

CIMC | VEHICLES

Stock Code: 1839.HK



2019

Environmental, Social and Governance Report

About the Report

The Report is the first “Environmental, Social, and Governance (ESG)” Report (the “Report”) issued by CIMC Vehicles (Group) Co., Ltd. (the “Company” or “CIMC Vehicles”, together with its subsidiaries, the “Group”, “we” or “us”), which discloses our strategic policies on sustainable development, ethics and good governance, setting out our commitment to communicate openly with stakeholders, and our vision and contribution to the environment and society. The Board knows its responsibility for the authenticity of the Report, and takes full responsibility for the Group’s ESG strategies and the reporting through its review and approval of the Report.

Reporting Period and Scope

The Report discloses the Group’s approaches, initiatives, and performance in relation to ESG management from January 1, 2019 to December 31, 2019 (the “Year” or “Reporting Period”). Some of the contents of the Report dates to before 2019 and into 2020, thereby increasing reference value of the Report. The scope of the content disclosed in the Report is the same as that of the 2019 Annual Report of the Group, with the scope of environmental data covering 21 manufacturing enterprises under the Group, including three overseas enterprises. Going forward, the scope of the Report will be continuously expanded. For further details of corporate governance, please refer to the section headed “Corporate Governance Report” in the 2019 Annual Report of the Group.

Main Reporting Guidelines

The Report has been prepared in accordance with the Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide (“ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (“HKEX”). The content hereof conforms to the disclosure principles required in the ESG Guide and it has complied with the “comply or explain” provision specified in the ESG Guide to set out the environmental and social impacts of the Group’s various business and operation activities. Unless otherwise specified, amounts disclosed in the Report are denominated in RMB.

Publication

The Report is available online in both Chinese and English versions. All shareholders and stakeholders can access to the Report on the website of HKEX at www.hkexnews.hk. In case of any discrepancy, the Chinese version shall prevail.

Contact Information

We highly value our stakeholders and the public’s opinion on the Report. Should you have any enquiries or suggestions, please contact the Group through the following means.

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Message from Our Leader



We are very pleased to present you the sustainable development management of CIMC Vehicles with the first ESG Report of the Group.

2019 marks the 70th anniversary of the founding of the PRC. In this year, we were officially listed on the HKEX as the first of our kind in semi-trailer manufacturing industry. We will accurately grasp and promote the new trend of upgrading the semi-trailer industry by continuously enhancing our core competitiveness, and promote road traffic safety, so as to ensure the Group's high-quality and sustainable development.

We practice low-carbon and green manufacturing, and fully implement environmentally-friendly processes and raw materials use. By the end of 2019, we have completed nine "Light Tower" plants for semi-trailers, five "Light Tower" plants for truck bodies for specialty vehicles and are actively applying the "Light Tower" technology of refrigerated semi-trailer to transform two refrigerated compartment plants in China; we have built one semi-trailer "Light Tower" plant in North America and are actively improving the other two semi-trailer plants in North America and Europe in the form of "Light Tower" plant in overseas. The "Light Tower" plants adopt low VOCs emission, and robot-controlled powder coating process to fundamentally solve the VOCs emission problem caused by traditional paint coating. As of December 31, 2019, the Group's two plants obtained the honour of National Green Plant and one plant obtained the honour of National Supply Chain Demonstration Enterprise in China.

We continued to increase our investment in technological R&D, so that technological innovation becomes the driving force for technological upgrading, leading the light-weight, intelligent and environmentally-friendly development of the specialty vehicle industry, reducing waste of resources in the product manufacturing process, and effectively reducing energy consumption in the vehicle transportation process while providing customers with high-quality products.

Emphasizing the importance of supply chain risk management, we are committed to integrating global supplier resources and optimising supply chain allocation, so as to achieve the optimal synergy.

Adhering to the people-oriented principle, we continuously improve the working environment of employees, build a platform for the career development of our staff, and promote the common development and progress of our staff and the enterprises.

Going forward, we will further improve the ESG governance of the Group, enhance the governance capability, and focus on structural adjustment, transformation and upgrading. We will build clean, efficient, low-carbon and environmentally-friendly green enterprises, provide more products using clean energy for the society and the market, make green development the core competitiveness of the Group, so as to realise the sustainable development roadmap of the Group, and contribute to the country, shareholders, customers, employees and supply chain partners.

We cherish your valuable suggestions for the sustainable development of the Group, to strengthen our dominant position in China's environmentally-friendly urban dump trucks, expand China's leading position in light and durable cement mixer trucks, thereby consolidating our leading position in the global semi-trailer market. We are looking forward to working with you to build a green life and a better future.

