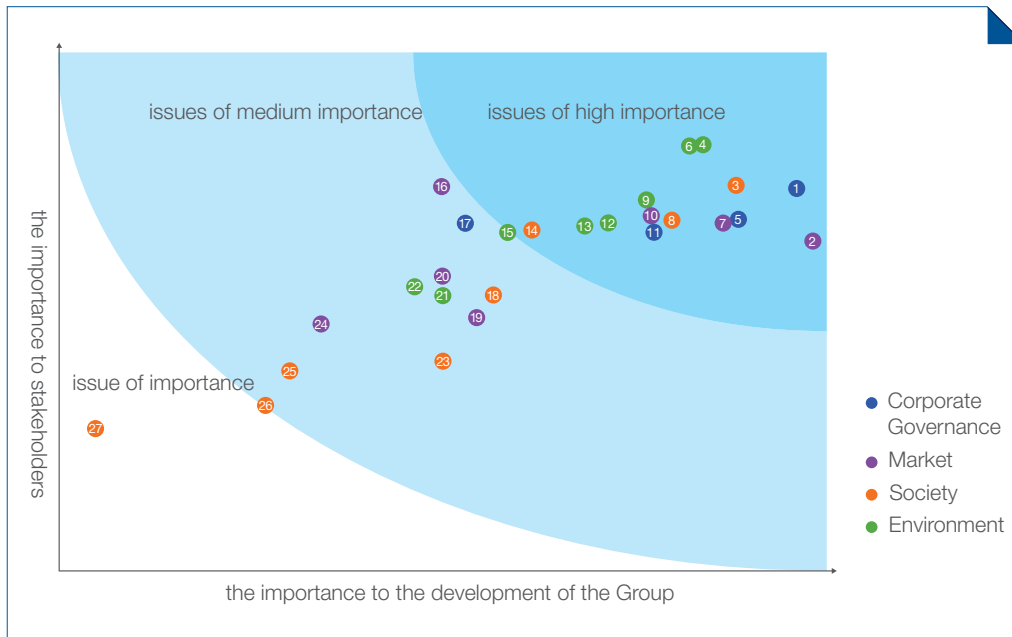
According to the the ESG Reporting Guide of the Hong Kong Stock Exchange and the GRI Sustainability Reporting Standards and based on the issues of great concern to management, we determined the importance of sustainable development issues from the two dimensions of corporate development and stakeholders. Based on a sound issues selection process and adequate stakeholder surveys, we drew a matrix of importance (where the importance to the development of the Group refers to management’s assessment on the importance of sustainable development issues, and the importance to stakeholders refers to the opinions of employees, governments and regulatory authorities, investment institutions, suppliers and other stakeholders in addition to management), and finally identified 15 issues of high importance, 11 issues of medium importance and 1 issue of low importance.



15 issues of high importance

11 issues of medium importance

1 issue of importance



Matrix of importance

2018 ESG issues of CIMC

Ranking	Importance	Issue	Category
1	High importance	Compliance operation and risk control	Corporate governance
2		Product quality and safety	Market
3		Employee safety and health	Society
4		Sewage treatment	Environment
5		Operations with honesty and integrity	Corporate Governance
6		Waste management	Environment
7		Technology innovation and intellectual property protection	Market
8		Employee rights and interests protection	Society
9		Air pollutant emission management	Environment
10		Customer service and satisfaction	Market
11		Corporate social responsibility management	Corporate Governance
12		Water management	Environment
13		Energy conservation and consumption reduction	Environment
14		Employee compensation and benefits	Society
15		Noise management	Environment

Ranking	Importance	Issue	Category
16	Medium importance	Customer privacy protection	Market
17		Industrial development promotion	Corporate Governance
18		Staff training and team building	Society
19		Green supply chain and green procurement	Market
20		Supply chain management	Market
21		Green office and environmental protection promotion	Environment
22		Climate change and greenhouse gas emissions	Environment
23		Employee communication and complaint mechanism	Society
24		The economic benefits created by the Group in the place where the Group operates	Market
25		Diversity and equal participation	Society
26		Localized operation	Society
27	Importance	Conduct community public welfare activities	Society

The above issues of high importance related to the Sustainable Development Goals (SDGs) of the United Nations are shown in the following table. Among them, good health and well-being (the 3th goal), responsible consumption and production (the 12th goal), life below water (the 14th goal) and life on land (the 15th goal) are the most important sustainable development goals for the Group.

Issues of high importance related to the SDGs

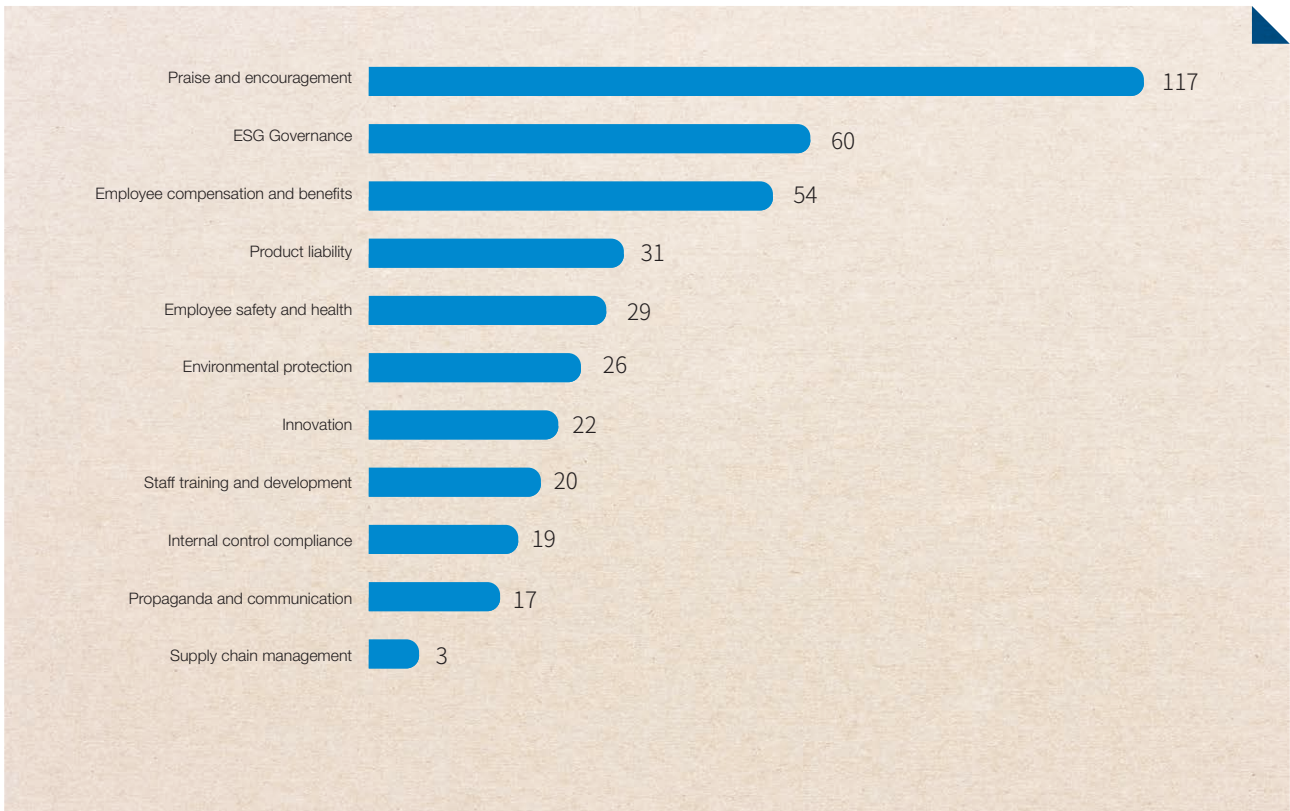
Issues	High importance: 3 issues Employee safety and health, employee compensation and benefits and noise management	High importance: 1 issue Employee rights and interests protection	High importance: 2 issues Sewage treatment and water management	High importance: 1 issue Energy conservation and consumption reduction	High importance: 1 issue Technology innovation and intellectual property protection	High importance: 1 issue Corporate social responsibility management	
SDGs							
议题	High importance: 3 issues Compliance operation and risk control, operations with honesty and integrity, and customer service and satisfaction	High importance: 4 issues Sewage treatment, waste management, air pollutant emission management and water management		High importance: 2 issues Compliance operation and risk control, and operations with honesty and integrity			
SDGs							

The issues of most interest to different stakeholder groups are different. The top ten issues of concern to employees and management are basically the same. Only the issue of employee compensation and benefits is different, which is worth further concern. Among the issues of concern to external stakeholders, 5 are different from those to management: customer privacy protection, air pollutant emission management, water management, industrial development promotion, and energy conservation and consumption reduction.

Main issues of concern to different stakeholders

Classification	Management	Employee	Other external stakeholders
1	Product quality and safety	Product quality and safety	Waste management
2	Compliance operation and risk control	Employee safety and health	Sewage treatment
3	Employee safety and health	Employee rights and interests protection	Customer privacy protection
4	Operations with honesty and integrity	Operations with honesty and integrity	Compliance operation and risk control
5	Technology innovation and intellectual property protection	Employee compensation and benefits	Employee safety and health
6	Sewage treatment	Compliance operation and risk control	Air pollutant emission management (such as NO _x , SO ₂ , VOCs)
7	Waste management	Technology innovation and intellectual property protection	Water management
8	Employee rights and interests protection	Customer service and satisfaction	Industrial development promotion
9	Customer service and satisfaction	Sewage treatment	Customer service and satisfaction
10	Corporate social responsibility management	Waste management	Energy conservation and consumption reduction

In the feedback from the above survey questionnaires, various stakeholders also put forward specific suggestions for the sustainable development of the Group. We have collected 338 specific recommendations, which are mainly related to the following aspects. We will pass the common advices to relevant functional department or sector for their study and improvement and also for reference at the ESG improvement subject in the subsequent years.



Statistical analysis of specific recommendations



Integrity • Laying Solid Foundation



Honesty is the foundation for a company to gain a foothold and develop business. CIMC Group adheres to the core values of “honesty and integrity”, actively responds to the 12th and 16th UN Sustainable Development Goals, strictly abides by laws and regulations, and strictly follows business ethics, while continuously strengthening professional control and improving internal control system, and striving to create a clean internal environment with a view to promote the healthy development of social commercial civilization.

Internal Control System and Management Improvement

In 2018, frictions occurred in Sino-US trade, and global economic and trade activities faced many uncertain factors. The domestic and international environment was undergoing important and far-reaching changes. Today, the world is experiencing big changes that have never happened in the last century. In the face of increasingly prominent instability and uncertainty, the Group has continuously optimized the systems and mechanisms for the Group’s management and control, and strengthened its capital operation and strategic management and control capabilities, to help the Group become a global leader in sustainable and healthy development.

Internal Control Work Review

During the year, we reviewed the vision, mission & value of the Group’s internal control functions and the key tasks of internal control in the next three years, and determined to establish an internal control system that can actively prevent and control risks and that is pragmatic and effective. We implemented the requirements of the Board and management of the Group and 5S strategic management and control, conducting internal control work in key areas and weak links, so that the senior management can make direct work arrangement over internal control. To this end, we have carried out a series of important special programs, and the main contents are as follows:

- Specify the red line of internal control and enhance the awareness of internal control** We reviewed key national regulatory requirements and the system red line requirements of the Group, and clarified that the bottom line of the internal control of the Group at present is to increase the Group’s efforts to manage enterprises according to law.



Main work programs, actions and achievements of the Group in internal control in 2018

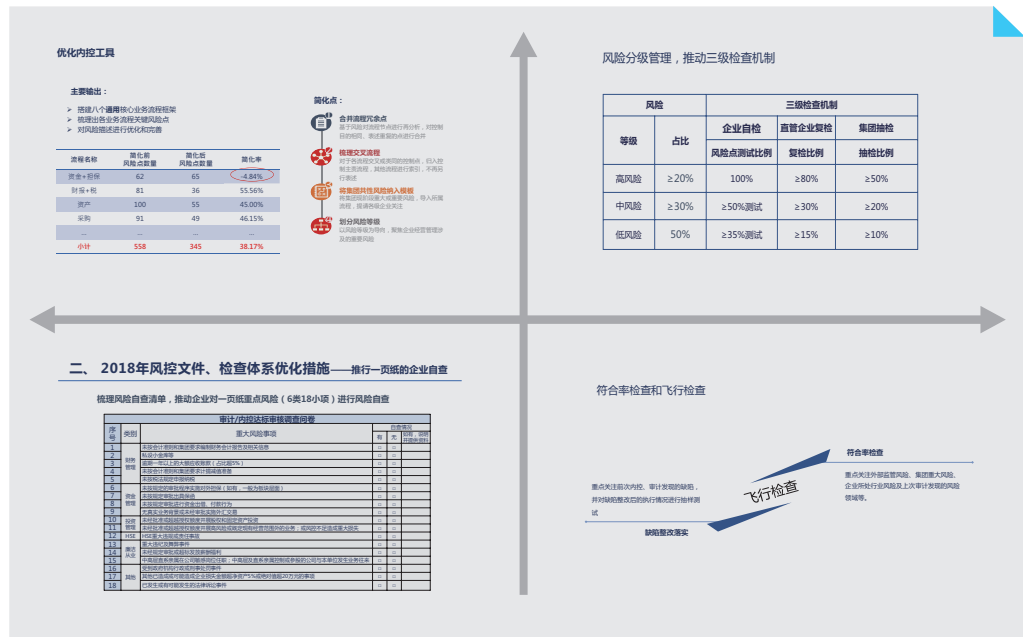
Work programs	Key actions	Achievements
Track and study the new national internal control policy	<ul style="list-style-type: none"> Regularly followed up on China's deepening of the reform of the supervision system, and conducted risks prevention and control from the source of risk Trained employees and publicized internal control on group management report meeting and internal control and audit project 	Monthly internal control briefing Quarterly updated policy and regulations publicity materials
Sort out the red line of internal control and launch an accountability mechanism	<ul style="list-style-type: none"> Systematically identified and sorted out the laws, regulations and group systems of 47 countries, and summarized and extracted 102 accountability requirements in 9 categories and 30 sub-categories. Conducted 5 times of promotions of accountability for the core cadres of the Group with nearly 400 attendees with reference to internal and external cases Announced an exclusive interview with the president, launched, operated and applied the online accountability exam platform 	<p>Issued "Accountability Measures for Responsibility Incidents", Accountability List for Responsibility Incidents" and test question bank</p> <p>1,292 core cadres and backbones of the Group passed the exam</p>
Standards that supervisors and general managers should know before going to work	<ul style="list-style-type: none"> Systematically identified and sorted out 55 internal and external regulations and systems Sorted out 22 related cases and established a supporting test questions bank (264 questions) Collected and understood the doubts and difficulties encountered by directors, supervisors and general managers in the performance of their duties Launched, operated and applied the online exam platform for directors, supervisors and general managers 	<p>Completed and sent the the Director and Supervisor Performance Manual (Compliance) (董监事履职手册合规篇) and General Manager Performance Manual (Compliance) (总经理履职手册合规篇)</p> <p>Launched a mobile learning platform (e-book manual, question bank, online exam, board)</p>



Online accountability exam platform

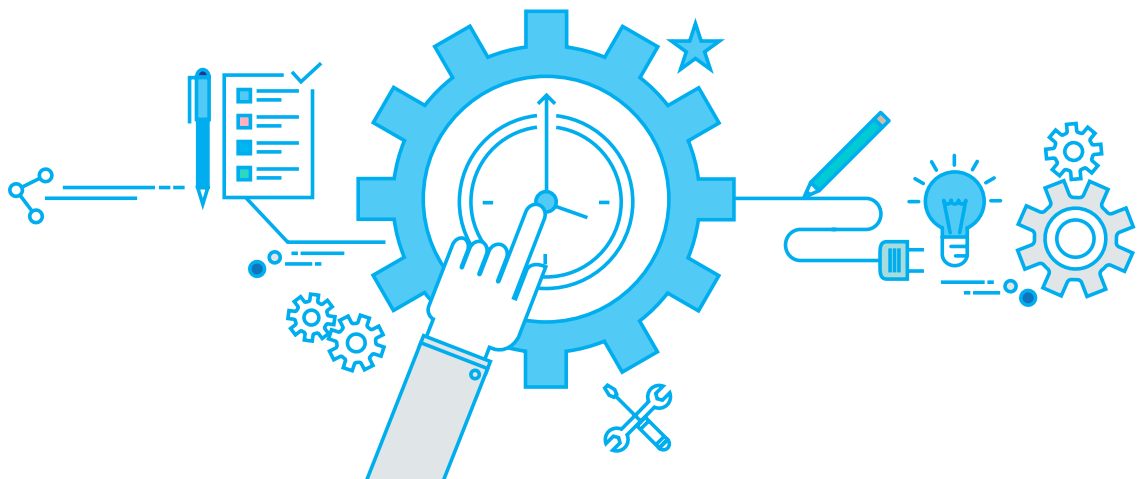


- Optimize the internal control system tools and methods to make the system concise and easy to operate** Under the premise of meeting external supervision, pursuant to the Basic Norms for Enterprise Internal Controls issued by five ministries and commissions and the auxiliary guidelines on corporate internal control as well as the 2017 COSO latest revised version of Enterprise Risk Management Framework(《企业风险管理框架》), and considering the actual situation of CIMC, the Group improved its internal control system documents, methods and other items, which was recognized by domestic and foreign accounting firms and praised by other enterprises. For example, the Group optimized risk matrix, streamlined and adjusted internal control self-assessment (operational guidance, evaluation template, paperwork) and internal control assessment; added internal control/ audit self-examination questionnaire, compliance rate inspection and unannounced inspection.



Optimize the internal control system tools and methods

- Review internal audit and control monitoring programs and risk to help enterprises prevent risks and enhance the level of internal control management** The Group conducted 73 internal audit and control monitoring programs to help enterprises to find out management risks and loopholes, and improve the internal control systems and capacity of enterprises. We reviewed risks in segments, drew lessons from the past, and improved internal controls through the analysis of problems, which drew high attention from the management of the segments.
- Determine the comprehensive risk management promotion plan of the Group** In order to effectively promote the Group’s overall compliance and prevent major risks, at the request of the Transformation and Upgrade Committee of Headquarters, we proposed the “comprehensive risk management work plan of the Group” with reference to the development and changes of domestic and international risk management theories, methods and related policies and regulations, as well as through multi-party research and study. The management work plan, which is mainly focused on the major risk management, is gradually deepened and refined from point to aspect.



Case Study

ESG&HSE Risk Management

In 2018, we evaluated and reviewed the major HSE risks of each segment, and prepared the HSE Compliance Risk Assessment List and Fire Risk Assessment List of Segments for six segments. Based on the 2017 interactions, the HSE Department was deeply involved in the audit of the Group in 2018, including:

- **Regulations and systems establishment** The HSE red line was included in the accountability system and the HSE internal control matrix was established.
- **Compliance promotion and implementation** We set the HSE column in the monthly internal control briefing and participated in the annual meeting of internal control.
- **Sharing information and strengthening accountability** We strengthened HSE event communication and linkage investigation.
- **Capacity Building** We provided HSE training to the Group's audit team.

In the next step, we will further promote the Group's compliance, improve the risk system management and control capabilities, jointly prevent major risks, and include ESG&HSE into comprehensive risk management, making HSE audit an important part of internal control audit.

Honesty, Integrity and Compliance Operations

Sticking to the philosophy of "law-based governance & good faith", the Group resolutely opposes commercial bribes, strictly complied with the laws and regulations in relation to anti-bribery, extortion, fraud and money laundering and continued to carry out anti-corruption work according to the following regulations:

- Management Measures for the Complaint and Reporting of Supervision of CIMC Group (《中集集团监察投诉举报管理办法》)
- Regulations for the Integrity of Cadres and Sensitive Personnel of CIMC Group (《中集集团干部及敏感岗位人员廉洁从业规定》)
- Inspection System for Cadres and Sensitive Personnel of CIMC Group (《中集集团干部及敏感岗位人员监察制度》)
- Administrative Measures of Commission for Discipline Inspection of CIMC Group on Acceptance of Gifts and Payments by Party Members and Cadres and Employee in Business (Official) Business Activities
- Accountability Measures for Responsibility Incidents of CIMC Group (《中集集团责任事件问责办法》)
- Staff Manual of CIMC Group (《中集集团员工手册》)

We were committed to maintaining and safeguarding the legitimate rights and interests of stakeholders such as investors, employees, clients and suppliers by continuously improving our internal control, auditing and monitoring systems to create a level playing field. In 2018, in the aspect of strengthening the Company and gathering social forces to oppose commercial bribes, we continued to carry out a lot of work:

- **Continue to promote the integrity in operations, educate staff first, prevent dishonest conducts, and combine internal and external measures**

Internally

We required cadres and sensitive personnels to sign a statement on integrity to clarify the requirements for honesty and self-discipline. We opened the "CIMC Supervision (中集监察)" WeChat official account and IWORK mobile office platform to push new developments in anti-corruption work to the whole group. Before grand festivals such as the Spring Festival, we reminded employees of being honesty and integrity in operations, so as to prevent acceptance of gifts and payments. At the same time, we also used channels including the Group's internal control and compliance annual meeting, segment operation analysis meeting to publicize the high-pressure policy of "investigating the behaviors of taking or offering a bribe" of the Government, and informed the public of the investigation and punishment of typical fraud cases, giving a long-lasting warm to all employees.

Externally

We promoted the signing of an apparent procurement agreement with suppliers to prevent and resist all kinds of commercial fraud and violations of fair competition, and punished partners who have seized business cooperation opportunities through bribery and colluding behavior in bidding. They will be included in the "blacklist" and given financial penalties if their fraud is confirmed.



“CIMC Supervision (中集监察)” WeChat official account

- **Pay attention to changes in national laws and regulations, and continuously improve the Group’s anti-fraud mechanism |**



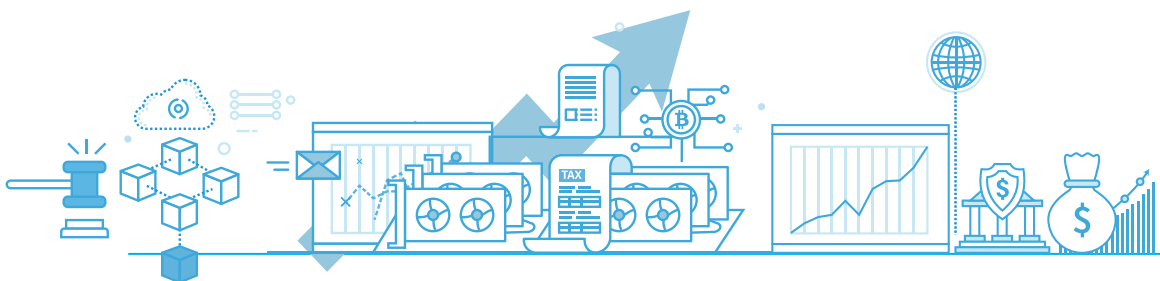
In 2018, we officially released the Accountability Measures for Responsibility Incidents of CIMC Group (《中集集团责任事件问责办法》) and Accountability List for Responsibility Incidents of CIMC Group (《中集集团责任事件清单》), which clarify the red line and the bottom line, and require all employees to implement them. The cadres at level 8 or above of the Group all passed the exam.



During the year, we also compiled and printed the Guidelines for the Performance of Dispatched Directors and Supervisors of CIMC Group (Compliance) (《中集集团派出董事、监事履职指引(合规篇)》) and the Guidelines for the Performance of General Managers of CIMC Group (Compliance) (《中集集团企业总经理履职指引(合规篇)》), which systematically listed the requirements on the performance of internal controlling duties by cadres, especially requirements on compliance management, thereby improving the cadre’s awareness of internal control and performance capabilities, and strengthening the building of internal control teams.



The container segment piloted the on-line procurement information platform, embedded internal control into the system, and evaded rent-seeking through information technology to promote the procurement business to reduce costs and increase efficiency.