Li Guiping

Executive Director, CEO and President

A handwritten signature in black ink, consisting of stylized Chinese characters, located below the printed name and title.

About Us



Company Profile

CIMC Vehicles is the world's leading manufacturer of road transport vehicles and a leading company in the semi-trailer and specialty vehicles industries in China. The Group was the No.1 semi-trailer manufacturer in the world in terms of sales volume, according to Global Trailer's 2018 top global OEM ranking list. In July 2019, CIMC Vehicles was listed on the Main Board of the HKEX (Stock Code: 1839.HK). The Group primarily engages in the manufacture and sale of seven major categories of semi-trailers in global major markets, covering over 40 countries on five continents. In addition, the Group also manufactures truck bodies for specialty vehicles and sells fully-assembled specialty vehicles in the PRC market. At the same time, the Group is also a leading manufacturer of refrigerated truck bodies in China.



No.1 semi-trailer truck manufacturer in the world
in terms of sales volume

About Us

Our Products:

Semi-trailer Products in the Global Market



Container chassis trailer



Flatbed trailer and its derivative models (stake trailer)



Flatbed trailer and its derivative models (flatbed trailer)



Curtain-side trailer



Van trailer



Refrigerated trailer



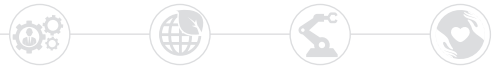
Tank trailer (dry bulk tank trailer)



Tank trailer (liquid tank trailer)



Special trailer (terminal trailer)



Specialty vehicles in China



Truck body and fully-assembled vehicle of cement mixer



Truck body and fully-assembled vehicle of urban dump truck



Truck body and fully-assembled vehicle of cement mixer



Environmentally-friendly electric dump truck

Refrigerated trucks in China

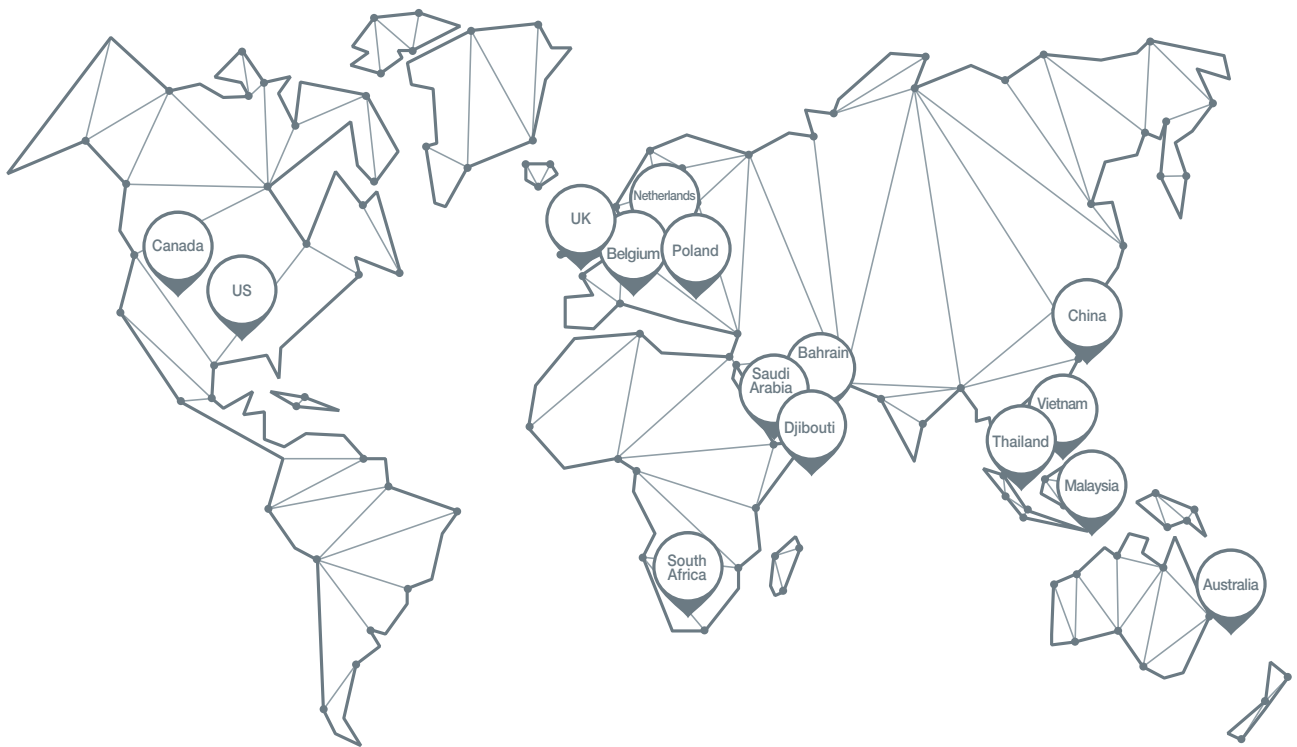


Truck body and fully-assembled vehicle of refrigerated truck

About Us

Cross-ocean Operation, Local Manufacturing

Since entering the semi-trailer industry in 2002, the Group has gradually developed a business model with unique competitive advantages: “Cross-ocean Operation, Local Manufacturing”. This model maximises the Group’s production capacity, assembly capacity, global supply chain management capacity and logistics management capabilities for global distribution at its 22 manufacturing plants and 9 assembly plants across the world. The Group has recorded the world’s No.1 semi-trailer sales volume and maintain it since 2013. The Group’s “Local Manufacturing” is closely linked with well-established local brands. In China, the Group successfully operates renowned brands, including “Tonghua”, “Huajun”, “Liangshan CIMC Dongyue”, “Shenzhen CIMC Vehicle”, “Ruijiang Automobile” and “Lingyu Automobile”. In addition the Group operates, Vanguard Trailer and CIE Manufacturing, which are highly renowned brands in North American market, as well as SDC in UK and LAG in Belgium, two long-standing brands in Europe.



Operating Results for 2019



Global semi-trailer sales volume

117,707 units +



Sales volume of truck bodies for specialty vehicles in China +

46,267 units



Sales volume of bodies for refrigerated van trucks in China

4,455 units



Revenue

RMB23,220.2 million



Net profit

RMB 1,326.5 million



YoY increase

7.7%



Awards and Honours

CIMC Vehicles (Group) Co., Ltd.

A Champion Demonstration Enterprise

by the MIIT

Zhumadian CIMC Huajun Vehicle Co., Ltd.
Dongguan CIMC Special Vehicle Co., Ltd.

National Green Factory

by the MIIT

CIMC Vehicles (Group) Co., Ltd.

2019 Advanced Entity in Corporate Culture Construction

by China Corporate Culture Institution

Wuhu CIMC Ruijiang Automobile Co., Ltd.

National Green Supply Chain Management Demonstration Enterprise

by the MIIT



Company	Title	Awarding Party
Environmental Awards and Honours		
Wuhu CIMC Ruijiang Automobile Co., Ltd.	Anhui Province Green Factory	Anhui Province Department of Economic and Information Technology
Social Awards and Honours		
CIMC Vehicles (Group) Co., Ltd.	2019 Guangdong Provincial Advanced Entities for Corporate Culture Construction	Guangdong Corporate Culture Institute
CIMC Vehicles (Group) Co., Ltd.	2019 the "Core Competitiveness Award" of China Elite Enterprise	Hong Kong-Mainland International Investment Society
Luoyang CIMC Lingyu Automobile Co., Ltd.	2019 Luoyang May 1 st Labour Medal	Luoyang Federation of Trade Unions
CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd.	2019 Xi'an Municipal "Worker Pioneer"	Xi'an Federation of Trade Unions
Dongguan CIMC Special Vehicle Co., Ltd.	2019 Guangdong Provincial May 1 st Labour Medal	Guangdong Federation of Trade Unions
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Yangzhou "Worker Pioneer"	Yangzhou Federation of Trade Unions
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Top 10 Companies in Industrial Investment in Yangzhou	The People's Government of Yangzhou
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	2018 Yangzhou Top 100 Industrial Enterprises	The People's Government of Yangzhou
CIMC Vehicle (Jiangmen) Co., Ltd.	China Chemical Logistics Industry 2019 Best Vehicle Brand of Gold Tank Award	China Federation of Logistics & Purchasing
CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd.	Industrial Enterprise with High-quality Development and Growth	Working Committee of Xi'an National Economic and Technological Development Zone; Management Committee of Xi'an Economic and Technological Development Zone

Responsibility Management and Integrity in Operations

The Group is committed to fulfilling its corporate social responsibility, sharing the development results with stakeholders and promoting the industrial economy, while sparing no effort to bring healthy, sustainable and stable development to the environment and society.





Corporate Governance

We have established a kind of governance structure that designed specifically for global operations. The investments of our substantial shareholders and our business relationships with all parties also demonstrate the confidence of the community in our governance structure, which will continue to serve as a solid foundation for our sustainable growth.