麦伯良谈问责制：真刀真枪 公平公正

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中集集团问责制考试 (总部员工)

时间: 2018-11-09 15:00-2018-12-31 23:59

考试时长: 不计

学分: 2

及格线: 60%

答卷查看: 评卷后允许考生查看答卷和正确答案

发起方: 集团总部各部门

考试说明: 本考试共100分, 60分合格

Interview with the president and accountability examination

- Broaden reporting channels and strictly investigate reporting matters** CIMC Group has established normalized reporting and complaint channels for supervision, including “CIMC Supervision” WeChat official account, email, telephone, petition letter, etc. for receipt of real-name and anonymous reports. The Group has “zero tolerance” for fraud, and the results of audit and supervision are an important basis for the evaluation and appointment of cadres. If serious violations of rules and regulations are found, they will be severely punished as a veto matter. In 2018, the Group did not have any lawsuits involving significant corruption.
- Continue to promote the development of China Enterprise Anti-Fraud Alliance, and unite social forces against commercial bribery** As one of the main sponsors of China Enterprise Anti-Fraud Alliance, CIMC Group has actively participated in the affairs of the Alliance and recommended outstanding companies to join it. In the first China Integrity Innovation Award (中国廉洁创新奖)⁸ voting, CIMC Group as a representative accepted the review by the expert review team, and finally its Establishing Enterprise Anti-Fraud Alliance Project (创立企业反舞弊联盟项目) won the first “China Integrity Innovation Award”.



⁸ The award was co-sponsored by the Clean Government Construction and Governance Research Committee under Chinese Academy of Management (中国管理现代化研究会廉政建设与治理研究专业委员会) and the Research Center for Anti-corruption and Governance, Tsinghua University.

Quality • Creating Value



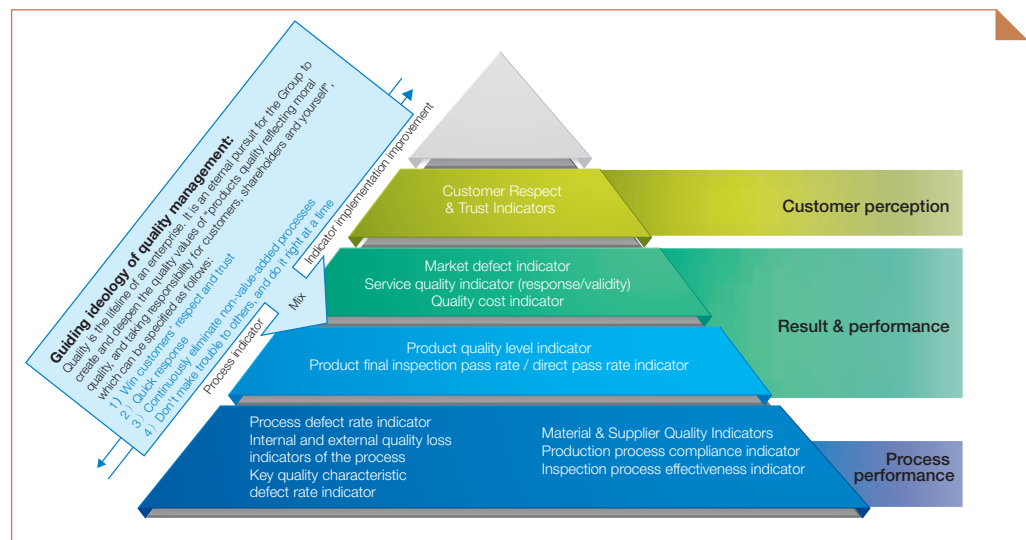
Adhering to the core values of “customers’ success” and the mission of “to supply the logistics and energy industries with quality and reliable equipment and services”, CIMC Group has always regarded product health and safety as the core of product liability. We actively respond to the 12th UN Sustainable Development Goal and insist on continuously improving product quality in a bid to provide customers with safe, high-quality and efficient products and services to protect customer rights and meet customers’ needs.

Product Liability and Quality Assurance

The Group has a wide range of products for the global market, which are subject to strict requirements for safety and reliability. Despite the wide variety of products and different production processes, we strictly control every link of the entire value chain, including the design, procurement, manufacturing, inspection, marketing, service, logistics and other aspects of products, in compliance with the laws and regulations on product liability in the countries or regions where we operate business. We ensure the compliance of products and services in an all-round way by optimizing the training system, strengthening personnel qualification management, strengthening quality responsibility subjects, strengthening team building, promoting production self-inspection/mutual inspection/special inspection, and maintaining close communication with customers. We also strongly support research and investment in the field of safety technology, and actively use the safety concept and technology with international advanced level to raise the quality and safety performance of products to a higher level.

Quality management policy

We have established a quality culture of “doing it right at a time, eliminating non-value-added processes, and responding quickly to win customers’ respect and trust”. Through the implementation of quality modules, we promoted all segments and enterprises to establish quality management policies and objectives covering all levels (companies, departments and teams), and according to their respective status, to regulate their own quality management system.

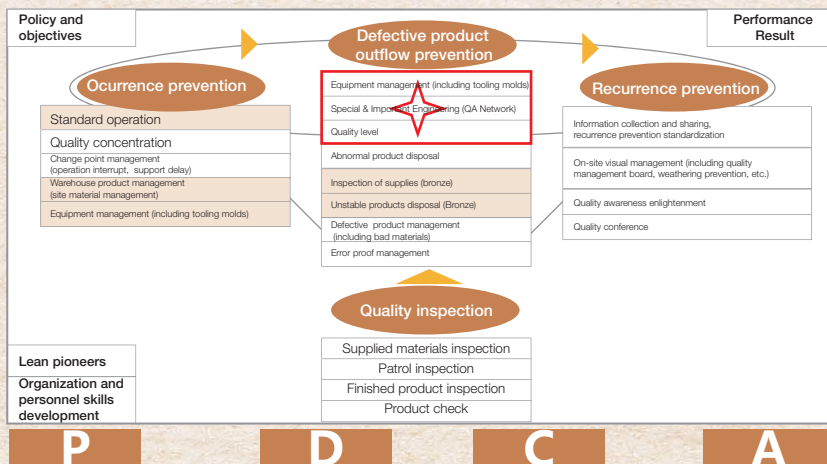


Quality KPI indicator – framework model

Case Study

Quality Module Building

The core of the quality module is to build the ability to ensure good quality in the process. Through the five elements of people, equipment, material, laws and regulation and environment, we have gradually established a quality assurance system for recurrence prevention, defective product outflow prevention and occurrence prevention, and gradually realized the goal that all processes can be done right at one time and good quality can be assured in such processes. Through the quality control and talent cultivation, we continued to improve the quality of the products and continued to be competitive.



Process quality assurance system framework

Case Study

Quality Commissioner Training

A total of 58 group-level quality commissioners have been trained in the container segment, vehicles segment and energy, chemical segments, which provide talent support for the further application of quality assurance system by the cooperative enterprises, and lay a foundation for the wider application of quality assurance system by segments.

64 tutorial sessions and
9 video sessions
More than **3,000** participants
58 group-level commissioners training

2018 Quality Commissioner Training

Lean ONE system

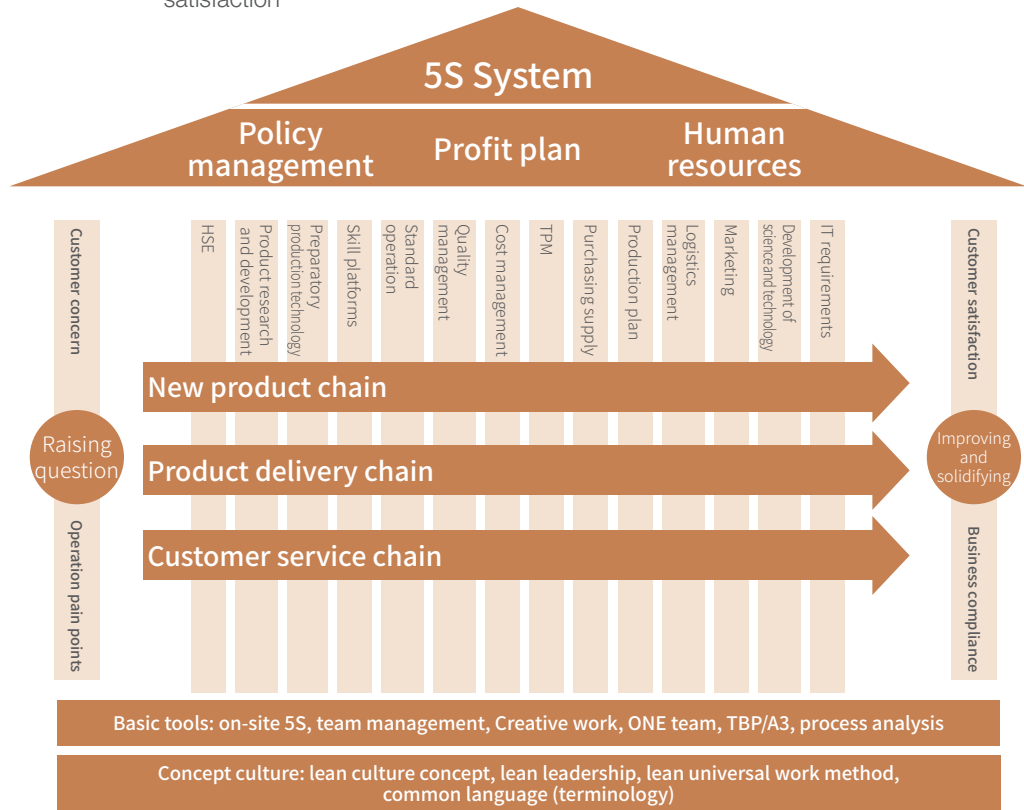
ONE is derived from lean management. Established by CIMC through benchmarking, organizational learning and best practices, ONE is a set of business models with CIMC's characteristics that integrates cultural concepts, improvement mechanisms, improvement tools and methods, and evaluation systems. In 2018, some of the segments and enterprises continued to implement the Group's lean ONE management model, continuously improving products and services through cost management, quality management, and lean general working methods to improve production efficiency and economic efficiency.

Docking strategy: docking between ONE and 5S to achieve the strategic orientation

Deepening the foundation: guided by cultural and basic abilities, enhancing the awareness and abilities of cadres and employees

Extension: building the ONE module to enhance functional expertise

Collaboration: improving the end-to-end process to improve operating performance and customer satisfaction



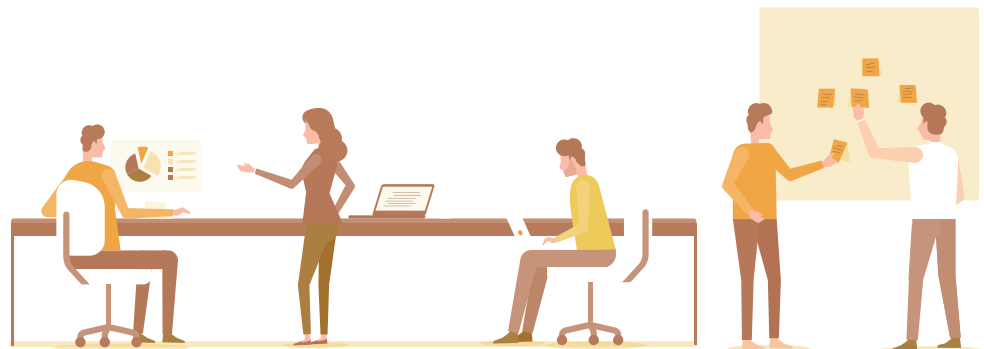
During the Year, the Lean ONE models covered

34 companies

The Group improved revenue from projects to

RMB269 million
(as audited)

During the year, the Lean ONE models covered 34 companies, increasing by 5 from 2017. The Group established 1,372 ONE teams, up 8.5% year-on-year, and improved revenue from projects to RMB269 million (as audited). The project of “Lean Improvement of Yantian Port Yard Efficiency Improvement” (盐田港口堆场效率提升精益改善) of Southern Service under Modern Logistics and the project of “Optimizing the Pre-production Preparation System and Improving the Ability to Produce Good Products” (优化产前准备体系 提升“篮字出货”能力) of CIMC Raffles won the “Demonstrative” (示范级) and “Improving” (改进级) Technological Achievement Awards of the Ninth National Lean Management Project Publication and Researching Activities, respectively.



Product quality recognition

In response to different product standards and requirements at home and abroad, segments and enterprises have successively established or improved the quality management systems such as ISO9001 quality management system and international automotive industry technical standard ISO/TS16949 certification, and actively carried out external certification. At present, more than 40 companies have obtained ISO9001 quality management system certification.

Segments and enterprises have established standardized and effective product recall management systems to conduct timely investigations on defective products, and to eliminate product defects in an open, transparent and rigorous manner, in a bid to minimize the harm or hidden dangers posed by products to customers. We have also established relevant marketing and promotion systems to regulate various marketing activities such as market planning, promotion, research, market information collection, etc., in order to achieve the goal of matching products and customer needs, and ensure that we promote an accurate brand image to the public and improve the brand value of the Group.

In 2018, the Group has complied with the requirements on product safety, health, advertising and relevant laws and regulations and did not receive any complaints on violations. There have been no product recalls caused by health and safety issues. Our product quality and management performance have been recognized by more and more government departments and important customers.



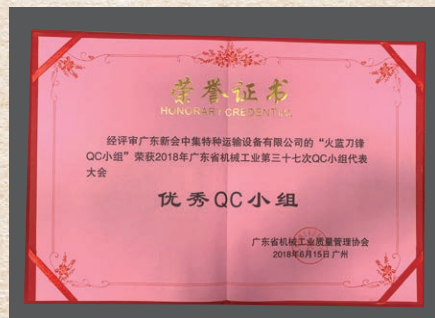
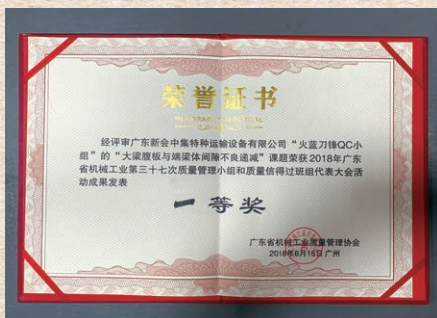
Many units and member enterprises including the Headquarters, Qingdao Reefer, Yangzhou Tonglee, Nantong CIMC Tank, Jingmen Hongtu, Enric Bengbu, Shandong CIMC Vehicles, CIMC Raffles and Dalian CIMC Logistics have won the honorary titles of “Mayor Quality Award (市长质量奖)”, “Provincial Quality Credit Evaluation A-level Enterprise (省级质量信用评价A级企业)” and “China Quality Credit Enterprise (中国质量诚信企业)”.

In 2018, some enterprises also won the “A Champion Product in Manufacturing (制造业单项冠军产品)”, “Machinery Industry Excellence Brand Award for the 40th anniversary of China’s reform and opening up (改革开放40周年机械行业卓越品牌奖)”, and “China Road Freight Industry Gold Award (中国公路货运行业金奖)” and other awards.

Case Study

The QC team “Fire Blue Blade (火蓝刀锋)” of Xinhui CIMC won the “First Prize” of the Guangdong Machinery Industry Quality Management Team (广东省机械工业质量管理小组).

On June 15, 2018, the 37th Quality Management Team Results Presentation of Guangdong Machinery Industry was held at the Guangzhou Baiyun International Convention Center. The QC team “Fire Blue Blade” of Xinhui CIMC defeated the other 22 teams from various industries in the province and won the “First Prize”.



Award Certificate of the QC Team of Xinhui CIMC

Dedicated Service and Customer Satisfaction

“Customer first” is the theoretical cornerstone of for the long-term survival and development of CIMC. The Group is committed to creating maximum value for its customers, strictly abides by the laws and regulations such as the Consumer Protection Law of the People’s Republic of China, and insists on providing customers with the best solution from their perspectives. For products and services related to engineering projects, in most cases, we directly invite customers to participate in the product design process, so that the final product can fully meet the needs of customers. Some segments also conduct national visit service activities for successive years, customer training, on-site maintenance, etc., to deliver the service concepts of enterprises, and preventive maintenance and repair service, and reduce product failures.

Case Study

National service visiting activities

Shijiazhuang Enric conducted the “I am with customers” series of national service visiting activities from July to September 2018. In Henan, Shanxi, Liaoning, Inner Mongolia, Shandong and other regions, the company conducted on-site inspections for customers’ operating products. The company provided free vehicle inspection, personnel operation training, and low temperature vehicle vacuum testing and other services. At the same time, it also conducted market research to understand customer needs and collect customer suggestions for the company’s products. During the activities, the company inspected 260 LNG low temperature vehicles, more than 100 high-pressure CNG vehicles, and over 50 medium-voltage products, which not only narrowed the distance with customers, but also won the trust and praise of customers.



The Company inspected

260 LNG low temperature vehicles

more than 100 high-pressure CNG vehicles

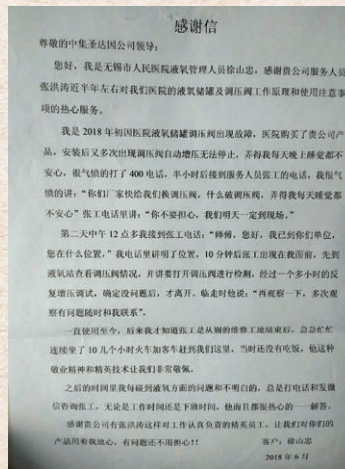
over 50 medium-voltage products



Shijiazhuang Enric Service and Inspection Visiting Activities

A letter from Wuxi People's Hospital

In July 2018, CIMC Sanctum received a thank-you letter from Wuxi People's Hospital, thanking the service engineer Zhang Hongtao of the customer service center for his enthusiastic service in imparting the working principle and matters need attention for the usage of the Hospital's liquid oxygen storage tanks and pressure regulating valves. The hospital was very satisfied with Zhang Hongtao's patient instructions, careful inspection, and repeated debugging work, demonstrating the belief that CIMC Sanctum practices the faith of "no small service" with actions.



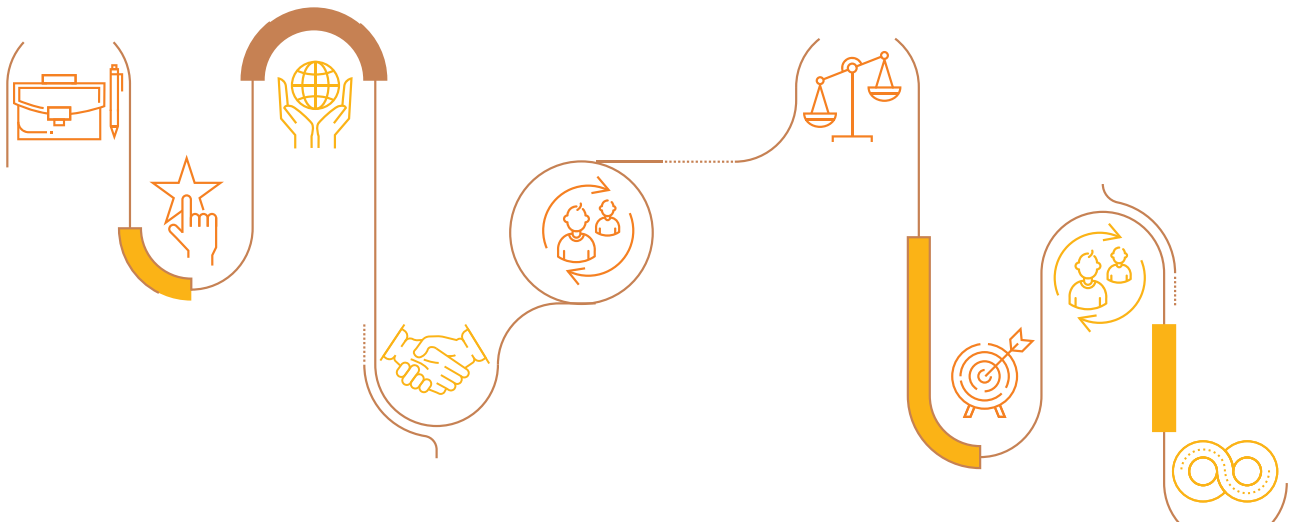
Thank-you Letter from Wuxi People's Hospital



The Hospital's liquid oxygen storage tanks

We measure the results of service improvement by customer satisfaction to drive the continuous improvement of products and services. All segments and enterprises regularly conduct customer satisfaction surveys, communicate with customers in a timely manner and obtain feedback from them to grasp the current customer satisfaction, identify defects in products' design, quality, sales and after-sales service, and propose corresponding rectification and prevention suggestions, with a aim to achieve continuous improvement of product quality and service level.

In terms of customer complaints, all segments and member companies have developed appropriate customer complaint management methods based on the nature of their products and services and customer groups. The main processes include setting up special customer complaint acceptance agencies which report complaints to the relevant responsible departments for disposal. The After-sales Service Department cooperates with relevant responsible departments to investigate and analyze the causes of customer complaints, study solutions, and formulate improvement measures and preventive measures to prevent similar incidents from happening again.



Information Security and Privacy Protection

Information security construction

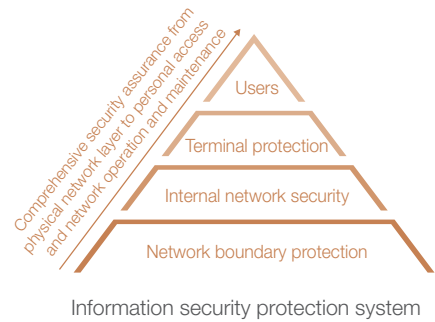
Under the background of the deteriorating global information security environment, the introduction of international and domestic laws and regulations concerning information security, and the Group's promotion of industrialization and information integration, the establishment of a sound and effective information security management system has become the basic guarantee for the Group's business development. In 2018, the Group started from the management, technology and operation aspects to carry out information security work in an all-round way with a view to improve information security management and safeguarding capabilities:



In terms of information security management, we have established a group information standard system and implemented real-time IT monitoring. At the same time, the Group Information Standard System (GSL) and the following 12 supporting management systems were released to further standardize the Group's informatization. Through information security promotion, training and other means, the information security awareness of all employees have been comprehensively improved.



In terms of information security technology, we have further improved the hierarchical information security protection system, made efforts in safeguarding network boundary security, intranet security, terminal server security, user security, and introduced a new generation of information security platform based on AI, effectively improving IT governance capabilities, accelerating the completion of the Phase I information security rectification of 2018, and seeing gratifying results in the guarantee of the information security of business systems.



In terms of information security operation, through internal audit, periodic vulnerability scanning, penetration testing, emergency drills and other means, we find potential risks and timely repair them. We have combined big data analysis technology with machine learning algorithms and introduced ATD (Advanced Threat Detection) that analyzes user behavior in multiple dimensions and identifies threats in real time to improve the information security risk response capabilities.



Customer privacy protection

Customer information is closely related to the vital interests of our customers. The Group has always attached great importance to customer privacy protection and strictly abided by national and local laws and regulations regarding privacy protection. At the same time, we have taken supervision and preventive measures from the aspects of working mechanism, external information management, equipment and document management, and employee confidentiality awareness to ensure that customer information is strictly protected:

In terms of working mechanism, offshore segment and other segments have divided customer information into the highest level of security information, incorporated customer information protection into a comprehensive risk management system, and adopted hierarchically-authorized information management mechanisms to isolate other people to access the information. At the same time, they determine the storage time and backup methods according to the importance of information, and encrypt it in access and delivery.

In terms of employee awareness, we require employees in IT and other positions to sign a “Non-Disclosure Agreement”, carry out information protection education during the induction training of new employees, and conduct business training from time to time to strengthen the awareness of customer privacy protection for all employees.



In terms of external information management, the system supplier is required to sign a “Non-Disclosure Agreement” or a privacy protection clause in the project contract. If the supplier leaks the customer information and causes losses, it shall be responsible according to law. During the implementation of systems, virtual customer information is provided for testing. Customers are provided with training to log in to the Company’s information system, and are required to periodically modify their login password. For the core system, customer information security is assured through SMS passwords or encrypted certificates.

In terms of equipment and document management, in strict compliance with the confidentiality systems and operational requirements of User Computer Information Security Management Regulations of CIMC Group (《中集集团用户电脑信息安全管理规定》), Information System Security Secrecy and Accountability for Disclosure Responsibility System of CIMC Group (《中集集团信息系统安全保密和泄密责任追究制度》), and Market Document and Information Management Measures (《市场文档及信息管理办法》), we continuously monitor the internal electronic equipment in the background, and irregularly check the related systems. We strictly forbid copying at will, unauthorized information transmission, and throwing about papers after printing. At the same time, we have established the Computer Center Computer Room Management Regulations (《计算机中心机房管理规定》) and other systems and conducted periodic maintenance and repair for core communication equipment and systems.

Case Study

Information Security and Privacy Protection Training

In 2018, the Group communicated with industry suppliers such as GooAnn, Canway Technology, 360, etc., completed the information security awareness raising program of CIMC employees, and produced a wealth of training courses and test questions, laying a solid foundation for conducting information security training throughout the whole group. On November 29th, the Data Network Center of the Group organized the functional departments of the Headquarters and the colleagues of segments/enterprises to hold the training of the fortress machine and the intrusion prevention platform in the conference room of the R&D center of the Group, which effectively improved the employees’ information security awareness and enhanced the employees’ ability to prevent information security risks and protect customer privacy.



Information Security and Privacy Protection Training

In addition to the above mechanisms and regulations, we also make clear provisions on customer privacy protection, customer information usage, etc. in customer service contracts. In 2018, the Group has complied with the requirements of relevant laws and regulations in relation to customer privacy protection, and did not receive any complaints from any authorities or agencies in relation to leakage of customer privacy.

Intelligence • Clustering Innovation



Adhering to the core value of “exploration and innovation”, CIMC Group regards technological innovation as the means for survival and development. In active respond to the 9th UN Sustainable Development Goal, we have continuously developed and improved the technological innovation system, promoted the industrialization of patent R&D and results, and improved the maintenance and management of intellectual property, to bring long-term driving force to the sustainable development of enterprises and industry.

Technological Innovation and Leading the Industry

Strengthen innovation management

During strategic upgrading and business transformation in the past few years, we established the “technology-driven” technological innovation system guided by the principle of “innovation drives value growth”. We continued to promote the research and development of new products, new technologies, new processes and equipment, as well as the introduction and incubation of major scientific and technological projects in line with industrial development. In light of the Group’s business layout, we have developed an R&D system integrating “research institute” and “technical center”. 5 institutes and 21 technical center branches continuously promote research and development of innovative technologies.

In 2018, we launched the first-phase training program for leading talents in technological innovation, with the goal of “building a more efficient and dynamic R&D and innovation management system for enterprises” to help build champion products for the Group. At the same time, the “Entrepreneurial Program for 100 People” initially completed the exploration of the new business incubation model of investment+empowerment and entrepreneurial talent training mechanism, realized the investment of three projects, completed the six sessions of trainings of the first-phase accelerated camp, and established a mentor mechanism, which not only, internally, promoted the establishment of the entrepreneurial culture and stimulated the entrepreneurial enthusiasm of more employees, but also, externally, displayed the corporate image of open development of CIMC. Through the usage of external resources platform, we strived to build the innovative and entrepreneurial ecosystem of CIMC.



5 institutes

21 technical centers



The first training class for leading talents in scientific and technological innovation

Case Study

CIMC Lvjian Environmental Protection Technology Co., Ltd. (中集绿建环保科技有限公司) of the “Entrepreneurial Program for 100 People”

Established in April 2018, CIMC Lvjian Environmental Protection Technology Co., Ltd., is an innovative mixed-ownership enterprise newly cultivated by CIMC Enric. The company focuses on the comprehensive utilization of cutting waste residue generated in granite stone processing and the resource recovery of mine tailings solid waste, and its products include prefabricated buildings, rail transit, new wall materials and functional sound insulation materials.



Startup Project: CIMC Lvjian Environmental Protection Technology Co., Ltd.

<p>January 2018 Entering into of Shareholder Cooperation Agreement</p>	<p>April 2018 Incorporation of CIMC Lvjian Environmental Protection Technology Co., Ltd.</p>	<p>From January to June 2018 Market research on granite gathering manufacturing regions in China and project site selection</p>	<p>May 2018 Completion of intermediate test of research and development centre, technique improvement and product test</p>	<p>June 2018 Participation in preparation of the Industrial Standards on Foamed Ceramics Partition Boards and becoming council unit of Ecological Ceramics Association (生态建陶协会)</p>	<p>September 2018 Entering into of Lianyungang Base Joint Venture Agreement and establishment of CIMC Lvjian (Lianyungang) Company (中集绿建(连云港)公司)</p>	<p>23 November 2018 Commencement to construct Lianyungang Base</p>
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By the end of 2018, CIMC had 30 subsidiaries recognized as high-tech enterprises in China and had five post-doctoral research stations. The CIMC Technology Center is a state-level enterprise technology center with a national energy offshore oil drilling platform R&D (experimental) center and a national engineering laboratory for offshore engineering assembly R&D and design. During the year, CIMC' two products were awarded “A Champion Product in Manufacturing (制造业单项冠军产品)” by the MIIT. CIMC Containers was awarded the “Champion Demonstrative Enterprise in One Product (单项冠军示范企业)” and the CIMC Tianda's boarding bridge was awarded “A Champion Product in Manufacturing (制造业单项冠军产品)”. The 7th generation drilling platform “Blue Whale No. 1” independently designed by CIMC successfully completed the testing mining of combustible ice in the South China Sea, achieving a historic breakthrough in the development of combustible ice in China and won the “5th China Industry Award (第五届中国工业大奖)”, which is the highest award in China's industrial sector approved by the State Council and represents the highest level of industrial development in China.



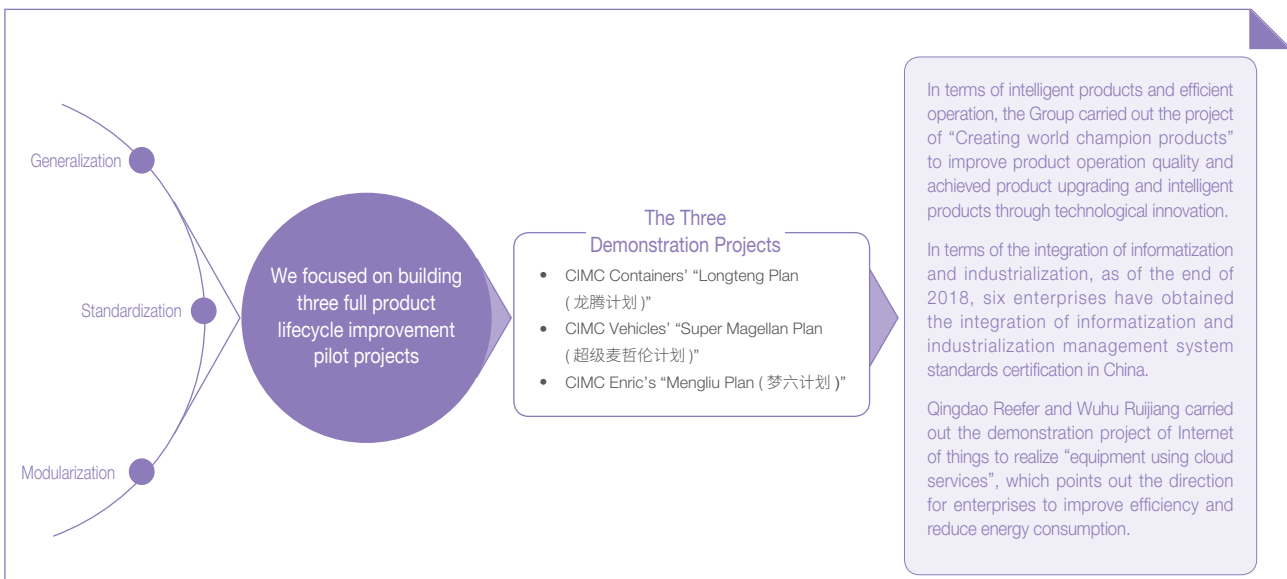
Recognized as high-tech enterprises
30 subsidiaries

5 Post-doctoral research stations

New Industrialisation

We proactively support social development strategies of China by preparing action plans which take into account the actual situation of the Group and China's development conditions. Leveraging the trend of new industrialisation development, we have carried out new industrialization work in an all-round way through comprehensive deployment and pilot promotion to gradually realize the transformation and upgrading of the manufacturing industry. We adhere to the strategic direction of intelligent manufacturing upgrades. The Group continues to improve the Intelligent Manufacturing Action Plan of CIMC (《中集智能制造行动计划》) (the "Action Plan"), works on an overall layout for comprehensive upgrade and development of the Group, and has drawn a blueprint for innovative development under a broad global vision.

In 2018, in accordance with the development path of the Action Plan, CIMC established an intelligent manufacturing and upgrade committee to accelerate the promotion of the Group's new industrialization. Targeting at the upgrading of manufacturing models, product generalization, standardization, and modularization, we focused on building three full product lifecycle improvement pilot projects. The three demonstration projects, the CIMC Containers' "Longteng Plan (龙腾计划)", CIMC Vehicles' "Super Magellan Plan (超级麦哲伦计划)" and the CIMC Enric's "Mengliu Plan (梦六计划)", were promoted in an orderly manner to improve the overall intelligent manufacturing level of the segments. In the product intelligentization and efficient operation, the Group carried out the "Building World Champion Products (打造世界冠军产品)" program to improve the quality of product operation, used technological innovation to achieve product upgrades and product intelligence. In the integration of informatization and industrialization, as of the end of 2018, 6 enterprises obtained the State Attestation of "Integration of Informatization and Industrialization" Management System. Qingdao Reefer and Wuhu Ruijiang carried out the IoT demonstration project to realize the "cloud computing on equipment", which indicates the direction for enterprises to improve efficiency and reduce energy consumption.



Case Study

CIMC Containers' "Longteng Plan"

In 2018, CIMC Containers undertook the Group's intelligent manufacturing planning, together with the leading players in the robot industry, launched a Longteng Plan intelligent manufacturing upgrade research at several container factories. The plan has a wide coverage and high granularity. It has carried out research from multiple dimensions such as product technology, manufacturing process and tooling equipment, with cumulative number of participants exceeding 100. It has greatly improved the existing container manufacturing programs and the CIMC Containers' level of manufacturing, effectively improved the working environment and greatly improved the overall level of intelligence. The implementation and promotion of the Longteng Plan is the largest R&D improvement activity of CIMC Containers in the field of intelligent manufacturing in recent years. In the future, it will bring a leap in the technical level of CIMC Containers, and will also bring a new look to the container manufacturing industry.



Signing ceremony between CIMC Containers and cooperative enterprises

Sample project → Horizontal optimization → Comprehensive promotion

"Longteng Plan" implementation plan

Promote industrial development

As a leader in many industries, CIMC Group proactively participated in the preparation of the industrial standards or criterions, promoted the transformation of research and development results and the healthy and sustainable development of the industries where each business sector operates. By the end of 2018, the Group had participated in the formulation of more than 160 international, national and industry standards in the fields of containers, special vehicles, energy and chemical equipment, airport equipment and other products, and 65 national or industry standards were officially issued. The Group and its affiliated companies have joined 41 associations and served as directors, vice presidents, presidents and directors of 26 associations, making positive contributions to the development of the associations and the industries (see Appendix 2 for details).



By the end of 2018, the Group had participated in the formulation of

more than 160

international, national and industry standards

Case Study

Promote industry interaction and share transformation and upgrading experience

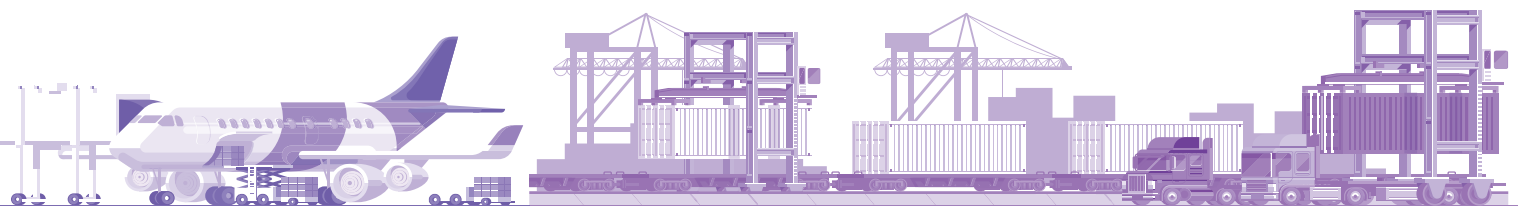
In 2018, CIMC Vehicles participated in the “2018 Car Carriage Technical Seminar (2018 年轿运车技术研讨会)” co-sponsored by the Special Purpose Vehicle Branch of China Association of Automobile Manufacturers, and Special Purpose Vehicle Branch of Society of Automotive Engineers of China, and organized by the Special Purpose Vehicle magazine. CIMC Vehicles also took part in “Super Magellan Digital Production Line Opening Ceremony and New Product Launch Conference (超级麦哲伦数字化产线投产仪式暨新品发布会)” of Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd., the 67th Hannover International Commercial Vehicle Show (IAA 2018), and “2018 China Logistics and Transportation Vehicle Summit Forum (2018 中国物流与运输车辆高峰论坛)”. During those events, the company delivered keynote speeches, accepted the interviews of media reporters in the industry and used other means to actively participate in the interaction within the industry. CIMC vehicles actively shared the experience of transformation and upgrading, leading the Chinese special-purpose vehicle industry to move toward a healthier and more standardized direction.



Super Magellan Digital Production Line Opening Ceremony



2018 China Logistics and Transportation Vehicle Summit Forum



Case Study

Multimodal Transport Yangtze River Forum Provides Support to Logistics Reform

On December 22, 2018, the “2018 Multimodal Transport Yangtze River Forum” co-sponsored and co-organized by CIMC Kaitong Logistics and Southeast University – CIMC Kaitong Digital Multimodal Transport Technology and Application R&D Center was held in Nanjing. The forum was based on the theme of “New Opportunities, New Challenges and New Momentum”. Nearly 70 experts and scholars from industry associations, transportation design units and scientific research institutions, as well as senior executives from railways, ports and multimodal transport companies attended the forum, jointly discussed the hot, difficult and related issues of multimodal transport development, and jointly explored how to build the core competitiveness of multimodal transport operators under the new situation, helping multimodal transport enterprises better grasp new opportunities, overcome new challenges, and add new momentum.



2018 Multimodal Transport Yangtze River Forum

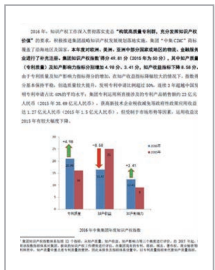
Intellectual Property and Patent Protection

The Group conducts all-round management over the creation, protection, application, management and risk prevention and control of intellectual property, and strictly abides by the Patent Law of the People’s Republic of China, the Trademark Law of the People’s Republic of China and the Anti-Unfair Competition Law of the People’s Republic of China in production and business activities. Through the effective implementation of the intellectual property management system documents.

In 2018, based on the goal of “building a high-quality patent bank and giving full play to the value of intellectual property rights”, we compiled the Group’s intellectual property performance indicator system, and released the white paper on the group’s intellectual property work for three consecutive years. In terms of the trademark management layout of CIMC, we focus on the protection of trademarks in countries or regions where we registered trademarks, to prevent and avoid the third party’s squatting on or passing off our trademarks.



White Paper on Intellectual Property Work Released in April 2018



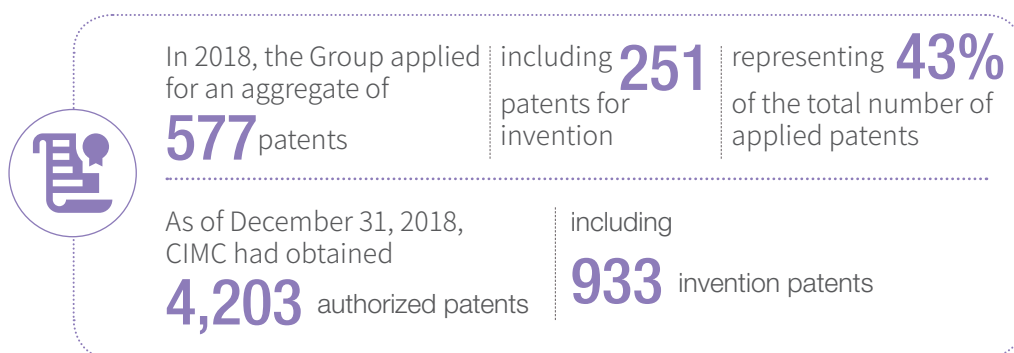
Nantong CIMC Tank was rated as “National Intellectual Property Advantage Enterprise (国家知识产权优势企业)”



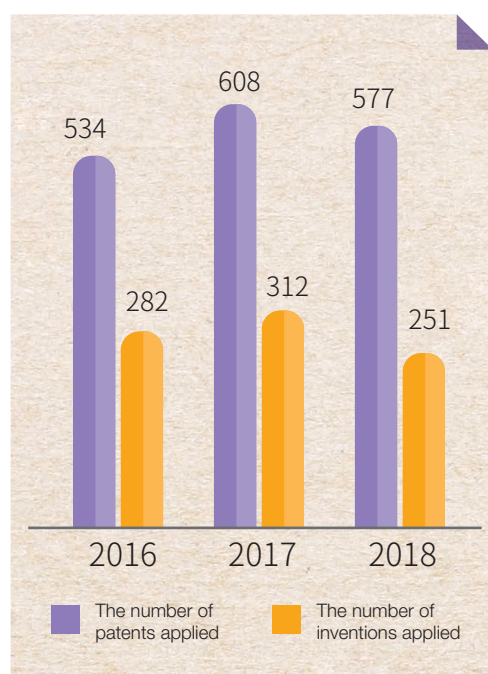
Taichang CIMC passed the national intellectual property certification

While mastering the intellectual property rights of key technologies in various fields, some segments have successively carried out a number of rights protection actions in accordance with international rules. For example, cases such as CIMC Reefer's rights protection, APC transportation platform, and container manufacturing equipment have achieved staged results, resulting in good social impact and playing a positive role in guiding the industry to respect intellectual property rights and promote the healthy development of the industry. Some companies, such as CIMC Raffles, have discovered the core technologies and R&D results of major competitors by conducting patent technology information retrieval, analysis, tracking and comparison, thereby adjusting the company's technical focus and R&D direction to meet the company's strategic needs. At the same time, we carry out special patent retrieval for new R&D projects to understand the state of technological development in the field, analyze and defense infringement risks, and avoid infringement of patent rights of others.

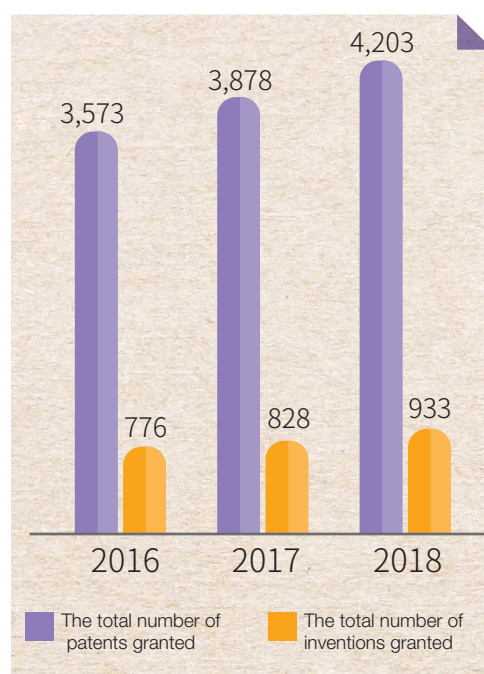
In 2018, the Group applied for an aggregate of 577 patents, including 251 patents for invention, representing 43% of the total number of applied patents, higher than the average of 40% in respect of patents for invention by Chinese enterprises for the fifth consecutive year. The quality of our patents has been improved continuously. In particular, 1 patent for invention won the Chinese Patent Award. As of December 31, 2018, CIMC had obtained 4,203 authorized patents, including 933 invention patents. In terms of trademark protection, there were 245 registered trademarks, including 128 in China and 117 in foreign countries and five new ones were added this year. The trademark CIMC Huajun was rated "China Famous Brand".



Inventions and patents applied in 2018



Accumulated inventions and patents granted as at the end of 2018



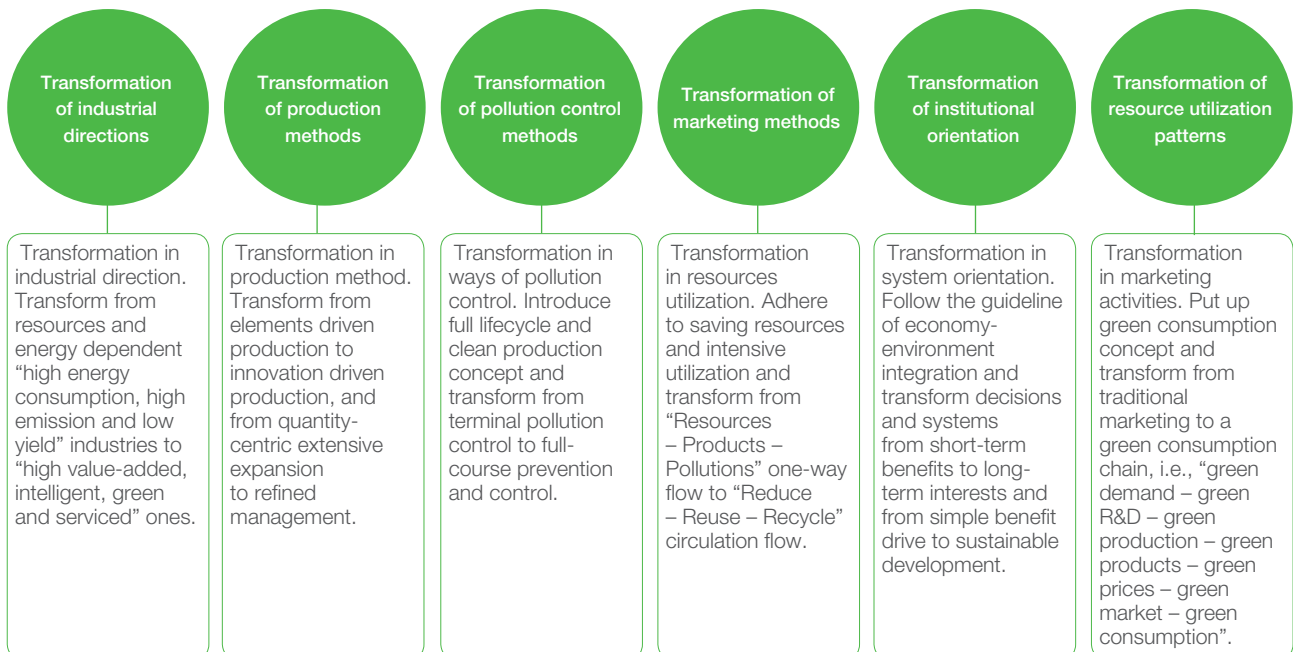
Going Green • Embracing the Future



CIMC adheres to the concept of “green development” and responds actively to the United Nations’ sustainable development objectives No. 6, 7, 12, 13 and 14 to integrate environment protection into business development and production processes and contribute to the protection of environment and saving resources.

Green Development and Going Overseas

According to China’s policies and guidelines on ecological construction and green environmental protection, and based on a series of national plannings and work programs including the 13th Five-Year Environmental Protection Plan, the 13th Five-Year Energy Saving and Emission Reduction Comprehensive Working Plan and the Green Manufacturing Project Implementation Guide (2016-2020), CIMC has formulated the CIMC Green Development Plan as a sub-plan of the Action Plan. All business segments are determined to undertake and fully implement green development. In the future, the Group will undergo the following six transformations in implementing “green development”:



By 2025, the concept of green development will be implemented throughout the Group operation to build a batch of green factories, create a green manufacturing system, improve the Group's green competitiveness, lay a firm foundation and provide green new power for future development.