The Board comprises nine directors, including one executive director, five non-executive directors, and three independent non-executive directors. All directors offer their extensive business experience, deep knowledge and professional management for the efficient operation of the Board. Four special committees are established under the Board, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy and Investment Committee, all of which actively serve to safeguard the interests of the Group and minority shareholders. From the listing date of July 11, 2019 to December 31, 2019, the Board held three meetings, the Audit Committee held two meetings, the Remuneration Committee held two meetings, the Nomination Committee held one meeting and the Strategy and Investment Committee held two meetings.

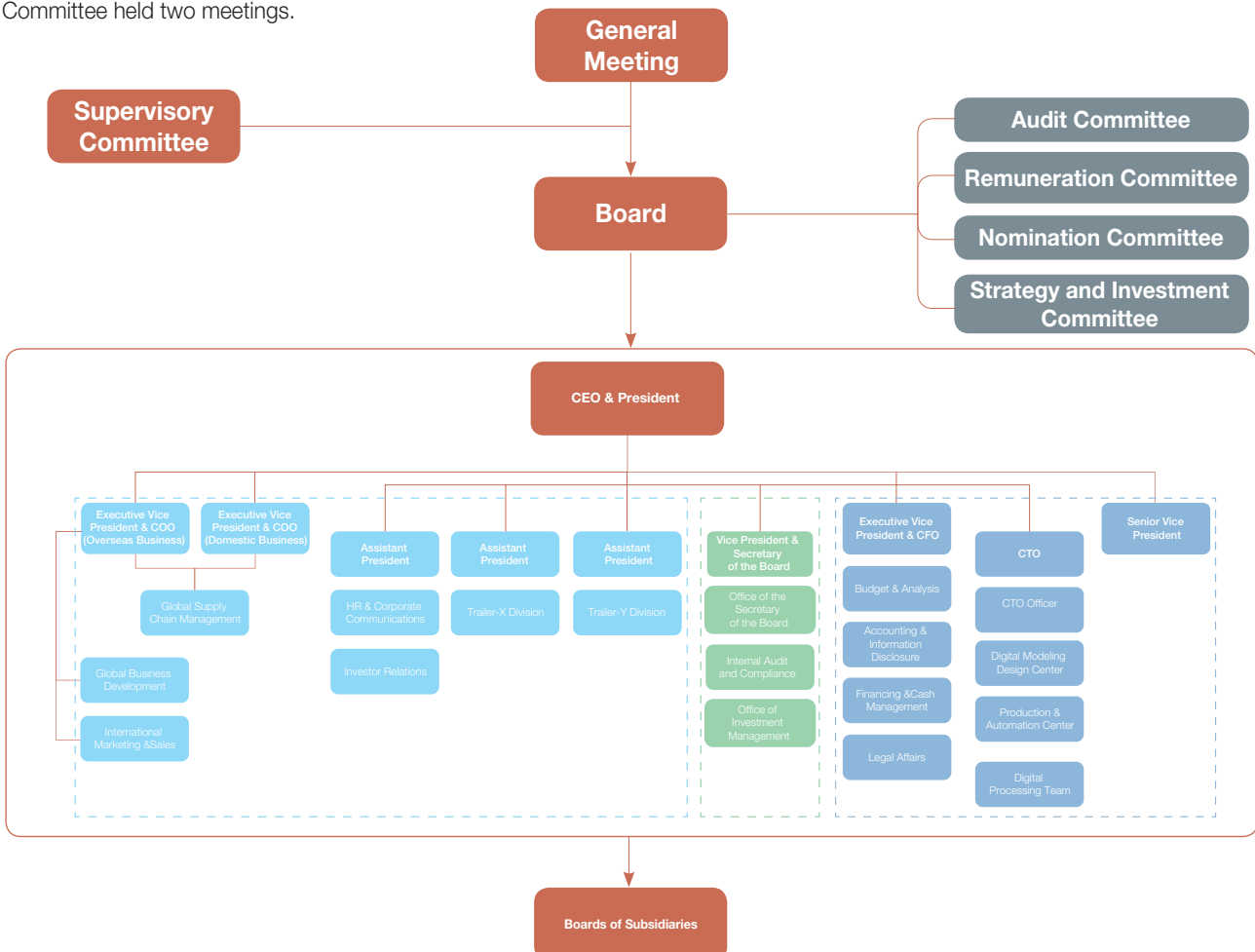
Information Disclosure:

A total of
18 announcements disclosed

Investor Relations:

Received a total of **52** visits, surveys and factory visits from various institutions and individual investors

Participated in **28** brokerage strategy conferences



Responsibility Management and Integrity in Operations

Honesty and Integrity in Operations

Internal Control Audit

The Group has continuously regulated the corporate governance structure and the supervision of decision making and management in accordance with the Basic Standard for Internal Control of Enterprises and the supporting guidelines and other relevant provisions jointly issued by five institutions, including the Ministry of Finance of the PRC (the "MOF") and China Securities Regulatory Commission (the "CSRC"). In addition, the Company enhanced its organisational structure, specified the responsibilities and authorities of the Board, the Supervisory Committee, and the management and improved Project Risk Control Guidelines: the internal control and risk management system framework. We ensure legal compliance throughout our operations, strategic objectives and business goals by continuously improving and optimising in five areas, namely internal environment, risk assessment, control activities, information and communication, and internal control and thereby adapting to the ever-changing external environment and internal management needs.