Green Products and Clean Technologies

Environmental protection has been a social concern today. Since the 18th CPC National Congress where the strategic decision of “vigorously promote the construction of an ecological civilization” was made, it has become the No. 1 task for every responsible enterprise to maintain sustainable development and ensure the combination of economic development with environmental protection. CIMC attaches great importance to the sustainable development of business, society and environment. Based on the CIMC Action Plan and in light of its business features, the Group has introduced the concepts of saving energy, environmental protection and reuse of resources into its products and business development, earnestly promotes clean and eco-friendly technologies and develops and produces green products to achieve the harmonious coexistence of economic growth and ecological environment.



Green and eco-friendly products

The Group actively explores development opportunities in clean and green products and has achieved some effects. The following is a list of green and eco-friendly products and environmental protection effects:

Type of Products	Category of Products	Product's Environmental Features	Product's Environmental Performance
Eco-friendly containers	Water-based paint standard dry container	Standard dry container produced by using water-based paint can reduce VOCs emission by about 70%	In 2018, standard dry containers produced by using water-based paint account for 64.8% of the total container business volume.
LNG products	LNG bulk truck, LNG coal tractor, LNG light-weight coal truck, LNG Xinguoji transport mixer, LNG cargo truck, LNG heavy-duty truck	The use of clean fuel of LNG will greatly reduce the emission of truck exhaust	In 2018, C&C Trucks sold 1,973 LNG products. According to BP China carbon emission calculator's data, each LNG truck emits about 60 tons less carbon dioxide a year than petrol and diesel trucks, and, in a period of 8 years, the emission of carbon dioxide per truck will drop by about 480 tons.
New energy electric truck	4x2 port tractor, 8x4 urban bulk truck, pure electric ferry bus for airport	To replace petrol and diesel with new energies will greatly reduce the dependence of trucks on non-renewable energies and cut the emission of exhaust	By 2018, the Group had sold 17 pure electric ferry buses. Suppose each bus runs 8 hours a day, the carbon emission each year will drop by 368.13 tons.
Light-weight products	Light-weight bulk truck, light-weight transport mixer, light-weight tractor, light-weight dump truck, light-weight cargo truck and special purpose vehicles	Light-weight products adopt high-strength wearing plates and new structures to reduce weight by 100-400kg, depending on the type of vehicles, thus reducing the use of steel in manufacturing, consumption of diesel and emission of exhaust	In 2018, C&C Trucks sold 1,145 light-weight products.
Intelligent eco-friendly products	Intelligent eco-friendly bulk trucks	Intelligent eco-friendly bulk truck: intelligent monitoring device is installed in the sealing cover of the truck to prevent littering during transportation	In 2018, the Company sold 7,211 intelligent eco-friendly bulk trucks in total.
Bamboo-wood composite flooring	New bamboo-wood composite flooring is adopted for containers	The use of 5-year-old moso bamboo in place of hardwood will reduce the cutting of and dependence upon tropical rainforest, and as surface painting is not necessary, the VOCs emission is also reduced. And using bamboo to replace wood will also prevent the drying and decaying of dead moso bamboo and reduce the risk of forest fire.	In 2018, the Company produced over 200,000m ³ bamboo-wood composite flooring, which consumed about 120,000m ³ bamboo materials from 20,000,000 pieces of bamboo. This saves about 170,000m ³ hardwood materials and reduces VOCs emission by about 308,400kg. Meanwhile, the 20,000,000 pieces of bamboo consumed will fix about 424,000 tons of carbon in five years.



The 4th generation ferry buses



Electric bulk trucks



New bamboo-wood composite flooring is adopted for containers

Green services

In November, 2018, Nantong CIMC Energy Equipment Manufacturing Co., Ltd. (“Nantong Energy”), a CIMC Enric subsidiary, developed and produced 130 LNG tanks that transported surplus natural gas from Hainan to the north of the country to ensure winter gas supply. LNG tank is an innovative way of natural gas transportation that reduces the use of coal. Nantong Energy’s LNG tanks can be used both for transportation and storage, and each tank can hold up to 25,000m³ of natural gas. In terms of safety, LNG tanks are strong and reliable and are able to store natural gas for an extended period of time without any loss, and each tank is installed with an intelligent monitoring system for real-time monitoring of the liquid level, pressure and temperature in the tank. Once this new way of transportation is commercialized and attains a considerable scale of application, a mobile maritime natural gas conveyance line will come into being and effectively complement the traditional transportation of land pipes and tank trucks. And this way of transport can be employed in railway and highway transportation to ensure “one tank to home” and “door-to-door” supply between the terminal and user. As the gas supply range can cover regions without natural gas pipelines, it will further enhance China’s natural gas supply ability and become an important measure to guarantee people’s livelihood and the national energy safety.



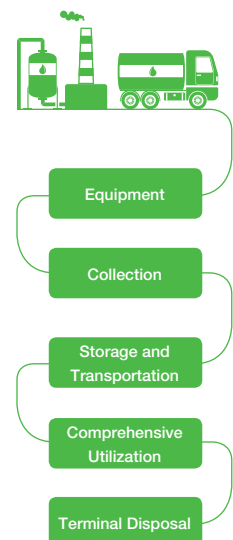
Each tank can hold up to
25,000m³
of natural gas



Nantong Energy LNG Tanks

In the traditional ways of storing and transporting dangerous wastes, it’s hard to consolidate the collection, transportation and in-house storage of such dangerous wastes and there exists the risk of leakage during the transportation. Nantong Tanks under CIMC Enric cooperates with Nantong Guoqi Environmental Technologies Co., Ltd. and has accomplished the functional tests on storing and transporting acrylic wastes in tanks, providing an option of one-stop eco-friendly and safe service from collection, storage through transportation and tank reuse. The tests have proved that tanks, technically, can be used in the storage and transportation of dangerous wastes and laid the foundation for launching tanks in the eco-friendly storage and transportation market. This is a bridge that forms part of the whole environmental protection service chain (equipment – collection – storage and transportation – comprehensive utilization – terminal disposal) that leads to further environment rectification businesses and boosts the development of environmental protection services.

CIMC Enric has undertaken a coke oven exhaust liquefaction project, which separates methane from the exhaust and turns it into LNG, reducing the air pollution due to exhaust burning. The project has now come into service and produces over 1000 tons of LNG per day.





the Group lent out about

RMB2.3 billion

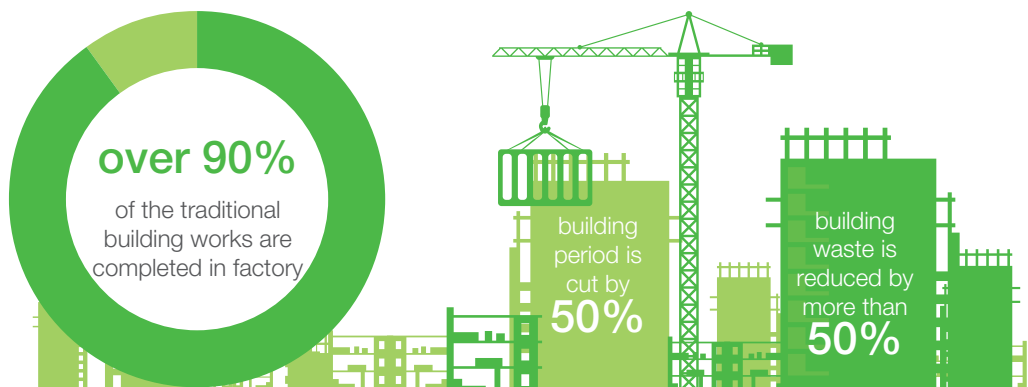
in green financing services

Green financial service

The Group has always practiced the “green financing” concept, and its subsidiary, CIMC Finance, optimizes financial lease service to promote the green development of clean energy equipment, new standard transportation equipment and new logistics equipment. In 2018, the Company provided customers with financial lease solutions on full-range energy, chemical and food equipment and support products, financial lease solutions on CIMC containers, full-range equipment and related enterprise support products, and financing services on over 1,000 models of CIMC heavy-duty trucks and special purpose vehicles. In 2018, the Group lent out about RMB2.3 billion in green financing services.

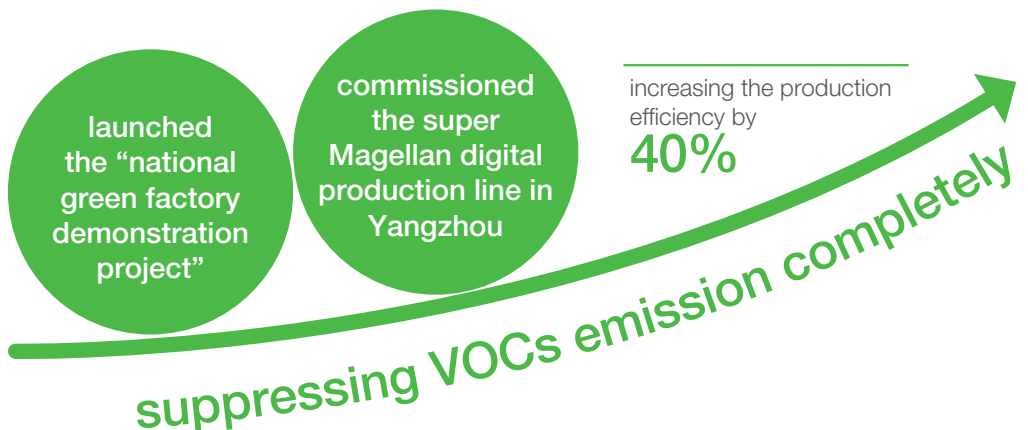
Green building

As a leading player in the world green building industry, CIMC Modular boasts of rich experience in building modularization in the world. CIMC’s modular building is highly compact and over 90% of the traditional building works are completed in factories. While the quality and safety stability is maximized, the building period is cut by 50% and building waste is reduced by more than 50%. On the basis of shipping container technology, the finished modules will be shipped by intermodal transportation to the destination for fast assembly and delivery. In the future, CIMC Modular will boost green school construction and popularize the concept of green, saving and eco-friendly schools.



Green manufacturing

CIMC hopes to implement the concept of green development throughout the Group operation to build a batch of green factories, create a green manufacturing system, improve the Group’s green competitiveness, lay a firm foundation and provide green new power for future development. In 2018, CIMC Tonghua launched the “national green factory demonstration project” and commissioned the super Magellan digital production line in Yangzhou, increasing the production efficiency by 40% while suppressing VOCs emission completely.



Recyclable logistics package sharing service

In the logistics business, Shenzhen Southern CIMC Logistics Co., Ltd. takes advantage of the Group’s strong ability in logistics equipment manufacturing and reshuffles the nationwide operation and service network to provide one-stop comprehensive logistics solutions that start with logistics packaging, centers on recyclable logistics package sharing and covers the distribution, installation, training, transportation insurance, transportation, unloading through recovery of packaging materials. Such services save the customers of heavy investment in packaging, thus effectively cutting logistics costs, labor and time costs and boosting distribution and warehousing efficiency.

And these solutions, to some extent, relieve the growing environment pressure and help green development and industrial transformation. Southern CIMC Logistics saves about 90,000 tons of wooden boxes in its current business each year and the estimated environment effects are equal to planting approximately 1,000,000 trees (equivalent to approximately 15,000 mu of forest) that may absorb 260,000 tons of carbon dioxide. And the other benefits include raising the working efficiency by over 30% and saving static warehousing space by over 30%.

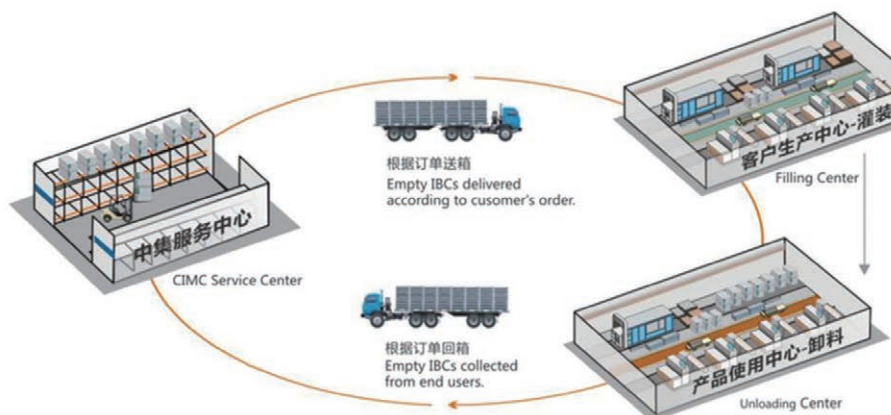
At present, Southern CIMC Logistics, by tapping its dozen or so years of logistics equipment lease experience and making use the “Internet +” operating mode, is doing its best to build a recyclable logistics package sharing platform, and, through platform operation and digital connection, cooperates with other packaging and logistics enterprises on the industrial chain to tackle the customers’ difficulties such as heavy investment in packaging cost, low logistics efficiency and high safety and environment pressure.



Southern CIMC Logistics saves about **90,000 tons** wooden boxes in its current business each year



equal to planting approximately 1,000,000 trees that may absorb **260,000 tons** of carbon dioxide



Business modes

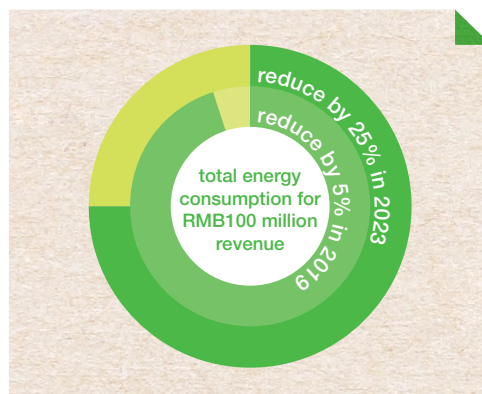
Resource Development, Energy Conservation and High Efficiency

CIMC pays close attention to the construction of ecological civilization, integrates the “environmental protection, energy conservation” into the production and operation of the Group, continuously increases investment in environmental protection and actively does the environmental protection work to ensure the compliance operation and strive to achieve realize the harmonious and sustainable development of its business and environment.

With the implementation of the Action Plan Strategy, CIMC will utilize the advanced energy conservation and environmental friendly technologies and equipment, organize to implement the transformation of special technologies in traditional manufacturing industry, such as improvement of energy efficiency, clean production, water conservation and pollution control and recycling, enhance the promotion and application of energy conservation and environmental friendly technologies, processes and equipment, build a green manufacturing system and forge ahead on the development road with ecological progress.

During production and operation, the Group attaches great importance to saving resources, strictly observes *Environmental Protection Law of People's Republic of China*, *Water Law of the People's Republic of China*, *Energy Law of the People's Republic of China*, *Energy Conservation Law of the People's Republic of China*, and, based on HSE policy and target management scheme, prepares *Guideline to CIMC Environmental Protection* (trial) which stipulates provisions concerning compliance management of environmental protection, new project construction, environmental protection supervision, pollution control and emission. In business sector, CIMC set HSE committee in business aspect and stipulated relevant energy conservation and pollutant emission management system in HSE management policy based on business nature. By the end of 2018, 32 enterprises of CIMC passed ISO14000 Environmental Management System Certification, and 7 enterprises of CIMC passed ISO50001 Energy Management System Certification.

To reduce the consumption of energies and water resource during operation, Excellent Operation and HSE Center made the 2018-2023 Functional Strategic Planning. It is planned that in 2019 and 2023, the total energy consumption for RMB100 million revenue will reduce by 5% and 25% respectively than that in 2017 and total water consumption for RMB100 million revenue will reduce by 5% and 20% respectively than that in 2017.



the total water consumed by the Group

6,183.55

thousand m³

the water use intensity was

6,620

m³/RMB100 million revenue

Water resource management

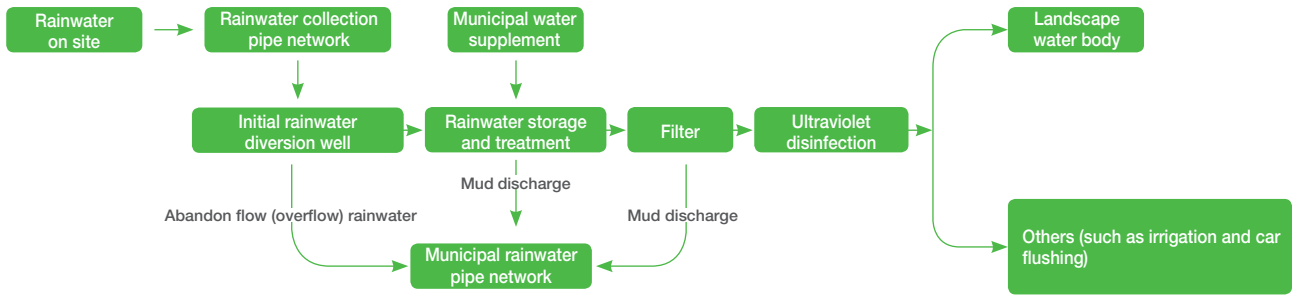
The Group strictly follows Management Regulations for Water Permit and Water Resource Fee Collection, *Management Regulations of Guangdong for Water Resource*, *Management Regulations of Shandong for Water Resource* and many other national and local regulations. The water resource isn't only consumed during production process. The water for life is consumed for daily office work, catering, washing and showering process and the water is also used for irrigation of lawns and firefighting. To standardize the water using, the business sector prepared relevant water resource management measures based on the specific business characteristics, the energy chemical sector prepared the *Management Regulations for Use of Water and Power*, and the logistics sector prepared *Management Regulations for Water and Power Conservation* to guide the employees to conserve water.

In 2018, the total water consumed by the Group was 6,183.55 thousand cubic meters and the water use intensity was 6,620m³/RMB100 million revenue. In the report period, the Group didn't cause major risk of water resource shortage.

With respect to the reduction of water use, the Group actively explored and innovated the method. CIMC Xinhui engaged in container sector separately collected the industrial waste water and domestic sewage, carried out the water treatment based on characteristics of waste water, and utilized the water after meeting the standard. This method can save 34,000 cubic meters/year and reduce the waste water 36,000 cubic meters/year.

CIMC Industry & City Qianhai Project, combining the advantages of natural rainwater, such as low hardness and little pollutants, designed the rainwater collection device, and set the initial rainwater diversion well at the front end of water pool. The rainwater can flow into a 160m³ rainwater collection tank, be filtered and disinfected by ultraviolet light, and finally be used for landscape and irrigation.

Based on the water consumption characteristics of businesses of different sectors, some sectors made respective water conservation objective. CIMC Raffles affiliated to maritime engineering sector assessed the water resource consumption performance of all departments in the Company every month in accordance with *Energy Management System Manual*, and changed the mode of direct discharging of waste water after purification of water dispenser into the mode of flowing into toilet pipeline to flush the toilet. By the end of 2018, the water consumption per capita was 6.25 cubic meters, 0.42 cubic meters less than that in 2017. The Company plans to reduce the water consumption per capita by 10% in 2019 compared to that in 2018.



Flow chart of rainwater collection

Energy conservation and consumption reduction

In 2018, the Group consumed power energy 118,044.11 tce, natural gas 66,612.49 tce and oil 16,542.00 tce; its comprehensive energy consumed was 201,213.14 tce and comprehensive energy consumption intensity was 215.58 tce/RMB100 million revenue. The Group always places the energy conservation in an important position, uses energies with responsible attitude, actively improves the comprehensive utilization rate of energy and devotes to creating an energy conservation enterprise. The energies consumed by all sectors of the Group mainly include electricity, gasoline, diesel and gas. The electricity was mainly consumed by office building and electric equipment (tower crane, elevator and small electric platform) on site; the gasoline was mainly consumed by business purpose vehicles and equipment repair vehicles during using and maintenance; the diesel was mainly consumed by forklift, transport vehicle, crane, marine drilling platform; the gas was mainly consumed during steel sheet cutting.

Through the calculation of energy costs of the Group, it is found that enterprises of the Group have large space for energy conservation. Therefore, the Group made the implementation scheme for energy conservation in five aspects, i.e. new energy, energy conservation engineering, energy efficiency improvement, management system and cooperative operation and promoted the energy conservation projects.



Comprehensive energy consumed was **201,213.14** tce

Comprehensive energy consumption intensity was **215.58** tce/RMB100 million revenue

Aspect	Promotion methods and technologies	Promotion topics
New energy	Solar energy Wind energy LNG Vigorous promotion of distributed PV project; LNG replacement of diesel on factory building roof, shed roof and slope, less pollutant emission	- Container sector, Nantong energy equipment, offshore Haiyang, Dongguan Special Vehicle and Zhumadian Huajun PV Project - Yantai Base Shore Power Substituting Fuel Power Generation Project - National Gas Substituting High-energy Gas Project in offshore sector
Energy conservation engineering	General equipment Energy conservation of compression system Energy conservation of heating and drying equipment Energy conservation of motor, fan and welder Energy storage Manufacturing process	Heat exchange, energy conservation management and control of compressor group, intelligent gas dispatching in pipeline network Frequency conversion technology, harmonic control technology, welding energy conservation technology Energy storage battery-technology, energy storage converter system technology and intelligent battery management technology Comprehensive Air Compressor Energy Conservation Project in container sector - Comprehensive Air Compressor Energy Conservation Project in offshore sector - Luoyang Lingyu Variable Frequency Fan Retrofit Project
Energy efficiency improvement	Improvement of energy efficiency of motor Improvement of energy efficiency of transformer Improvement of energy efficiency of lighting system Scrap the backward and inefficient Y-series motor	Scrap the backward and inefficient S-series transformer Promote LED lighting High-efficient bearingless motor/air compressor Intelligent lighting control system - Enterprise motor evaluation and replacement in container sector - Motor scrapping and updating at Offshore base - LED reconstruction and promotion project at Longkou base
Management	Improve the energy metering system and establish an enterprise energy management center Establish an energy management system (ISO50001) Cultivate professional talents for energy management and energy conservation technology	Acquisition and transmission Warning prompt Remote control System analysis - Energy management system certification in offshore sector - Establishment of Southern CIMC Energy Management Center
Coordination	Direct power-purchase and coordinative auction, carbon trading contract Government policy, project declaration	Big data platform for energy management - Southern CIMC direct power-purchase promotion and container coordination - Declaration of government project of enterprises in energy chemical sector

Energy conservation promotion projects

⁹ In 2018, the growth rate of total “gas usage” is higher than that of the Group’s revenue, but the total energy consumption decreased, of which power consumption decreased and fuel consumption significantly decreased, which demonstrated use of gas instead of fuel conforms to clean energy strategy.

CIMC Raffles, in accordance with the *Energy Management System Manual*, set an energy management office to comprehensively control the energy consumption in offshore sector and made the statistics of production energy or non-production energy consumed by three bases (Yantai Base, Haiyang Base and Longkou Base) every month. With respect to the non-production energy, CIMC Raffles took the strict control measures for air conditioner, i.e. the air conditioner can only be used when the temperature is higher than 30°C in summer and the temperature of air conditioner shall be set within 26-28°C, replace the highly efficient air conditioner refrigerant and substitute the old-fashioned high-power lamps with new energy conservation lamps. With respect to the production energy, CIMC Raffles actively promoted the new energy, i.e. replace the fuel power generation with shore variable frequency power supply, replace the propane/acetylene with natural gas and replace metal halide lamp and ordinary fluorescent lamp with LED lamps.

In container sector, the power visual board was utilized for regular tracking of energy consumption and for the comparative analysis of power consumption of different products. CIMC selected the good method of the enterprise with good energy conservation effect and promoted the method, supervised the enterprises which consumed high energy to improve and included the energy conservation and consumption reduction into the assessment scope of comprehensive costs. All affiliated companies in this sector formulated many power using management systems, such as *Management Regulations for Office Power*, *Management Regulations for Tool Power* based on the practical situation of production and actively explored the corresponding solution. The specific measures are: (1) reuse of waste heat: for example, the air compressor system can save energy by waste heat recovery system; (2) distributed PV: construct PV station for self-supply and connect the surplus power with the grid.

Case:

Frequency converter controls fan frequency

To ensure the collection rate of many types of industrial waste gases meet the requirements for environmental protection, in general, the power of the exhaust fan of waste gas treatment facilities of Nantong CIMC is high. The production period of special container is long. During production, the special container will be kept in spraying section for a long period, resulting in waste of power energy. Nantong CIMC installed the flow switch in some fans to control the frequency of frequency converter through timely cutting the relay. In working mode, open the flow switch and keep frequency converter running at 50Hz. In waiting mode, disconnect the flow switch, realize the 1 min timing of time relay and keep frequency converter running at 25Hz. After improvement, through calculation, the total power saved was 15%-25%, the power saved every month was about 20,000kWh, i.e. saved power was 29.50 tce/y and reduced CO₂ was 168.84 tons/year.



Zhumadian Huajun Lighthouse Factory changed all assembling tools as electric tools. Compared with pneumatic tools, the energy consumption was **50%** lower

In vehicle sector, CIMC Yangzhou Tonghua appointed energy statistics person in all departments for statistics and assessment of energy consumption situation every month. Besides, the Company encouraged all departments to actively save energy and established the reward for energy conservation and consumption reduction. Under the leadership of the Company, its subordinate company Zhumadian Huajun Lighthouse Factory changed all assembling tools as electric tools. Compared with pneumatic tools, the energy consumption was 50% lower. Besides, the factory used electric tractor transfer frame. Compared with previous tractor, the electric tractor needs no oil. Besides, compared with previous crane hoisting mode, after wide using of AGV transfer frame, the power energy of the factory reduced 70%.

Based on *Management Regulations for Dynamic Energy*, *Management Regulations for Energy Consumption Quota*, *Assessment Standard and Energy Conservation Reward and Punishment* and many other management regulations, CIMC Enric explored the measures for energy conservation and consumption reduction in many aspects and with multi-angle. CIMC Tank improved the grid power factor by increasing the inductance devices and replacing energy conservation transformer of S13 system. After implementation of the project, it is estimated that the annually saved power will be 258,600 kWh, i.e. 31.78 tce. CIMC Enric (Shijiazhuang) Gas Machinery Co., Ltd. retrofitted the vacuum heating furnace in tanker workshop and increased five internal heating devices, which improved the vacuuming efficiency and shortened the vacuuming time and heating time. The power consumed by single vacuuming device reduced by about 20%.

Take Green Action, Enhance Environmental Awareness

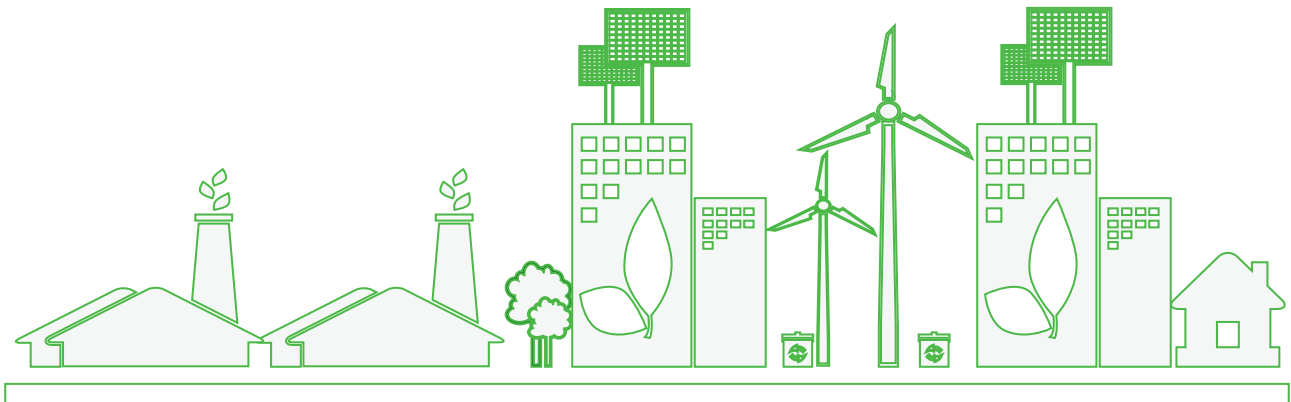
The Group pays great attention to environmental protection, and has actively responded to green environmental protection actions initiated by the major international environmental groups, specifically organizing environmental protection propaganda theme activities at Earth Day on every 22 April and World Environment Day on every 5 June. In 2018, employees of the Group were organized to participate in the environmental protection industry exposition, which enriches their knowledge about environmental protection, and the Group centrally purchased Environmental Work ABC to distribute to the subsidiaries. At the same time, each business sector has also actively responded to an appeal by the Group and vigorously promoted environmental protection and integrated the environmental protection concept into their work and life.



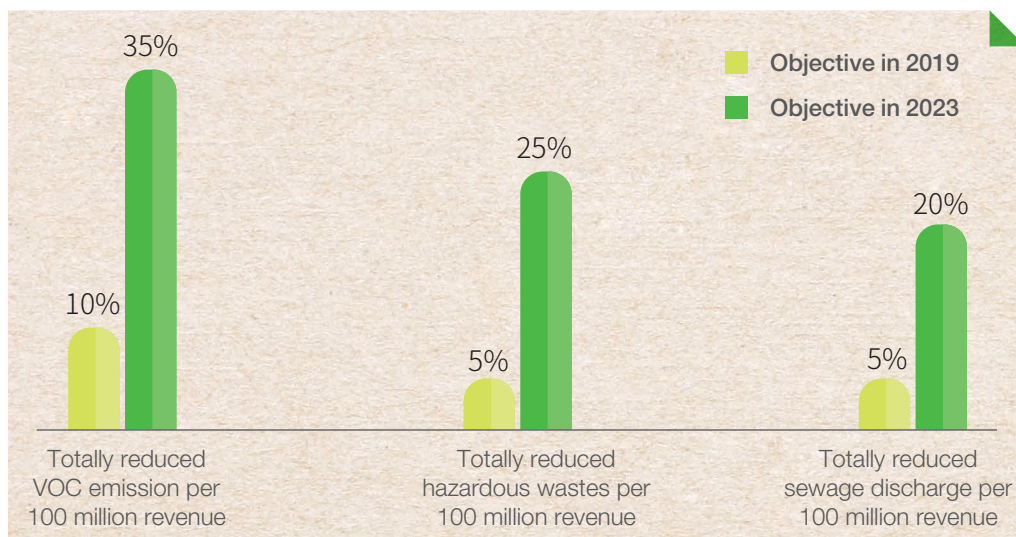
Emission Control, Less Pollution

The Group strictly follows *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and *Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution*, pays close attention to impact of various pollutants on environment, strictly standardizes the emission management of pollutants, takes the reduction of pollutant emission as its final objective and rationally carries out the waste recycling and safe disposal. In 2018, there was no environment violation event which greatly influences the Group.

The Group promotes the green production and targeted pollution control and strives to minimize the pollutant emission. Based on pollutant emission of the Group in 2016, the Group made the short-term and middle-term emission reduction objectives for VOCs, hazardous wastes and sewage discharge.



The pollutant emission quantity and emission intensity are high in container and offshore sector. In order to standardize the pollutant emission management, in these two sectors, the pollutant emission management was added in the environmental protection performance assessment of corresponding enterprises and the pollutant emission management is linked with salary, performance and promotion of managements. In container sector, the detailed environmental protection performance assessment regulations were made. As for an enterprise which generates general major environment risk, 5% of annual comprehensive evaluation bonus shall be deducted and 15% of annual bonus of general manager shall be deducted. As for an enterprise which generates extra major environment risk, if an adverse impact risk matter occurs, the annual comprehensive evaluation of the enterprise shall be 0 and the 50% of annual profits and special reward of general manager of the Company shall be deducted. The assessment department in this sector shall report to the performance assessment committee for corresponding assessment.



Waste management

In 2018, the Group discharged 35,130.56 ton hazardous wastes and 208,310.95 ton harmless wastes, i.e. corresponding discharge intensities: 37.64 ton/RMB100 million revenue and 223.18 ton/RMB100 million revenue.



The Group strictly follows GB 18599-2001 *Standard for Pollution Control of General Industrial Solid Waste Storage and Disposal Sites*, *National Catalog of Hazardous Wastes* and many other standards and rules.

Based on the environmental protection management system of the Group, enterprises in various sectors also formulated corresponding waste management system. The enterprises in container sector established *Solid Waste Management System*; the enterprise in offshore sector, CIMC Raffles, formulated *Management Regulations for Hazardous Wastes and Management Regulations for General Solid Wastes*; the enterprises in logistics service sector formulated *Management Measures for Supervision of Environmental Protection*; the enterprise in vehicle sector, Yangzhou Tonghua, formulated *Responsibility System for Prevention and Control of Environmental Pollution by Hazardous Wastes and Emergency Plan for Hazardous Solid Waste Events*; the enterprises in heavy truck sector formulated *Solid Waste Management System*, and *Management System for Hazardous Wastes in and out of Warehouse* to standardize the management of hazardous wastes and harmless wastes.

¹⁰ The total discharge of hazardous waste increased from 2017, but the growth rate was lower than the growth rate of the Group's operating income

The Group mainly generates wastes during production and operation in following sectors, i.e. container, offshore and vehicle sector. Harmful wastes include waste paint residue, waste paint barrel, waste hydraulic oil, waste oil and water, waste chemical reagents, waste activated carbon and filter cotton, etc. The wastes are mainly generated in container makeup process, outfitting, paint spraying or phosphating powder spraying, operation and daily maintenance of environmental protection facilities. The harmless wastes include waste steel sand, steel slag, dust, waste steel, waste welding material and domestic wastes, etc. The wastes are mainly generated in steel pretreatment, punching and shearing and cutting edges and corners, and staff office work. With respect to hazardous wastes, the Group built a hazardous waste storage warehouse based on specifications and delivered the hazardous wastes to qualified company for disposal. With respect to general wastes, the Group concluded and signed the waste disposal contract with environmental sanitation company. The environmental sanitation company shall regularly remove the domestic garbage and recover the recyclable solid wastes, such as waste papers, waste metals and waste wood material.

To reduce the pollutant emission, the Group, based on businesses and product characteristics of sectors, improved the environmental protection control technology and actively promoted the development of relevant projects in mode of substitution of raw material, upgrading and improvement of production process and reduction of energy in “tail”.

Type	Improvement direction and technology	Promoted project
Substitution of raw material	Use environment-friendly coatings, such as water paint and powder paint.	<ul style="list-style-type: none"> Water paint application (container sector) Tank Manufacturing Water Paint Application Project (Nantong Tank Container)
	Use environment-friendly pickling passivation solution	<ul style="list-style-type: none"> Recycling Environmental Protection Pickling Passivation Technology Development and Application Demonstration Project (Nantong Tank Container)
	Use smoke-free and harmless green welding materials	<ul style="list-style-type: none"> Beacon Project in vehicle sector
Upgrading and improvement of production process	Green upgrading and improvement of welding technology <ul style="list-style-type: none"> Laser-arc composite high efficient clean welding Anti-oxidation in lead-free wave peak welding 	<ul style="list-style-type: none"> Beacon Project in vehicle sector
	Green upgrading and improvement of cutting process <ul style="list-style-type: none"> Green machining process with little/no cutting fluid 	<ul style="list-style-type: none"> Laser Cutting Project of Shenzhen CIMC Special Vehicle Co., Ltd.
	Green upgrading and improvement of paint process <ul style="list-style-type: none"> Electrophoretic processing 	<ul style="list-style-type: none"> Demonstration Project of Substitution of Traditional Paint Spraying with “electrophoresis + powder spraying” (Zhumadian Huajun and Yangzhou Tonghua) Tank Car Coating Line Powder Spraying Project (Wuhu Ruijiang)
Reduction of energy in “tail”	Reduction of hazardous wastes <ul style="list-style-type: none"> Light weight of paint slag Promotion of non-hazardous waste of paint buckets Sludge dry 	<ul style="list-style-type: none"> Demonstration Project of Reduction of Hazardous Wastes (container sector) Acid Wastewater and Sludge Drying Demonstration Project (Nantong Tank Container)
	Reduction and recycling of waste water <ul style="list-style-type: none"> Cyclic utilization of waste water generated in pickling passivation Cyclic utilization of waste water generated in painting 	<ul style="list-style-type: none"> Recycling Environmental Protection Pickling Passivation Technology Development and Application Demonstration Project (Nantong Tank Container) Painting waste water reusing demonstration project (Yangzhou Tonghua)



Green upgrading and improvement of welding technology

Based on relevant environment management measures of the Group and the container sector, the Group and the sector carried out environmental protection check many times for the enterprises in the sector in 2018. The Group carried out the strict and comprehensive investigation and assessment of major matters concerning environmental protection related to the solid waste management of a company, such as compliance storage and treatment of hazardous wastes. The sector regularly tracked the generation and disposal of hazardous wastes of various enterprises, guided relevant enterprises to make the fundamental improvement measures through analysis of types, sources and quantity of wastes and supervised the improvement implementation situation. Through the special test of the third party environmental monitoring agency, the solid wastes in the sector were discharged in line with the standard.

The container sector, based on the data analysis, actively carried out the discharge reduction work of solid wastes. In 2018, the hazardous waste quantity reduced by about 5% than 2017. In the future, the key work of container sector is the reduction of hazardous wastes. Based on data analysis, the sector will mainly promote the drying of waste paint slag and using of recyclable package for water paint.

Case:

Improvement of water paint slag reduction

CIMC Xinhui, Yangzhou Runyang, CIMC Baowei and CIMC Ningbo, based on the characteristics of water paint slag with high water content, adopted the “heat pump drying” technology to remove the water in paint slag and to realize the reduction of paint slag. After the project implementation, the water content in paint slag can be controlled within 10% and the weight of paint slag can reduce 70% of more. The separated waste water can be collected by sewage treatment station for treatment. The technology complies with the national policy for “reduction” and “green manufacturing” of hazardous wastes and can improve the clean production level of a company.



Equipment appearance



Central control interface



Water content test



To reduce the discharge of wastes, CIMC Raffles improved in design, in accordance with *Management Standard for Plate Nesting and Remaining Materials*, *All Life Cycle Management Platform-Flow of Structure Materials* and many other management requirements, and improved the steel using rate by many methods, such design of pre-nesting before procurement of steel sheet, effective management of remaining materials after cutting of steel sheet and utilization of leftover bits and pieces for nesting and encoding. After adopting such methods, during construction of H415, the steel sheet utilization rate of CIMC Raffles increased to 91% from 89%, including 860 ton utilized remaining materials. In the future, CIMC Raffles will try to use reusable IBC cans for packaging and transportation of paint to reduce waste paint buckets and will cooperate with universities for regeneration of oil products which will turn hazardous waste disposal oil into normal production oil.

Besides the effective management of harmful and harmless wastes, CIMC Raffles also took hazardous waste leakage, oil storage fire prevention, oil storage leakage and marine oil spill as important environment and safety management work. In 2018, CIMC Raffles, based on *Emergency Plan for Production Safety Events*, carried out many emergency drills. In the future, CIMC Raffles will amend the emergency plan in accordance with *Law of the People's Republic of China on Work Safety*.

Case:

Site of special drill for oil spill

At 13:30 on Sept. 19, 2018, CIMC Raffles Yantai, HSE Department and Hydraulic Engineering Department held the drill for oil spill. The drill involved accident alarm, use of “oil spill emergency plan”, oil spill emergency treatment and safe treatment of wastes. The drill can improve the oil spill emergency treatment ability of relevant persons.



Site of emergency drill for hazardous waste leakage

The Group takes “less new materials, more recycled materials and no waste” as its objective and actively explores and promotes the method of reduction of wastes. In early 2019, the Group launched the “red envelope recovery” activity and take a favorite mode “E-red envelope” lottery draw to encourage employees to recover the used red envelope without money. The Group will distribute the recovered red envelopes to employees to reduce the wastes and energies.

回收利是封，可获得红包抽奖
部门齐参与，更获精美致谢礼品
回收截止时间：2月14日至2月23日
回收箱设置点：总部大楼

Recycling Number

2,600

“Red envelope recovery” activity

Waste water management

In 2018, the Group totally discharged 3,771,550m³ sewage with the discharge intensity of 4,040m³/RMB100 million revenue. Total sewage discharge in this year was 14.57% lower than last year. The Group strictly followed GBT 31962-2015 *Waste Water Quality Standards for Discharge to Municipal Sewers*, GB 3552-2018 *Discharge Standard for Water Pollutants from Ships* and many other sewage discharge standards as well as *Regulations for Water Pollution Control in Shandong* and many other local regulations in operation.

Waste water discharged by the Group during production and operation includes industrial waste water, such as waste water from cutting waste steel in pre-treatment workshop, oily waste water generated during component machining, terminal outfitting and ship trial, washing waste water generated during ship trial, and domestic waste water generated during office work of employees.

Enterprises in the container sector formulated the sewage station management & operation system to ensure the supply of resources to the sewage station and normal operation. Besides, the sector actively promoted the ISO9000, ISO14000 and ISO18000 certification of enterprises in the sector. The production waste water of most enterprises were recycled and not drained out of the enterprises after treatment by the sewage treatment station. The domestic waste water was drained after treatment and achieving the standard. All enterprises in the sector strictly followed the national laws and regulations, discharge standards, environmental assessment approval and discharge permit requirements to ensure discharge waste water after reaching the standard.

In control of production waste water, all enterprises in the sector collected and treated the paint spraying waste water by classification based on specific types and realized the classified management of zinc-rich sludge and non-zinc-rich sludge of sewage treatment station. In control of domestic waste water, all enterprises in the sector saved water to enhance the water saving awareness of employees.

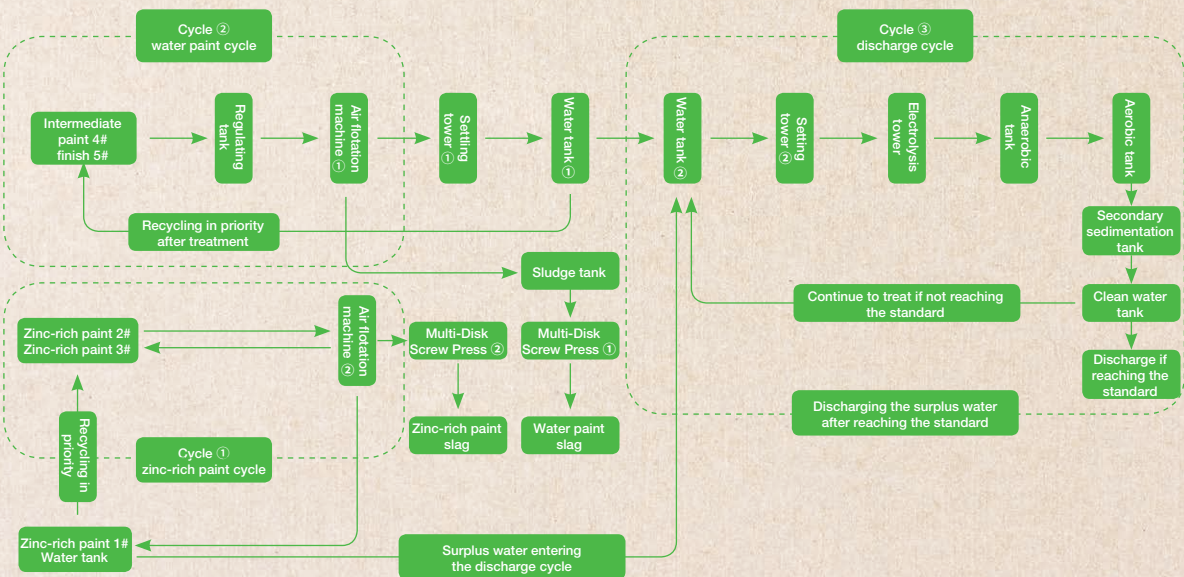
Case:

CIMC Qingdao Painting Waste Water and Waste Slag Treatment System Improvement Project

CIMC Qingdao company reconstructed the waste water and waste slag treatment system in painting workshop, and took many measures, such as enhancement of water curtain barrier, absorption of painting mist, separate collection and treatment of zinc-rich waste water and non-zinc-rich waste water, improvement of waste water treatment chemicals and addition of paint slag drying module, to realize the recycling of all reclaimed water. The costs of chemicals reduced 17.5%. The paint slag reduced 10kg/TEU. The industrial waste water reduced about 8,000 tons/year and the waste slag reduced about 60 tons/year.



Photos of chemicals before and after improvement



Flow chart for waste water and waste slag treatment system

Air pollutant emission management

The main waste gases generated in production and operation in all sectors of the Group include particulate matters, VOCs and greenhouse gases. The particulate matters are mainly generated in sanding, sand blasting, cutting, welding, etc. The VOCs are mainly generated in paint spraying and repairing. The greenhouse gases include direct greenhouse gases generated in combustion of natural gas and combustion of gasoline and diesel during driving and indirect greenhouse gases generated by consumption of power.

In 2018, the Group totally emitted 1,838.95 tons of VOCs with the emission intensity 1.97 ton/RMB100 million revenue, representing a significant reduction compared to that in 2017 and totally emitted 981,285.86 tons of CO₂e greenhouse gases with the emission intensity 1,051.34 tons of CO₂e/RMB100 million revenue.

All enterprises in the sector strictly emit waste gas in accordance with *Integrate Emission Standards of Air Pollutants* and local emission standards for air pollutants.

The enterprises in the container sector are always concerned about the impact of operation on atmosphere, formulated *Management*

System for Environmental Protection Facilities with “law observation, compliance operation and pollutant emission under certain standard” as objective, prepared and submitted the Environmental Impact Assessment Report strictly in accordance with national laws and regulations, and established the environmental protection facilities strictly based on the reply to ensure normal operation and emission under certain standard. Based on HSE management system of the Company, the container sector checked HSE and reviewed HSE reaching standard of relevant enterprises and regularly tracked the emission of all enterprises in the sector.

In 2018, to reduce the air pollutants, the container sector took the following actions: using advanced compact roller and high temperature incineration process to treat the VOCs, construction of welding fume treatment demonstration project, and exploration of electrostatic spraying process to fundamentally reduce VOCs. In the future, the sector will continue to explore advanced and efficient emission reduction process and make efforts to realize the 2019 objective, i.e. VOCs in 2019 reduce 30% of VOCs in 2016. In 2017, the sector carried out “substitution of paint with water paint” reconstruction and reduced about 70% VOCs. In 2018, on such basis, the Company further improved the process and kept the performance of water paint more stable.

Case:

improvement of VOCs treatment process

In 2018, CIMC Baowei replaced original “honeycomb filter paper + activated carbon” process with advanced “Zeolite roller + catalytic combustion” waste gas treatment process. The Company redesigned the exhaust pipeline system, used the exhaust pipeline in the whole painting production line and improved airtightness of the paint preparation room, leveling room and drying room. Therefore, the VOCs collection and disposal efficiency of painting production line greatly increased, and reduced VOCs was about 240.8 tons/year.



Photos of waste gas treatment equipment

CIMC Raffles in the offshore sector made *HSE Production Responsibility System, Management Procedures for Environmental Protection, Identification and Control Procedures for Environmental Factors and Management Regulations for Waste Gas Treatment.*

From 2017 to 2018, CIMC Raffles upgraded and reconstructed the environmental protection treatment facilities in painting workshop and pre-treatment workshop, upgraded the previous “cotton for filtration + activated carbon for absorption” VOCs treatment process into “cotton for filtration + activated carbon for absorption and desorption + catalytic combustion” process and upgraded the filter cartridge dust removal equipment. After reconstruction, in the pre-treatment workshop, particulate emission concentration reduced to 2.6mg/m³ from 29mg/m³ and VOCs emission concentration reduced to 24.7mg/m³ from 74.6mg/m³. In painting workshop, particulate emission concentration reduced to 2.9mg/m³ from 16mg/m³ and VOCs emission concentration reduced to 11.4mg/m³ from 12mg/m³. The catalytic combustion process only generates H₂O and CO₂ and will not generate pollutants. Therefore, the ultra-low emission of waste gas was realized and met the requirements in DB37/2376-2013 *Integral Emission Standard for Regional Air Pollutants in Shandong Province* and DB37/2801.5-2018 *Emission Standard of Volatile Organic Compounds Part 5: Surface Painting Industry*. The project obtained good environmental benefits. The Environmental Impact Assessment Registration Form of the project was kept on record on July 31, 2018. The project met the requirements for three simultaneous steps in environmental protection.



VOCs treatment equipment

To cope with global climate change and reduce emission of greenhouse gases, the Group takes reduction of energy consumption as an objective to indirectly reduce emission of greenhouse gases. At the same time, all sectors also actively respond to the call of energy conservation and emission reduction and adhere to the concept of clean development. Most factories carry out PV projects on roof.

Case:

Qingdao Refrigerated Container Base PV Station was formally completed and connected with grid in Oct. 2018. The total installed capacity is 13 MW and its operation & maintenance period is 25 years. The station is self-sufficient and the surplus power is supplied to the grid. The expected power generation capacity will be about 14 million kWh/y. It can save 4,200tce/y and reduce CO₂ 11,200 tons/year.



Qingdao Refrigerated Container Base PV Station

Noise management

During construction, the noise is mainly generated during hoisting, cutting, grinding, air compressor operation, power generation (the site isn't supplied with power), earthwork and vehicle operation. All sectors strictly follow *Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution*, GB 12348-2008 Emission Standard for Industrial Enterprises Noise at Boundary and many other national laws and industrial standards, actively solve the noise problems and take corresponding noise reduction measures. There was no punishment by supervision authorities involving noise pollution in the report period.

All construction sites of projects in Industry & City Development sector required the general contractors to carry out the noise monitoring. If the noise disturbs the residents or is higher than the limit value, immediately stop construction and take the control measures before construction again. The project companies and supervision companies monitored the construction site for 24h every day. The project companies required trying to use electric construction tools and instruments, taking sound insulation treatment measures for generator, and obtaining the night construction permit if the construction shall be at night. The Company regularly entrusted the third party to monitor, replaced the old noise facilities and reduced the sand blasting, grinding and many

other works which can cause high noise in outdoor to control or reduce the noise value. In the future, the Company will combine the practical production situation, and gradually eliminated the high noise machineries or processes, i.e. replacement of driven piles with static pressure pile foundation or spun-digging pile, replacement of diesel dumper with electric muck vehicle and replacement of impact drill with hydraulic drill.

CIMC Raffles formulated *Management Regulations for the Prevention and Control of Noise Pollution*, and took many noise reduction measures, such as replacement old fan, centralization of grinding operation, temporary erection of enclosure, strictly control of sand washing, grinding, carbon arc gouging, hoisting and many other procedures which may generate high noise at night. The Company is planning to make a long-term factory area plan, will try to close the operation areas and factory buildings which generate high noise or relocation of these operation areas and factory buildings to the eastern factory area which shall be at least 500m away from adjacent enterprises and residential quarters, and introduce the advanced artificial intelligence equipment to replace existing manual centralized operation mode. Besides, the Company will increase the monitoring frequency and will strictly control the accidental noise.



Future Plan:
The Company will try to close the operation areas and factory buildings which generate high noise or relocation of these operation areas and factory buildings to the eastern factory area which shall be at least

500m away

from adjacent enterprises and residential quarters

Case Study:

Improved pressure discharge high frequency noise

The Group focuses on noise impact and has actively considered solution from the perspective of noise transmission channel to reduce noise and control the transmission. According to the study, it is found that pressure discharge noise source is caused by the vibrations at gas exports, therefore the Group has adopted multi-level complex industrial muffler, successfully reducing noise outside 1 meter from 107.7 decibels to 83.1 decibels (including environmental noise) and noise outside 5 meters below 80 decibels, basically recovering noise outside 10 meters to environmental noise.



Multi-level complex industrial muffler



Onsite noise test

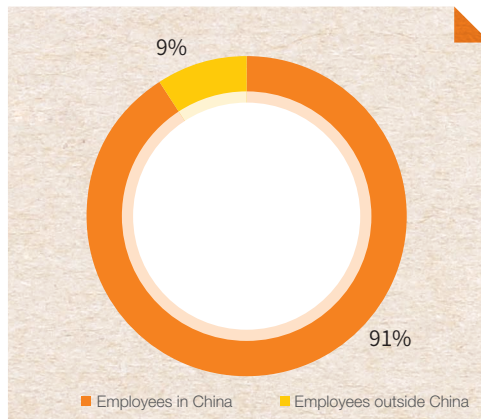


Talents • Making Achievements



"The core of the enterprise's success is talent and the key to the talent's success is mechanism", the Group takes this as a starting point and continuously deepens the implementation of the core cultural philosophy of "People-oriented & Common Cause". We proactively respond to the Goals 3, 4, 5, and 6 of UN's Sustainable Development and abide by the labor laws of each place in which we operate, respect and protect the rights and interests of our employees, and maintain and follow the fair and equitable labor standards. We work together with our employees to grow together and make unremitting efforts to build a world-class company which has passionate employees and energetic organization.

Distribution of employees in and outside China



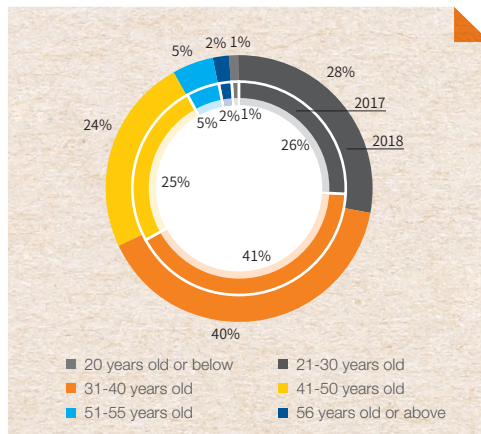
Employment Equity and Interests Protection

Employee Overview

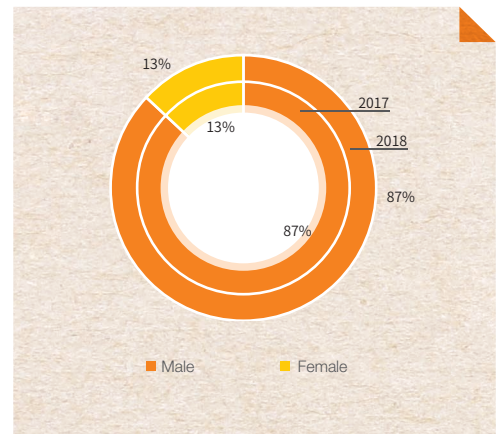
As of 31 December 2018, The Group has a total of 56,383 employees all over the world, including 51,253 domestic employees and 5,130 foreign employees. The total number of employees in China is shown in the charts below.

The total number and breakdown of Employees in China

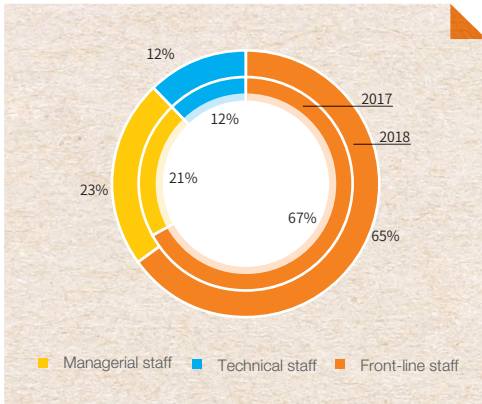
By age



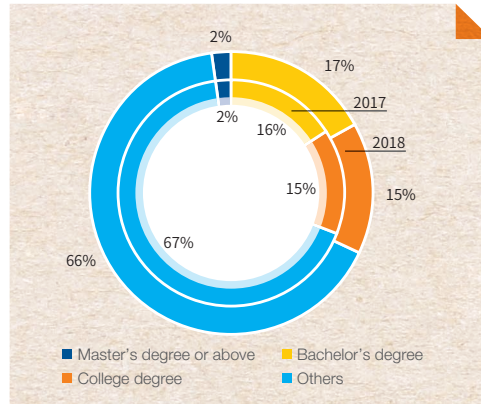
By gender



By function



By education



Rights and Interests of Employees

The Group endeavors to protect the basic human rights of its employees and strictly comply with the Labor Law of the PRC and the Labor Contract Law of the PRC and other national and local laws and regulations in provision of fair and legal job opportunities and equal and harmonious working atmosphere and strictly prohibit any discrimination and inhuman treatment on the ground of, among others, gender, ethnic background, age, education, religion and disability, striving to let all employee work in a safer, decent and respectable way.

We regard the diversified development with features of inclusiveness, commonality and mutual progress as the cultural foundation of the Group. For overseas companies, we strictly abide by local labor laws and regulations, respect differences between different countries, ethnic groups, cultures, skin colors and races, actively provide a large number of stable jobs opportunities for the local community, and constantly take advantage of the wisdom and talents of local people. We always adhere to the localized management mode of "global operation with local wisdom", and completely eradicate all forms of occupational discrimination in the recruitment, promotion and salary increase.

We consciously abide by the local labor laws in respect of working hours, holidays and remuneration, accept the guidance and advice from the labor regulatory authorities, and strictly implement various measures prohibiting forced labor and child labor, such as:



We have incorporated the above rules and requirements into the important systems of each company for a long time. Some enterprises have also entered into a collective contract with the labor unions to further protect the rights and interests of their employees. The Accountability Measures for Liability Accident of CIMC Group 《中集集团责任事件问责办法》 issued in 2018 also clearly stipulates that in the case of illegal employment, non-compliance with labor laws and other related regulations or other incidents, it will be held accountable according to relevant regulations. The Group's subsidiaries, who engage outsourcing service providers, will provide necessary supervision and protection over the service providers, including labor protection and technical guidance, in strict accordance with the relevant laws of labor contracts.

In 2018, the signing rate of labor contract with employees was 100%. No child labor, forced labor or other violations of labor laws have occurred.

Remuneration and Welfare

The Group follows the principles of external competitiveness and internal fairness to provide its employees with competitive remuneration and welfare and our employees' average wage is above local minimum wage standard for the same period. We also conduct regular review the remuneration strategy and make adjustment as appropriate. The Group's headquarters and its subsidiaries make contributions to social insurance fund and housing provident fund for their employees, and offer statutory holidays such as marriage leave, maternity leave and paternity leave, and legal welfares such as high-temperature subsidy and one-child allowance. We also provide employees with additional welfares such as extra paid holidays, study subsidy programs, birthday celebrations, health examination and cultural and sports activities, and maintain additional commercial insurance for the particular groups. Some enterprises also have dormitories, canteens and shuttle cars which provide employees with well-equipped accommodation, high-quality diet and convenient traffic services.

We are committed to providing a good career development platform and incentive mechanism for employees who are willing and capable to contribute and make actual contributions to the Group. We have generally adopted the performance-based wage system where the salary package of employees is related to their individual performance and company performance. Taking the Group's headquarters as an example, the employee performance factors are linked to the Group's operating performance, so as to effectively share the benefits of its business growth. In some business segments, such as the Airport Segment, the share incentive mechanism has been established. Excellent employees can be granted share options and share the dividends of the company; and for some business segments, we adopted an employee stock ownership plans and established a business shared community to accelerate the pace of common development. Besides, for some particular posts or groups, we are actively exploring the implementation of targeted incentive policies, such as allocating a certain percentage of bonuses to the employees from the revenue generated by them to incentive their enthusiasm.

Case Study:

Restricted Share Incentive Plan of CIMC Enric

On 10 August 2018, the restrictive share incentive plan was approved at the extraordinary general meeting of CIMC Enric, pursuant which grant a certain number of shares to employees whose performance has reached Grade B or above. The plan fully presents its philosophy of "common course", and will further mobilize the enthusiasm of employees in the future to facilitate the company to deliver better results.



Extraordinary general meeting of CIMC Enric

Talent Training and Career Promotion

“Talents build the future of CIMC”, the development and growth of CIMC is attributable to hard-work and growth of CIMC people. To this end, we endeavor to build a talent training system with the distinctive characteristics of CIMC, provide targeted training programs and learning programs, allowing employees who people who are enterprising, capable and result-oriented to obtain more opportunities for training and career development.

Employee Training

Based on the development strategy and business objectives, CIMC Group has formulated several training management systems including the Training Management Procedures of Members of the Group (《集团公司培训管理程序》) to achieve training management objectives. We conduct surveys on training needs, determine the annual training goals and make annual training plans. Abundant training resources are available to our employees through CIMC Institute, CIMC I-Learning online platform, external training and internal training. Upon the completion of the training, we will get feedback or suggestions on training from the employees through several means including feedback form, individual training summary, examinations, random interviews and training evaluation tools (such as Kirkpatrick's Four-level Evaluation Model) and complete the assessment of training effectiveness and sum up to define the direction of future improvement.

The trainings of the Group's headquarters and the business segments are conducted separately. At the headquarters level, the training is categorized into functional training and project training: functional training is

arranged by each department according to professional needs. The human resources department works out the training budget at the beginning of the year and distributes it to various departments. Each department carries out training activities within the budget; the project training is organized and planned by the human resources department in a unified manner, including, among others, new employee training, intern development, new manager training and leadership training programs. Some of the project training will rely on the resources and support of CIMC Institute. At the business segment level, companies also lay down annual training plans based on annual business objectives and improvement priorities, and advance the training work in an orderly manner based on internal training management systems.

Throughout the year of 2018, more than 200,000 persons participated in the training programs of CIMC Group. Taking CIMC Raffles as an example, on average, more than 3 training sessions were organized each day. The average time of training per annual of the Container Segment was over 17 hours. The 2018 training plan developed by CIMC Institute was as follows:

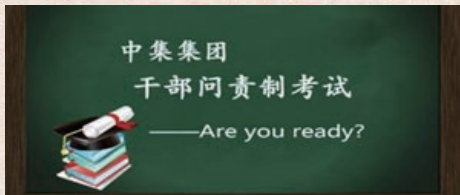


Throughout the year of 2018, more than **200,000 persons** participated in the training programs of CIMC Group

2018 Annual Training Plan of CIMC Institute

Training topics (annual work policy)	Training programs (including work programs)
1 Leadership development	1.1 A3 plan 1.2 New manager program 1.3 Talent program of segments
2 Core post competency improvement	2.1 Required knowledge and skills of general managers 2.2 Required knowledge and skills of assigned directors and supervisors 2.3 Core financial staff training planning and finance manager training course
3 Boosting of strategy implementation and improvement of organizational performance	3.1 Business plan system optimization of 5S system 3.2 Construction of strategic performance evaluation indicator system of 5S System 3.3 Boosting of innovation and entrepreneurship of the Group 3.4 Routine work: brainstorming seminars and challenging topics for management improvement
4 Spreading of CIMC culture and management philosophy	4.1 Promotion of spreading CIMC culture and value 4.2 Boosting the implementation of core human resources concept of the Group
5 Accumulating of learning resources and promotion of knowledge sharing	5.1 Community-based Knowledge platform construction 5.2 In-house training 5.3 Lecturer development

Case Study:



Learning manual and electronic courseware

Training on Core Post Competency

In 2018, based on the CIMC’s strategic guideline of “transformation and upgrade, quality growth”, we targeted the core management of “directors, supervisors and general managers” assigned by the Group to educate the required knowledge and skills of compliance management with aims to facilitate the implementation of the Group’s various systems. The training manual and electronic courseware were developed independently. The manual was distributed to more than 500 directors and supervisors, middle and senior management of the Group and business segments, and about 150 general managers of the Group. A total of 1,643 employees participated in the examination and study; among them, more than 800 management personnel of level 8 or above participated in the accountability examination, and the examination completion rate was nearly 100%.

Case Study:

Cultivation Program-CIMC Vehicles entered into School-Enterprise Cooperation Agreement with Shanghai Jiaotong University and MIT

On the afternoon of May 28, 2018, CIMC Vehicles, Antai College of Economics and Management of Shanghai Jiao Tong University, and the Massachusetts Institute of Technology Leaders for Global Operations (MIT LGO) held the signing ceremony of school-enterprise cooperation in Shanghai. CIMC Vehicles officially became the corporate partner of SJTU-MIT China Leaders for Global Operations (CLGO). The “Cultivation Program” aims to utilize the business platform of CIMC to provide graduates with opportunities for rotation training, build talent pool and develop customized training paths. The “comprehensive technology professionals” and “global operational talents” are the two major training directions and the management trainee program will be implemented to make outstanding talents stand out.



Signing ceremony of school-enterprise cooperation between CIMC Vehicles, Shanghai Jiao Tong University and MIT

Case Study:

ONE Training Week of CIMC Raffles

The ONE Training Week program was designed to help employees stimulate their enthusiasm and motivation in the work, enhance their ONE Elite philosophy, and unify general consciousness and method at the beginning of the year. The course is rich in content, including Elite series, RC series and leadership series, which can meet the needs of different levels of students. In the past three years since the launch of the ONE Training Week program, the Company has trained many elite stars and excellent lecturers, which has promoted the growth of all employees.



Promotion path

In order to strengthen the talent development and cultivation, CIMC provides employees with dual-channel career development options, which are divided into management channel development and professional channel development. We encourage our employees to be experienced and provide them opportunities for cross-functional and cross-departmental rotation. Meanwhile, for new employees, we also help them familiarize themselves with the work environment and business processes through the orientation partners program and integrate themselves into the organization as soon as possible.

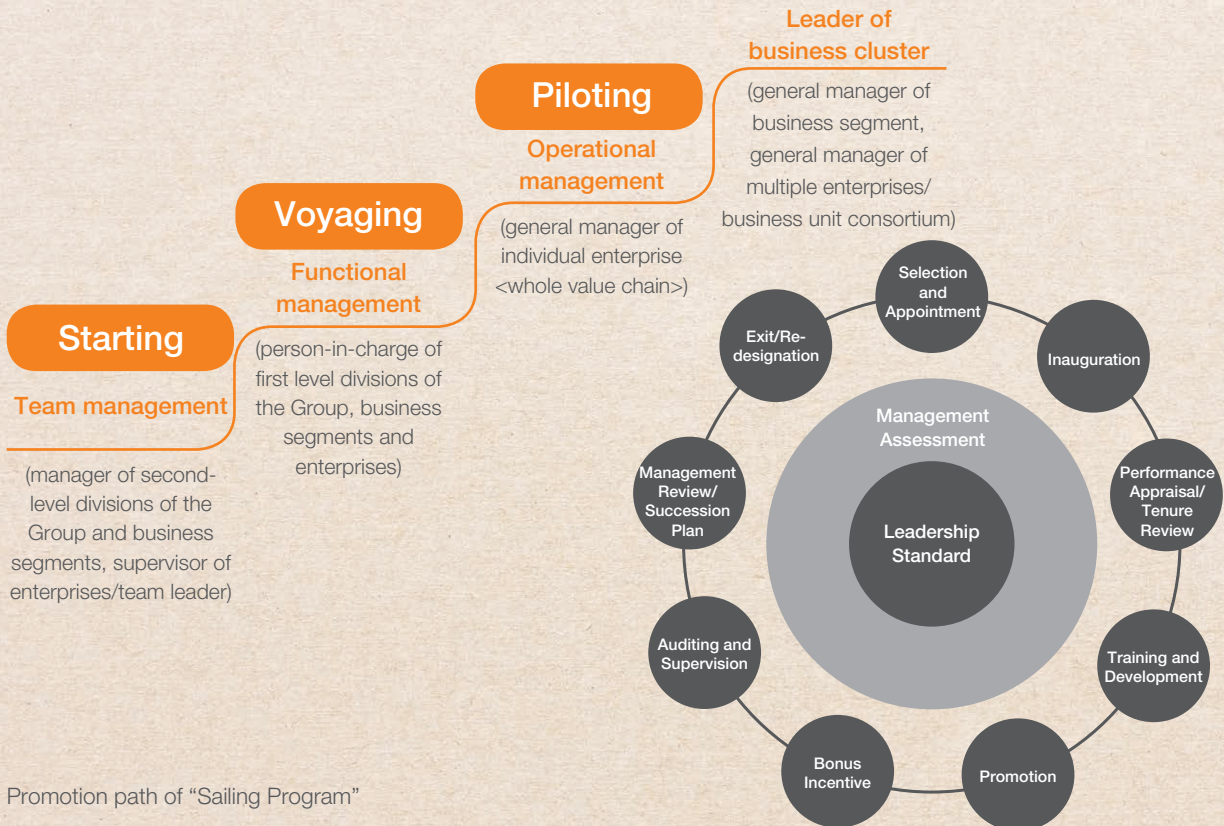


- **Management path:** provides employees development path for management positions, human resources departments at all levels led by Headquarter of the Group organize annual promotion of management positions every year, and provide promotion opportunity for willing and competent employees through a series of standardized operation process (including recommendation, selection, evaluation and inspection), which enables them to take greater responsibilities and challenges and encourages them to create more value to the Group.
- **Professional path:** provides career development path for various technical talents, including engineering technology, audit and risk control and finance management. The Group will make regular assessment in this regard every year and engages employees in relevant positions based on the assessment level.
- Some of sectors design internal career development path based on corporate organizational scale and department organizational structure, clarify the criteria for level promotion and regularly review it.

Case Study:

“Sailing Program” of the Airport Segment

Based on the development strategy of the next five years, the headquarters of the Airport Segment will put forward a management echelon reserve talent training plan to build a talent echelon of “starting, voyaging, and piloting” and accelerate the training of reserve talents for subordinate enterprises.



Occupational Safety and Health

Pursuant to the requirements of the Safety Production Law of the PRC and the Occupational Disease Prevention and Control Law of the PRC and the national and local regulations related to occupational health and safety and based on the HSE concept of “legal compliance, safe environment and green management”, CIMC Group implements the production safety principles of “safety foremost with prevention-oriented and comprehensive management” in China, and provides safe and healthy working environment for employees to reduce occupational hazards based on the high standard and strict requirement of HSE.

Establishment and improvement of HSE management mechanism

Headquarter of the Group and each business sector established HSE Committee, primarily responsible for overall planning, coordination and guidance of the Group’s production safety, environment protection and professional health and management, including formulating HSE annual policy and target management plan, studying the Group’s HSE matters and making major deployment.



In 2018, the total budget of HSE of each segment increased by

16%

The weight of HSE assessments in business segments and enterprises increased from 5-10% in 2017 to

10-15%

In 2018, the Group and the business segments formulated and amended a total of

19 HSG systems

In 2018, the number of HSE personnel increased by

103

Adopting the HSE tiered management mechanisms

- Making clear the responsibilities and duties of the Group, business segments and enterprises
- Implementing the main responsibility of each business segment and enterprise as an independent legal person

Enhancing system building

- The Group and business segments have gradually formulated and improved the HSE related system



Incorporating HSE into the Group’s 5S Management System

- Incorporating HSE into all levels of business plans
- Increasing the weight of HSE assessments in business segments and enterprises
- Carrying out the HSE audit work in coordination with the internal control committee

Reinforcing the strengths of HSE management body and function

- The Group has established the HSE committee, and all segments and enterprises have also established the HSE committee, in which the head of each business segment and enterprise act as the chairman
- The professional teams of HSE at all levels have been gradually strengthened

HSE competence and cultural construction are the foundation of HSE work, and also the prerequisite for the fulfilling of job responsibilities and full participation of all employees. In 2018, CIMC Group carried out targeted and diverse HSE training and education for the four levels of general manager, HSE management staff, team leader and all employees to further enhance employees' Knowledge and ability to properly perform the job responsibilities of production safety and occupational health.

<p>Institutionalization of HSE training for core management such as general managers</p>	<p>Professional Training for HSE management staff</p>	<p>Strengthening the safety management of the team and promoting the HSE capacity building of the team leader</p>	<p>Training for all employees</p>	<p>HSE cultural construction</p>
<ul style="list-style-type: none"> • 3 training courses for team leaders • 73 enterprises • 256 team leaders 	<ul style="list-style-type: none"> • 2 training courses for mechanical risk appraisers • 1 training course on occupational health management • 1 training course on robot safety management • 1 improvement seminar for commissioners of the Energy, Chemical Segment 	<ul style="list-style-type: none"> • Clear and institutionalized HSE requirements, training and assessment accountability for senior executives at all levels 	<ul style="list-style-type: none"> • Each enterprise strictly implemented the third-level safety education • Special operations personnel were required to strictly follow the induction license mechanisms 	<ul style="list-style-type: none"> • Carrying out safety culture activities such as "Felt Leadership" and "Safety 100" with the distinctive characteristics of CIMC • Building HSE "people, behavior, culture"



(The first training class for team leaders - Shenzhen station)



(The first training class for mechanical risk appraisers)



3,152 trainings

193,628 participants

630 activities

Case Study:

Collection Event of HSE&ESG Concept Promotion Materials

In 2018, we organized the HSE&ESG concept promotion materials collection event within the Group. All personnel of business segments and enterprises actively participated in the event, and we received 1,774 recommended works and selected 56 excellent works. It not only collected a number of excellent publicity works in the event, but also increased the all employees' attention and understanding of the HSE&ESG concept.

Category	Slogan	Doggerel	Comic and pictorial	Short video
Total collection works	1,440	152	146	36
Selected excellent works	14	14	14	14



First prize work "Safety is a Blessing"



First prize work "Safety Emoticon Package of CIMC Offshore"



Resolutely implement HSE management measures

In 2018, the safety and occupational health management work carried out by the Group and the major achievements include:



Case Study:



Launch of version 1.0 of HSE Information Sharing Management Platform of the CIMC Group



Some segments and enterprises developed digital micro-platforms for daily HSE management and activities



Occupational Health Management Initiatives

In respect of occupational health management, the Group and its subsidiaries actively reduce occupational hazards such as on-site dust and poisonous gas, noise and vibration, or exposure to hazards through, among others, technological innovation, equipment upgrade and process substitution to improve the working environment of employees. Meanwhile, we strictly follow the relevant national and local regulations, and minimize the incidence of occupational diseases and ensure a healthy and safe working environment by providing employees with personal protective gears that meet safety and health standards, granting special post allowances, keeping records of employee occupational health, conducting regular occupational health examination, timely adjusting job posts, posting warnings and publicity signs.

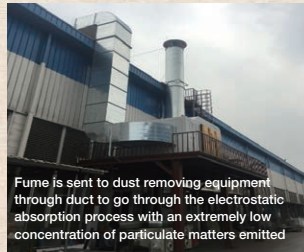
Case Study

Robot Welding Fume Control

Welding fume is a major problem in the occupational hazard protection of the special vehicle manufacturing industry. The open-style post of robot welding has a large impact on the production environment of the workshop due to the large workload of welding and the large amount of fume generated. In 2018, Dongguan CIMC Special Vehicle invested special funds in installing the transparent gas-collecting hood on the robot welding post to reduce the diffusion of fume, and the high-power suction ventilator was used to absorb fume and dust. In addition, the intelligent electrostatic welding fume purification equipment was introduced to electrostatically absorb and purify the welding fume. After the completion of the upgrading, the fume hazard of the robot welding post was greatly reduced, and the noise diffusion of the post was also significantly improved.



The dust collecting hood and high-power suction ventilator are used to absorb fume arising from Robot Welding



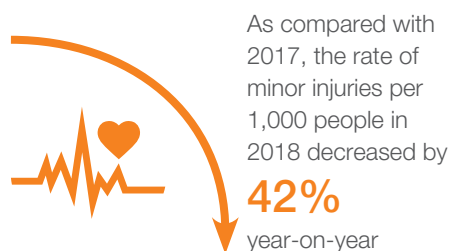
Fume is sent to dust removing equipment through duct to go through the electrostatic absorption process with an extremely low concentration of particulate matters emitted

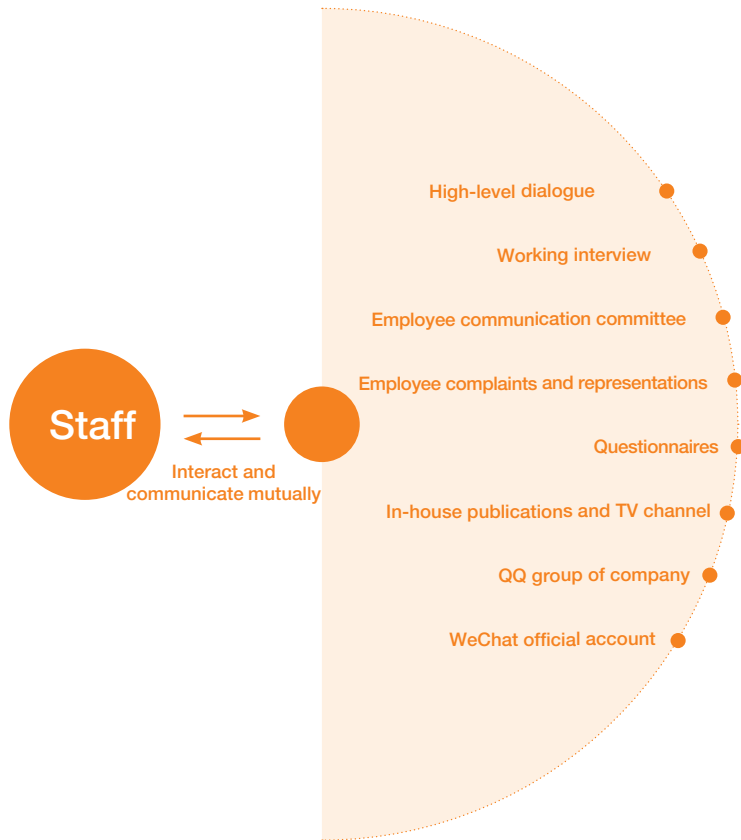


Post-improvement effect monitoring

Robot Welding Fume Control Measures and Effects

By adhering to tiered management and strengthening the responsibility of operating entities, the overall safety accident rate of the Group has shown a steady and declining trend in the past two years. As compared with 2017, the rate of minor injuries per 1,000 people in 2018 decreased by 42% year-on-year, which was the lowest level in the past four years. In 2018, the safety and health management of 16 companies under the Group was affirmed and commended by the local governments, and the amount of various awards received exceeded RMB5 million. In 2018, there were no security non-compliance issues that had a material impact on the Group.





Caring Communication and Happy Life

Democratic Communication and Management

The Group strives to build a diversified and multi-level effective communication channel and platform to establish and continuously improve the employee communication mechanism. We maintain two-way interaction and communication with our employees through various channels, and allow employees to keep informed of the major decisions and development direction of the Company.

We encourage our employees to offer advises and suggestions, foster sense of being master, and actively listen to their true thinking and opinions on the development and governance of the Company. We establish labor union organizations at all levels within the Group, abide by the relevant provisions of the Trade Union Law of the PRC, protect employees' rights to know, express, participate and supervise, constantly improve and implement democratic procedures in accordance with the law in order to play the role of employees in the democratic management of the enterprises.

Case Study

CIMC Sanctum held the congress of staff representative

At the second session of the fifth congress of staff representative, CIMC Sanctum not only received the employees' proposals and proposed solutions in respect of work, life and environmental safety, but also conducted democratic appraisal of the management and satisfaction survey of departments. A total of 36 valid proposals were received at the congress, which were responded by Mr. Xu Yongsheng, the general manager. The congress gave full play to the role of employee representatives in expressing opinions and making suggestions, and formed a normal mechanism in respect of employee proposals, which highlighted the effectiveness and role of employees in participating in democratic management.



Congress of staff representative of CIMC Sanctum

Case Study

Stakeholder Survey – Employee Engagement

In the stakeholder survey conducted this year, we fully listened to the voice of our staff and collected 856 ESG survey questionnaires. The employee response rate reached 50.8%. Of the 338 suggestions for improvement received, 52% were from employees. Through this survey, we learned about the issues that employees are most concerned about. In the future, in respect of the issues our employees focus on, we constantly improve the remuneration and welfare system, and put into practice of the philosophy of “people-oriented, common cause”.



Employee Satisfaction Survey

We actively organize and conduct a variety of surveys including employee satisfaction surveys within the Group to understand their direct perceptions of all aspects of the Company in direct and objective manner. We review the previous improvement efforts based on the survey results, and formulate new plans for further improvement. In 2018, the Group's headquarters and its subsidiaries carried out several employee satisfaction surveys, including:

Case Study

Employee Survey at the Headquarters of the Group

In November 2018, the Group conducted an employee survey at its headquarters through a third party company, in which nearly 95% of its employees participated and expressed their feelings and opinions. In the future, based on the employee feedback and suggestions obtained from this survey, we will research on improvement plans and take actions from the company and department levels, and proactively invite our employees to participate in it to contribute to the building of a more harmonious and warm community.

The infographic features a poster on the left with the slogan '以人为本 共同事业' (People-oriented, common cause) and '用心聆听 只为超越你的期待' (Listen with heart, only to exceed your expectations). The main content is titled '点赞及保持' (Like and Maintain) and lists five key strengths:

- 1、2018年员工调查参与率达94.1%，较2015年提升10.1%，员工表心声的意愿更高
- 2、中集集团总部员工敬业水平优于全行业50分位，尤其是员工的挑战意愿
- 3、员工对企业声誉的满意度高（86.1%），为中集的知名度点赞
- 4、员工认可直接上级的管理行为（85.6%），在行业内处于优秀水平
- 5、超过60%员工愿意向其他人推荐中集，员工对组织的认可处于较高水平

Employee satisfaction survey at the headquarters of the Group

Case Study

Annual Employee Survey of Ningbo CIMC

In January 2018, Ningbo CIMC conducted the annual employee survey activity, which included degree of dedication and driving factors satisfaction of employee. A total of 894 questionnaires were distributed and 384 valid questionnaires were collected. The effective rate of response was 43.0%. The results of the survey show that there is still much room for improvement in aspects of remuneration and welfare, career development, corporate reputation and respect and recognition of the company. After the completion of the survey, the company invited lecturers of CIMC Institute and managers of various departments to discuss and map out 20 improvement plans, which were organized and implemented by managers of various departments.

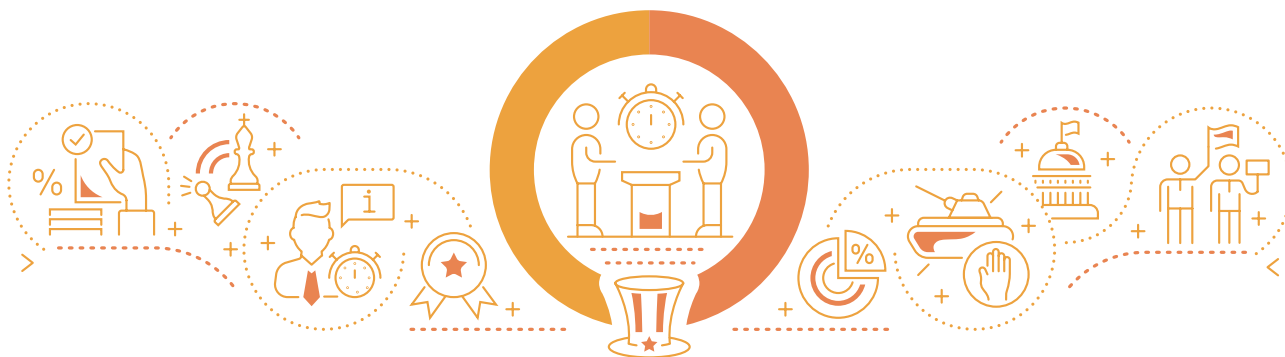


Annual employee survey of Ningbo CIMC

Caring for Employees

Group always pays close attention to employees' family life and physical condition, and serves every employee by offering various welfares and carrying you activities to improve their subjective sense of well-being. Meanwhile, we keenly care for the needs of particular employees, continuously improve various humanized management, care for the physical and mental health of female employees, support and protect the professional development and life needs of disabled employees, and provide the necessary help and support to the employees suffering from major diseases and their families to effectively address their difficulties, and build a common cause with the same aim.

In respect of caring for female employees, we clearly define the rights and interests of female employees in a long-term system, actively follow the laws and regulations related to the protection of female employees, and prevent female employees from engaging in the work prohibited by laws and regulations, so that their work intensity adapts to their physiological characteristics. Some enterprise labor unions also have the women staff committee, and the enterprises enter into the Special Collective Agreement Regarding the Protection of Women Employees' Rights and Interests (《女职工权益保护专项集体协议》) with the labor unions every year. We also organize diverse and colorful group activities during Women's Day and Children's Day, or provide special services and welfares for female employees, such as the participating in health and mutual protection scheme.



Case Study:

Women's Day series in heavy truck sector

On March 7th, 2018, the Union Heavy Industry Corporation and the General Manager's Office jointly organized the experience of handmade fabric DIY, which received enthusiastic response from the female employees widely. At the event, various hand-made materials such as fabric baskets, tissue boxes and dolls were prepared. The employees communicated and cooperated with each other, relaxed and enjoying the fun of DIY.

On the day of "Women's Day", the company's assistant general manager and the chairman of the labor union also came to the production line to express their condolences to the busy female employees, and sent them the flower tea gift boxes carefully prepared by the labor union to express their blessings.



Handmade fabric DIY



Condolences to the female employees on production line

Case Study:

Employees mutual fund of the Airport Segment

The Airport Segment has established the Management Measures on Mutual Fund (《同享基金管理办法》) to help employees solve their own and family difficulties, provide them with entrepreneurial and supplier fund loan support, and give appropriate feedback to all employees when the fund is enough to meet the supporting needs of employees. Besides, the Airport Segment implemented the philosophy of "people-oriented" by purchasing fair-price high-speed rail tickets (group tickets) on behalf of employees and granting parental filial moneys. Ziegler rewarded employees who have worked for 25 and 40 years and arranged their family members to visit the company, which are regarded as traditional activities of the company, to enhance their senses of belonging and pride.



Rewards granting activities of Ziegler



Family members of employees of Ziegler visited the company

Case Study:

Helping people in need with heart – Jingmen Hongtu carried out caring activities for employees with financial difficulty

In November 2018, the family of Gu Shan (谷珊), an employee of Jingmen Hongtu, has a serious car accident, which resulted in one died and four injured of his family members. Gu Shan family could not afford the high cost of salvage treatment in the hospital ICU. The labor union of Jingmen Hongtu and labor sub-unions of the cryogenic product division and trailer workshop where Gu Shan worked at initiated donation to the Gushan family. The event was actively responded by the employees. In just one week, nearly RMB15,000 of donation was raised, plus RMB5,000 donated by the labor unions, Nearly RMB20,000 of condolence money were sent to Gu Shan, delivering a love story.



Caring activities for employees with financial difficulty of Jingmen Hongtu

Case Study:

“I Endorse for Million TEUs” team building activities – the team building of the in-house culture of the Zhangzhou CIMC Container

To celebrate the company's 15th anniversary of commissioning and rolling off of millions TEUs, from June to July 2018, each team of Zhangzhou CIMC Container organized a variety of celebration activities to convey cultural positive spirits and enhance communication among team members. A total of 19 teams organized a variety of special group activities where a total of 19,510 words of text reports, 190 pictures and 12 videos have been posted, and a total of 5,457 persons learn about the activities of each team through the WeChat official accounts.



Display of “I Endorse for Million TEUs” Team building activities

Social Recognition

In 2018, the major awards for labor management obtained by the Group and its subsidiaries are as follows:

Awardee	Award
New Manager Training Camp of CIMC Institute	2018 Silver Award for National Enterprise Learning Project Design
Unified School Recruitment Project of CIMC Institute	“Greater China Employer Brand Creative Competition” – Best Recruitment Project Award
CIMC Vehicle	2018 Guangdong Best Talent Management Innovation Award
Xinhui CIMC	May 1st Labor Medal of Guangdong Province
Yangzhou Tonglee	2017 “Labor Protection Integrity Demonstration Entity” (obtained in 2018)
Yangzhou Tonglee	“Model Home for Worker” of Jiangsu Province
CIMC Yangshan	Shanghai Labor Relations Harmonious Enterprise
Jingmen Hongtu	Labor Security Integrity Demonstration Entity of Hubei Province
CIMC Huajun	May 1st Labor Medal of Henan Province



Responsibility • Building the Harmony



In 2018, the Group paid tax of

RMB2.987
billion in total

As a responsible corporate citizen, CIMC Group always pays attention to the development of regional public service and actively responds to the Goals 1, 2, 4, 5, 8, 11, 12 and 17 of sustainable development of the United Nations, and strives to build harmonious community to achieve a win-win situation. Leveraging their own strengths, all segments and member companies actively carry out various charity activities in the place where they operate, facilitate local economic development and advance the fulfilling of the social responsibility in the upstream and downstream industry chains.

Regional Contribution and Boosting Development

Promote employment and improve people's livelihood

Since its inception, due to its strong and steady growth, the Group has not only contributed more local tax revenues, but also improved people's livelihood and welfare, and has effectively promoted local economic development. In 2018, the Group paid tax of RMB2.987 billion in total.

In respect of employment, the recruitments of Group's segments and enterprises are open to the public. The Group encourages the recruitment of local employees, provides a large number of local job opportunities for the local residents, and provides employees with various training and welfare in strictly compliance with local policies. Enterprises outside China adopt the strategy of "global operation, local wisdom", and select local talents by post competition without any kind of discrimination. All permanent personnel are local employees, accounting for more than 99% of the total number of their employees; Ziegler's plant in Croatia, whose number of employees increased by approximately 200, created more job opportunities for local residents. In China, Hunan CIMC Bamboo Industry Development Co., Ltd. actively responded to the government's call to absorb 45 local laborers in poverty, and in this connection, the company was awarded the title of the "Poverty Alleviation through Employment Base of Hunan Province".

Case Study:

CIMC Intelligent modular land-based recirculating aquaculture system facilitated the transformation of the fishery industry in Guizhou

The land-based high-efficiency recirculating aquaculture industry project is a major project for the conversion of fishery to lakes, fishery transformation, poverty alleviation through industrial and poverty alleviation through science and technology in the Qianxinan, Guizhou Province. Guided by science and technology, the project takes aquaculture as the mainstay and has three main segments: Nanlong incubation base, Qingshuihe breeding base and Xinzhai distribution center. Through the introduction of foreign standardized and well-established recirculating aquaculture systems, CIMC Intelligent has upgraded and developed an efficient and energy-saving aquaculture system suitable for domestic aquaculture condition and local aquaculture environment. In December 2017, CIMC Intelligent entered into a cooperation project with Xingyi City Agricultural Platform Company in Qianxinan. At present, the construction of the Qingshuihe base, Nidang base, Nanlong base and Xinzhai slaughterhouse park and the supporting facilities have been completed, which has facilitated the development of local fishery industry.

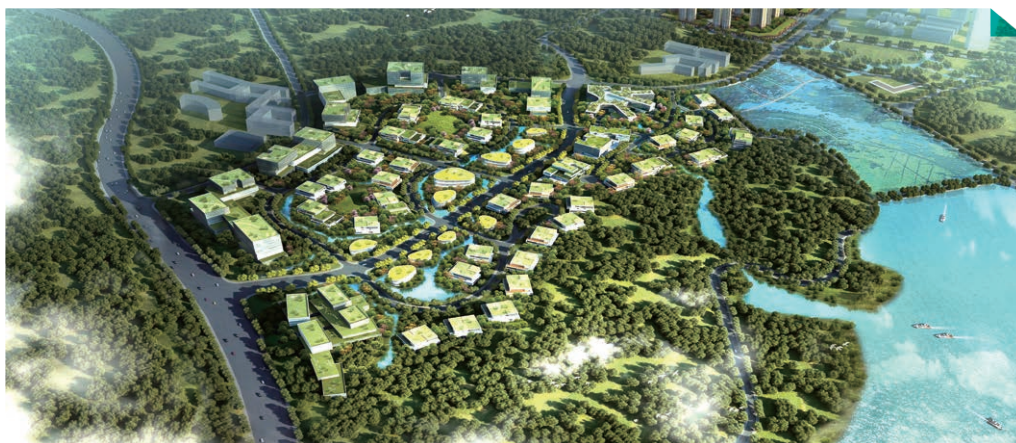


Modular land-based recirculating aquaculture system of CIMC Intelligent

Extend Services to Facilitate Development in Surrounding Areas

The various segments and subordinate enterprises of the Group actively exert their own radiation effects to drive the development in the locality and surrounding industries, and inject momentum to local social and economic development, while also bringing new driving forces in their own development.

Since its launch in 2013, the CIMC Intelligence Valley project is targeted to build a “cluster base that leads the transformation and upgrading of intelligentization and informatization of China’s manufacturing industry”, by adapting the development trend of China’s intelligent manufacturing industry and insisting on the innovative operation mode to serve enterprises in the industrial park. At present, nearly 60 enterprises, including the Container Segment headquarters, the Group’s internal business representative, key intelligent technology enterprises for external development, and related supporting enterprises have settled in the phase I of the industrial park with the rate of investment invitation of over 98%; the base adopted the collaborative industry development model that focuses on smart equipment and electronic information, supplemented by new materials, new energy and e-commerce, more than 220 patents were registered by the enterprises in the industrial park and a total of 13 enterprises were recognized as national high-tech enterprises, laying a solid foundation for the long-term development of the local regional economy. Upon the completion of the park, it is estimated that there will be more than 500 enterprises entering the park, which will achieve an annual output value of about RMB20 billion and attract more than 15,000 cadre talents to work here.



The Design Sketch the CIMC Intelligence Valley Project

Jingmen Hongtu is a renowned enterprise in the domestic liquefied gas tanker manufacturing industry. In recent years, it has participated in the emergency treatment of heavy accidents occurred in highway transportation including the LNG heavy-duty truck rollover accident in Lantian Tunnel and the LPG heavy-duty truck rollover accident in Lanshan County. The company has also provided several trainings of the safe use and emergency response for the enterprises which manufacture and use hazardous chemicals, and has designed training courseware of hazardous chemicals for various government authorities including Hunan Province fire service, Jingmen fire service, Wuhan fire service and special inspection and Shanghai fire service to assist to carry out training on the structural performance and emergency response of products such as liquefied gas tankers, LNG tankers, and spherical tanks, so as to enhance the accident prevention and emergency response capabilities of trainees to play an active role in reducing casualties and property losses and protecting the people’s livelihood and security.



Jingmen Hongtu participated in the emergency rescue activities of mobile pressure vessels in Hubei Province

Green Supply and Responsible Procurement

A stable supply chain is the primary prerequisite for the Group to maintain its normal operation. The quality of raw materials is of significant to our final products. In order to further secure the security of the supply chain system and regulate cooperation with suppliers, in 2018, the Group has carried out reforms on the procurement organization and management system, and amended the Purchasing Management System of CIMC Group (《中集集团采购管理制度》) and the Code of Conduct for Purchasing Personnel of CIMC Group (《中集集团采购人员行为守则》). At the group level, the management principles and requirements for procurement were clearly defined. On this basis, all segments and enterprises formulated and implemented the supplier selection procedures and standards to select suppliers in a fair, just and open manner.

We advocate the principles of the survival of the fittest and fair competition. We conducted multi-dimensional assessment and appraisal of suppliers in terms of qualifications, strengths, equipment, operation and certification systems and strengthened supplier admittance management to gradually improve suppliers' ability to supply products to CIMC. The Purchasing Management System of CIMC Group stipulates that in certifying the suppliers with greater influence, the fulfilling of social responsibility (including HSE, anti-commercial bribery, etc.) should be considered in the assessment, and this assessment will be gradually extended to all suppliers. At the same time, each segment and enterprise will continue to improve the green procurement mechanism based on the type of business and product characteristics to promote the sustainable development of the supply chain.

Certain segments have included social responsibility in the supplier assessment (review) forms, procurement contracts or internal systems, to comprehensively assess the performance of suppliers' social responsibility as to whether the supplier has the EIA approval, whether the environmental protection is compliant, whether it invests in community charity, whether social insurance of employee is sufficiently covered and whether the safety production management is effective.



Supplier Accreditation Review Form (Manufacturer Self-assessment)

Supplier:

Evaluation item	Evaluation points	Record/output	Evaluation description
Control of materials	Testing of raw materials		Is there an inspection guide for the main materials?
			Does the main raw material have corresponding inspection standards?
			Is the inspection record of the main material complete?
			Does the main raw material have a sampling plan? Implementation?
			Does the main material have a quality guarantee?
			Is there a clear way of handling the unqualified materials?
Production and manufacturing	Production inspection and monitoring measures		Does the production inspection tool meet the production requirements?
			Whether to make statistics, analysis for product's repair or bad records, or carry out targeted measures to improve the quality of the products?
			Are the key process quality assurance measures reliable?
			Is there a regular review of the production process?
			Are there corrective or preventive measures for quality anomalies? Is the measure effective?
	On-site 5S management		Is the operating environment affect safe? Does it affect the quality of products?
			Is the logistics process smooth? Does it affect the quality of products?
Social responsibility	Fire safety and environmental protection status of factories		Does the factory have an environmental assessment approval?
			Is the factory's environmental status qualified?
			Does the factory have industrial wastewater discharged? How to deal with it?
	Community charity		Does the factory participate in social/community charity activities?
	Employee interests		Does the factory purchase the corresponding social insurance for all workers?
	Legal employment		Does the employment situation of the factory comply with relevant laws and regulations?
	Safe Production		Does the factory have a safety production management system? Is it effective?

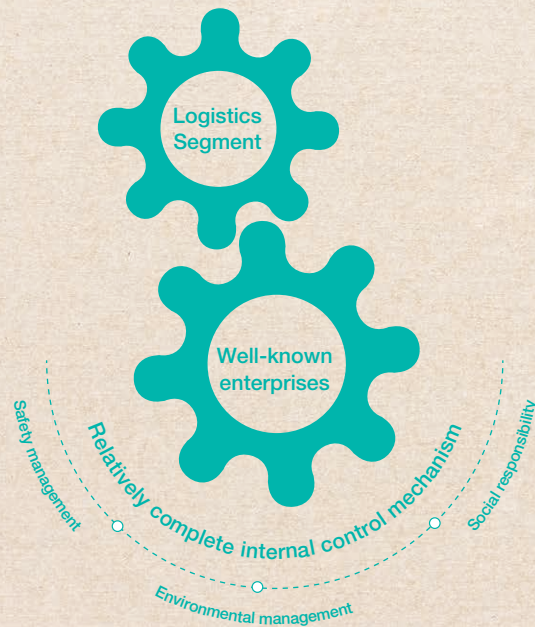
Supplier Accreditation Review Form of the Container Segment

Case Study:

Logistics Segment

The suppliers of the Logistics Segment mainly include procurement of logistics equipment and logistics outsourcing. On the one hand, the Logistics Segment has established close cooperation with reputable enterprises with sound internal management and control mechanisms such as safety management, environmental management and social responsibility, and regards corporate social responsibility issues as scoring items in procurement and periodical assessment. On the other hand, the Logistics Segment used the zero-emission or high-standard emission equipment such as electric equipment and new fuel-powered equipment (such as LNG vehicles) to improve fuel consumption and emissions.

In selecting the transport service providers, the Logistics segment will review vehicle emissions compliance and incorporate driver safety into the company's safety management system. In the mechanical loading and unloading outsourcing, the loading and unloading equipment that meets the regional emission standards will be selected and the social security insurance of the personnel of service providers will be reviewed. In addition, the Logistics Segment also will give more weight on safety accidents assessment in outsourcing operations to effectively reduce the occurrence of various types of accidents and review the service providers' insurance system to ensure that the operation process will be covered by insurance as a financial risk control measure.



Case Study:

Industry & City Segment

The practice of the Industry & City Segment in the green supply chain includes: during the project development process, the multiple departments have coordinated to list the central ventilation industry, building thermal insulation materials, solar photovoltaic, solar thermal, ground source heat pump, air source heat pump, energy-saving doors and windows, the rooftop/vertical greening and sun-shading industries as key target, and research on the market conditions of the green building technology system, products and services and prepare the supplier product catalogue. In the future, based on more project development practices, the Industry & City Segment will cooperate with more institutions and enterprises to establish a two-way evaluation system for green real estate, green parks and green suppliers, which enable to interact with suppliers and establish and improve the green supply chain catering for their own demand.

Community Charity and Giving Back to Society

While delivering its own steady development, the Group never forgets to bring benefits to countryside and give back to the community. Based on local practical needs and their own advantages, all segments and enterprises focus on and support public services in the community, and actively carry out local community charity activities to promote the win-win development of enterprises and communities.

In the respect of poverty alleviation, we always adhere to the core philosophy of “people-oriented” and enthusiastically help the poor and the employees with financial difficulties. The members of the General Party branch of the Xinhui CIMC visited and gave gifts to six poor households in the Shenjiao village, and gave them rice, cooking oil and toilet paper as gifts and sent best wishes. In 2018, the Container Segment and its affiliated enterprises applied for, collected donations, and distributed targeted poverty alleviation funds and donations to families with financial difficulties or suffering from major diseases with total amount of approximately RMB278,000. In addition, Ningbo CIMC allocated a caring fund of RMB20,000 each year to provide assistance to poor employees.

Meanwhile, we also actively participated in community building to build a harmonious

society with the community. On November 2, 2018, Qingdao CIMC held the “Factory Open Day” event, inviting representatives of community residents around the factory to visit the enterprise, and on-site visit to see the environmental improvement brought about by the renovation of water-based paint. In August 2018, CIMC Property held the third Community Culture Festival. CIMC Property organized a series of cultural activities in the projects under management such as outdoor film watching, sand painting parent-child DIY activities and free clinics entering the community. More than 3,000 persons participated in a total of 19 events, which has been highly praised by the property owners. Ziegler welcomes local students to visit the factory all the year round and lecture the various fire rescue knowledge to them, and enters into cooperation agreements with the government to include the company into local fire emergency response systems to make contributions to fire safety in the community.



the Container Segment and its affiliated enterprises applied for, collected donations, and distributed targeted poverty alleviation funds and donations to families with financial difficulties or suffering from major diseases with total amount of approximately

**RMB
278,000**



Ziegler carried out fire-fighting knowledge education activities


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Qingdao CIMC held the "Factory Open Day" event

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Parent-child ceramic art experience activity at Yangjiang International City

5

Paintings at Yangjiang International City

6

Badminton competition of Dongguan Property

7

Xinhui CIMC visited poor households

In 2018, the headquarters of the Group donated RMB3.2 million, which focused on supporting the education field to assist the universities and colleges to carry out primary work in talent training. In November 2018, the board of directors of the Group approved a resolution regarding donation of RMB3 million to the Shanghai Jiaotong University Education Development Foundation. In December, the granting of fourth tranche scholarship of the Gujialing Primary School Mangrove Scholarship Project of CIMC Financial was completed. 11 poor students with outstanding academic results received scholarship. So far, 81 poor students with outstanding academic results in the school received scholarships with a total of RMB50,000. In addition, the grassroots labor unions of Dalian CIMC Container have applied scholarships for children of employees with financial difficulties from the Autumn Scholarship Program.



The Group donated
RMB7.019 million



Outlook

CIMC Group adheres to the work philosophy of “Promoting Management through Reporting” and strives to not only follow the compliance disclosure requirements and improve the quality of reports, but also taking reporting as a review opportunity to comprehensively promote sustainable development management.

In the future, the CIMC Group headquarters and its subordinate business segments will further strengthen the identification and management of risks related to sustainable development based on existing HSE management mechanisms and work procedures. At the same time, CIMC Group will also focus on enhancing internal knowing and understanding of the vision of sustainable development to enhance its emphasis on the importance of sustainable development work from the perspective of awareness. The specific measures are as follows:

Enhance the overall planning and coordination capabilities of the Group and its subordinates in social responsibility work and sustainability reporting to ensure consistency in the information disclosure of the Group and segments;

Focus on address the issues that are concerned in the capital market and have a significant impact on the Group, such as labor management, toxic waste discharge and clean technology opportunities;

At the level of employee awareness, comprehensively enhance its emphasis on sustainable development, especially to enhance the awareness and risk management of occupational safety and health in overseas business;

Emphasize the participation of all employees in the sustainable development, strengthen the education on the supervision of all stakeholders on the sustainable development of CIMC Group;

Quantify sustainable development goals, develop medium- and long-term quantifiable goals, broaden the coverage of existing data management platforms; set up board to review regularly and check target progress;

Focus on risk internal control and governance of the Group, enhance the Group’s existing anti-corruption management approach and increase efforts of supervise in the various segments.

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As CIMC Group gradually implements the “intelligent-empowered manufacturing” and “intelligent-empowered logistics” strategies, each business segment is also accelerating the pace of “intelligence-empowered”. While improving production efficiency and obtaining economic benefits, we will gradually improve the management standards of sustainable development, better realize the rational allocation of resources and talents of CIMC Group, consolidate the manufacturing foundation of CIMC, and reinforce and strengthen the leadership position of CIMC in the industry.



Appendix

Index Table Corresponding to the Reporting Standards

The report has been prepared pursuant to the “Core” approach of the GRI Sustainability Reporting, the ESG Reporting Guide of the Hong Kong Stock Exchange, the Social Responsibility Reporting Guide of Shenzhen Stock Exchange and the Guideline on Social Responsibilities of Industries (《行业协会社会责任指南》). The following is the content index in this report corresponding to the disclosure requirements.

Topics	GRI indicator	Description	ESG Guide	Shenzhen Stock Exchange Guide	GSRI-CHINA 2.0	Page/Remarks
General disclosure						
Organizational Profile	102-1	Name of the organization		—	—	6
	102-2	Activities, brands, products and services	—	—	—	10-12
	102-3	Location of headquarters	—	—	—	7
	102-4	Location of operations	—	—	—	11-12
	102-5	Ownership and legal form	—	—	—	15-17
	102-6	Markets served	—	—	—	10-13
	102-7	Scale of the organization	—	—	—	13
	102-8	Information on employees and other workers	B1.1	—	—	64-65
	102-9	Supply chain	B5.1	—	—	83-85
	102-10	Significant changes to the organization and its supply chain	—	—	—	No significant changes
	102-11	Precautionary Principles or approach	—	—	—	14-25
	102-12	External Initiatives	—	—	—	14-25
	102-13	Memberships of associations	—	—	—	95
Strategy	102-14	Statement from chief decision-maker	—	—	—	8-9
Ethics and Integrity	102-16	Values, principles, standards, and norms of Behaviour	—	—	Core values	5
Governance	102-18	Governance structure	—	—	Scientific planning	16
	102-19	Delegating authority	—	—		16-17
	102-20	Executive-level responsibility for economic, environmental, and social subjects	—	—		17
	102-28	Evaluating the highest governance body's Performance	—	—		13
Stakeholder Engagement	102-40	Stakeholder with whom the company engages	—	Protection of rights and interests of shareholders and creditors	—	20-22
	102-41	Percentage of total number of staff covered by collective bargaining agreements	—		—	66
	102-42	Basis of identifying and selecting stakeholders	—		—	20-22
	102-43	Approach to stakeholder engagement	—		—	20-22
	102-44	Key topics and concerns raised after stakeholder engagement	—		—	23

Topics	GRI indicator	Description	ESG Guide	Shenzhen Stock Exchange Guide	GSRI-CHINA 2.0	Page/Remarks
Reporting Practice	102-45	Entities included in the consolidated financial Statements or equivalent documents	—	—	—	6
	102-46	Defining report content and topic boundaries	—	—	—	6
	102-47	List material topics identified in defining report content	—	—	—	23
	102-48	Reasons and impacts of restatements of any information previously reported	—	—	—	No restatements Core compliance scheme
	102-49	Significant changes in material topics and topic boundaries as compared with last reports	—	—	—	20-25
	102-50	Reporting period	—	—	—	6
	102-51	Date of most recent report (if applicable)	—	—	—	7
	102-52	Reporting cycle	—	—	—	7
	102-53	Contact point for questions regarding the report and its contents	—	—	—	97
	102-54	The report is prepared in accordance with the "core options" of the GRI Standards	—	—	—	No restatements Core compliance scheme
	102-55	Content index of GRI's Sustainability Reporting Guide	—	—	—	90-94
	102-56	External assurance	—	—	—	No external audits at this stage
Material topics						
1. Economic Standards						
Economic Performance	103-1	Explanation of the material topic and its Boundary	—	—	—	10-25
	103-2	The management approach and its components	—	—	—	10-25
	103-3	Evaluation of the management approach	—	—	—	10-25
	201-1	Direct economic value generated and distributed	B8.2	—	—	13, 86-87
Anti-corruption (material topics: corruption-free and integrity management)	103-1	Explanation of the material topic and its Boundary	B7	—	Anti-commercial bribery, credit building	20-25
	103-2	The management approach and its components		—		29-31
	103-3	Evaluation of the management approach		—		29-31
	205-3	Confirmed incidents of corruption and actions taken	B7(b), B7.1	—	31	
Anti-competition Behavior	103-1	Explanation of the material topic and its Boundary	—	—	Fair competition	20-25
	103-2	The management approach and its components	—	—		29-31, 44-45
	103-3	Evaluation of the management approach	—	—		29-31, 44-45
	206-1	Legal actions for anti- competitive behavior, antitrust, and monopoly practices	—	—		29-31, 44-45
2. Environmental Standards						
Materials	103-1	Explanation of the material topic and its Boundary	A2, A3	Environmental Protection and Sustainable Development	Environmental Management, Resource Conservation and Comprehensive Ecological Protection	20-25
	103-2	The management approach and its components				51
	103-3	Evaluation of the management approach				51
	301-1	Materials used by weight or volume	A2.5			No disclosure due to very low usage of packages of the Group

Topics	GRI indicator	Description	ESG Guide	Shenzhen Stock Exchange Guide	GSRI-CHINA 2.0	Page/Remarks
Energy (material topic: reduction of energy consumption)	103-1	Explanation of the material topic and its Boundary	A2, A3	Environmental Protection and Sustainable Development	Environmental Management, Resource Conservation and Comprehensive Utilization Ecological Protection	20-25
	103-2	The management approach and its components				51-55
	103-3	Evaluation of the management approach				51-55
	302-1	Energy consumption within the organization	A2.1			53
	302-4	Reduction of energy consumption	A2.3			53-54
Water (material topic: water resource management)	103-1	Explanation of the material topic and its Boundary	A2, A3	Environmental Protection and Sustainable Development	Environmental Management, Resource Conservation and Comprehensive Utilization Ecological Protection	20-25
	103-2	The management approach and its components				51-53
	103-3	Evaluation of the management approach				51-53
	303-1	Water withdrawal by source				52
	303-3	Recycled input materials used	A2.4			52
Emissions (material topic: air pollutant emission management)	103-1	Explanation of the material topic and its Boundary	A1, A3	Environmental Protection and Sustainable Development	Environmental Management, Emission Reduction, Ecological Protection New Industrialization —	20-25
	103-2	The management approach and its components				55-56, 61-62
	103-3	Evaluation of the management approach				55-56, 61-62
	305-4	GHG emissions intensity	A1.2			13
	305-5	Reduction of GHG emissions	A1.5			62
	305-7	NOx, SOx and other material gas emission	A1.1			13
Effluents and Waste (material topic: sewage treatment and waste management)	103-1	Explanation of the material topic and its Boundary	A1, A3	Environmental Protection and Sustainable Development	Environmental Management, Pollution and Emission Reduction	20-25
	103-2	The management approach and its components				55-60
	103-3	Evaluation of the management approach				55-60
	306-1	Discharge volume by water quality and discharge destination	A1.1			13
	306-2	Waste by type and disposal method	A1.3, A1.4, A1.6			13
Environmental Compliance	103-1	Explanation of the material topic and its Boundary	A1(b), A3	Environmental Protection and Sustainable Development	Environmental Management, New Industrialization, Ecological Protection, Resource Conservation and Comprehensive Utilization	20-25
	103-2	The management approach and its components				51-63
	103-3	Evaluation of the management approach				51-63
	307-1	Non-compliance with environmental laws and regulations	A1(b)			55
Supplier Environmental Assessment	103-1	Explanation of the material topic and its Boundary	B5	—	Cooperation for Mutual Benefits	20-25
	103-2	The management approach and its components		—		83-85
	103-3	Evaluation of the management approach		—		83-85
	308-1	New suppliers that were screened using environmental criteria	B5.2	—		83-85
3. Social Standards						
Employment (material topic: protection of employee rights and interests, employee remuneration and welfares)	103-1	Explanation of the material topic and its Boundary	B1	Protecting rights of employees	Respect for human rights, labor contracts and remuneration, social security and welfare, democratic management, employee communication and care	20-25
	103-2	The management approach and its components				64-66
	103-3	Evaluation of the management approach				64-66
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	B1			66
	401-3	Parental leave				66

Topics	GRI indicator	Description	ESG Guide	Shenzhen Stock Exchange Guide	GSRI-CHINA 2.0	Page/Remarks
Occupational Health and Safety (material topic: employee safety and health)	103-1	Explanation of the material topic and its Boundary	B2	Protection of employees' rights and interests	Safety management, Safety expenditure Occupational health and safety	20-25
	103-2	The management approach and its components				70-74
	103-3	Evaluation of the management approach				70-74
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	B2.3	—	Safety education and training, safety inspection, Safety accident handling	74
Training and Education	103-1	Explanation of the material topic and its Boundary	B3	Protection of employees' rights and interests	Employee training and development	20-25
	103-2	The management approach and its components				67-69
	103-3	Evaluation of the management approach				67-69
	404-1	Average hours of training per year per employee	B3.2			67
Diversity and Equal Opportunity	103-1	Explanation of the material topic and its Boundary	B1	—	Harmonious labor relationship	20-25
	103-2	The management approach and its components		—		64-66
	103-3	Evaluation of the management approach		—		64-66
	405-1	Diversity of governance bodies and employees		—		64-66
Child Labor	103-1	Explanation of the material topic and its Boundary	B4	Protection of employees' rights and interests	—	20-25
	103-2	The management approach and its components				64-66
	103-3	Evaluation of the management approach				64-66
Forced or Compulsory Labor	103-1	Explanation of the material topic and its Boundary	B4	Protection of employees' rights and interests	—	20-25
	103-2	The management approach and its components				64-66
	103-3	Evaluation of the management approach				64-66
Local Communities	103-1	Explanation of the material topic and its Boundary	B8	Public relations and social welfare undertakings, Accurate poverty alleviation	Community engagement and development	20-25
	103-2	The management approach and its components				86-87
	103-3	Evaluation of the management approach				86-87
	413-1	Operations with local community engagement, impact assessments, and development programs	B8.1	—	—	86-87
Supplier-social assessment	103-1	Explanation of the material topic and its Boundary	B5	Protecting rights of suppliers, customers and consumers	—	20-25
	103-2	The management approach and its components				83-85
	103-3	Evaluation of the management approach				83-85
	414-1	New suppliers selected using social criteria	B5.2			83-85
Customer Health and Safety (material topic: customer service and satisfaction)	103-1	Explanation of the material topic and its Boundary	B6, B6.4	Protecting rights of suppliers, customers and consumers	Promote the healthy and sustainable development of the industry, Product quality and safety, Responsible marketing, Advocate responsible consumption	20-25
	103-2	The management approach and its components				32-39
	103-3	Evaluation of the management approach				32-39
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services				35

Topics	GRI indicator	Description	ESG Guide	Shenzhen Stock Exchange Guide	GSRI-CHINA 2.0	Page/Remarks
Marketing and labeling	103-1	Explanation of the material topic and its Boundary	B6	Protecting rights of suppliers, customers and consumers	—	20-25
	103-2	The management approach and its components			—	32-39
	103-3	Evaluation of the management approach			—	32-39
	417-2	Incidents of non-compliance concerning product and service information and labeling			—	32-39
	417-3	Incidents of non-compliance concerning marketing communications			—	32-39
Customer Privacy (material topic: customer service and satisfaction)	103-1	Explanation of the material topic and its Boundary	B6, B6.5	Protecting rights of suppliers, customers and consumers	Privacy Protection	20-25
	103-2	The management approach and its components				39
	103-3	Evaluation of the management approach				39
	418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	B6.2		Complaints and dispute handling	39
Socioeconomic compliance	103-1	Explanation of the material topic and its Boundary	B6	Protecting rights of suppliers, customers and consumers	—	20-25
	103-2	The management approach and its components			—	32-39
	103-3	Evaluation of the management approach			—	32-39
	419-1	Non-compliance with laws and regulations in the social and economic fields	B7		—	32-39
Protecting Intellectual Property Rights (Material topics: technological innovation and intellectual property protection)		Description of practices relating to safeguarding and protecting intellectual property rights	B6.3		Respect for property rights	44-45

Industry Organizations

As a leading global enterprise engaged in multi-industries, the Group has been actively participating in activities of associations and clubs at all levels. The Group and all members at each level have joined the following industry associations and chambers of commerce and acted as vice presidents, chairmen and directors, etc, promoting sustainability of the industries.

Organisation name	Participant (positions)
Guangdong Enterprise Institute for Internal Controls	The Company (vice president, standing director of the expert committee)
China Enterprise Anti-Fraud Alliance	The Company (rotating chairman, standing director)
China Institute of Internal Audit	The Company (director)
Shenzhen Patent Association	The Company (vice president)
Protection Association of China	The Company (vice president)
China Intellectual Property Society	The Company (member)
China Association for Standardization	The Company (member)
Shenzhen Association of Standardization	The Company (member)
China Steel Construction Society	The Company (director)
Shenzhen Association of Listed Companies	The Company (standing director)
China Association for Public Companies	The Company (standing director)
China Association of Communication Enterprise Management	The Company (vice president)
IFRS Association	The Company (member)
Shenzhen Association of Women Financial Workers	The Company (member)
National Association of Financial Market Institutional Investors	The Company (member)
China Forex Management Magazine Council	The Company (member)
China Federation of Industrial Economics	The Company (vice president)
China Communications and Transportation Association	The Company (member)
China Chamber of Commerce for Import & Export of Machinery & Electronic Products	The Company (vice president)
China Enterprise Confederation and China Enterprise Directors Association	The Company (vice president)
Shenzhen Enterprise Confederation	The Company (member)
China Association of the National Shipbuilding Industry	The Company (vice president)
Shenzhen Publishing Industry Association	The Company (member)
China International Public Relations Association	The Company (member)
Federation of Shenzhen Industries	The Company (member)
Sustainability Industry and Commerce Committee of China Enterprise Confederation	The Company (director)
China Association for Quality	The Company (member)
China Container Industry Association	CIMC Containers (chairman)
National Technical Committee on Freight Container of Standardization Administration of China	CIMC Containers (member)
China Classification Society	CIMC Containers (member)
China Association of Automobile Manufacturers	CIMC Vehicle (vice president)
China Association of Automobile Industry Special Vehicle Branch	CIMC Vehicle (chairman)
National Technical Committee of Auto Standardization Special Vehicle Technical Sub-committee	CIMC Vehicle (deputy secretary general)
National Automotive Technology Standards Committee Trailer Technical Sub-committee	CIMC Vehicle (deputy secretary general)
Henan Casting & Forging Industrial Association	CIMC Vehicle (vice chairman)
China Gas Association	CIMC Enric (standing director)
China Chemical Industrial Equipment Association	CIMC Enric (standing director)
China Industrial Gases Industry Association	CIMC Enric (vice chairman) (vice chairman)
China LNG Branch	CIMC Enric (president)
China Gas Station Association	CIMC Enric (president)
NGVS Branch of CCTA	CIMC Enric (vice president)

Organization Structure for Report Preparation

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CIMC Modular	Su Zhanjun, Wu Xiao
CIMC Skyspace Real Estate	Ding Qizhong, Jiang Yang
Finance Segment	Tu Yun

Feedback

Dear readers:

Thank you for reading this report. In order to continuously enhance and improve our performance of social responsibility and improve the quality of sustainability information disclosure, we sincerely hope to hear your valuable opinions and suggestions. Please complete the content of this page and choose the following channels to give us feedback.

Facsimile: 0755-26692707

Address: Board Secretary Office Operational Excellence and HSE Center of CIMC Group, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong, PRC

1. What is your opinion of this whole report?

Good Not bad Normal

2. Do you think the information and data disclosed in this report are clear, accurate and complete?

Good Not bad Normal

3. Do you think this report reflects the significant influence of the Group to the economy, society and environment?

Good Not bad Normal

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

Good Not bad Normal

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

Please leave your contact information if possible:

Name:

Occupation:

Name of organization you work in:

Post Code:

E-mail:

Tel:

Contact address:

You can also choose to scan the QR code on the right to complete the online questionnaire. We will conduct a random draw for readers who complete the online questionnaire at the end of 2019. The specific draw plan is subject to the interpretation of the Group.

We will fully consider your opinions and suggestions and undertake to keep properly your information.