Optimising Internal Control Environment

The Group comprehensively streamlined all systems, identified gaps and remedied them in conjunction with external requirements, and reconstructed the system compliance framework. We have set up a project task force to organise a review of the Group's existing management system and require responsible departments to check its effectiveness and revise it in due course.

During the year, we have actively promoted the capacity building of our cadres for risk control. In addition to the introduction of accountability examinations for cadres above level 8, in April 2019, the Group organised risk control performance examinations for directors and supervisors of enterprises at all levels. Among them, 48 directors and supervisors took the examination, with a pass rate of 100%; 17 general managers took the examination, with a pass rate of 100%; and 33 cadres above level 8 took the accountability examination, with a pass rate of 100%.

In addition, the Group has issued project risk control guidelines, procurement risk control guidelines, sales risk control guidelines and overseas business risk notifications to its subsidiary enterprises, as well as supporting each enterprise with project and procurement issues database and training and examinations.

Project Risk Control Guidelines:

93% of the enterprises were covered with a pass rate of 100% among

116 personnel
participating

Procurement Risk Control Guidelines:

100% of the enterprises were covered, with a pass rate of 99% among

200 personnel
participating

Risk Control Performance Examination:

Examination for Directors: **48** directors passed out of **48**, with a participation and pass rate was 100%.

Examination for General Managers: **17** general managers passed out of **17**, with a participation and pass rate of 100%.

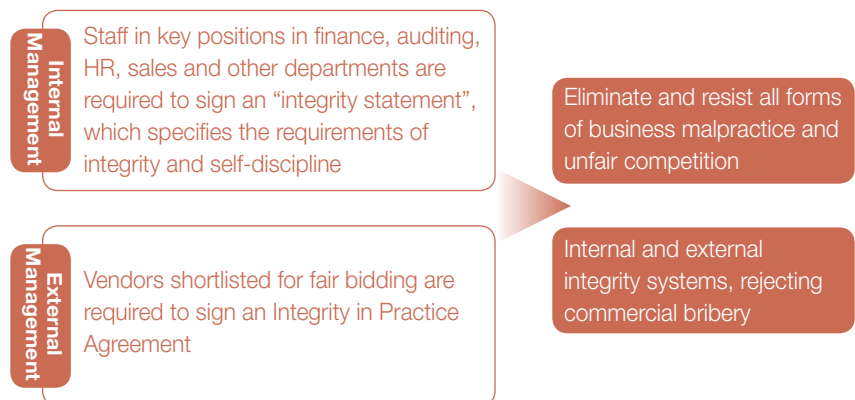


Building Integrity in Management

The Group has always adhered to the business philosophy of law-based governance & good faith. We strongly oppose commercial bribery and are committed to a level playing field. In 2019, we strictly complied with legal and regulatory requirements related to anti-bribery, extortion, fraud and money laundering and there no significant legal cases of corruption. We will continue to do a great deal of work to strengthen enterprises and to bring society together to fight commercial bribery.

The Company continuously enhances integrity in administration based on the publicly released regulations, including the Administrative Measures of the Commission for Discipline Inspection on the Acceptance of Gifts and Payments by Party Members and Cadres in Business (Official) Activities and the Regulations on Supervision Work – Management Standards for Supervision Matters Assigned by External Regulatory Authorities. The internal audit and compliance department of the Company accepts real name and anonymous reports through regular monitoring and reporting channels, including “CIMC Supervision” WeChat official account, mailbox, telephone, letter and interview, among others. The Group carefully investigates complaints of irregularities received to identify irregularities, holds relevant personnel accountable and maintains a “zero tolerance” attitude towards fraud.

By practising the concepts through the following measures, we continue to strengthen the integrity management of enterprises and jointly build a clean environment against corruption and bribery.



During the Reporting Period, the Group was not aware of any violations of laws and regulations relating to the prevention of bribery, extortion, fraud, corruption and money laundering that had a material impact on the Group.

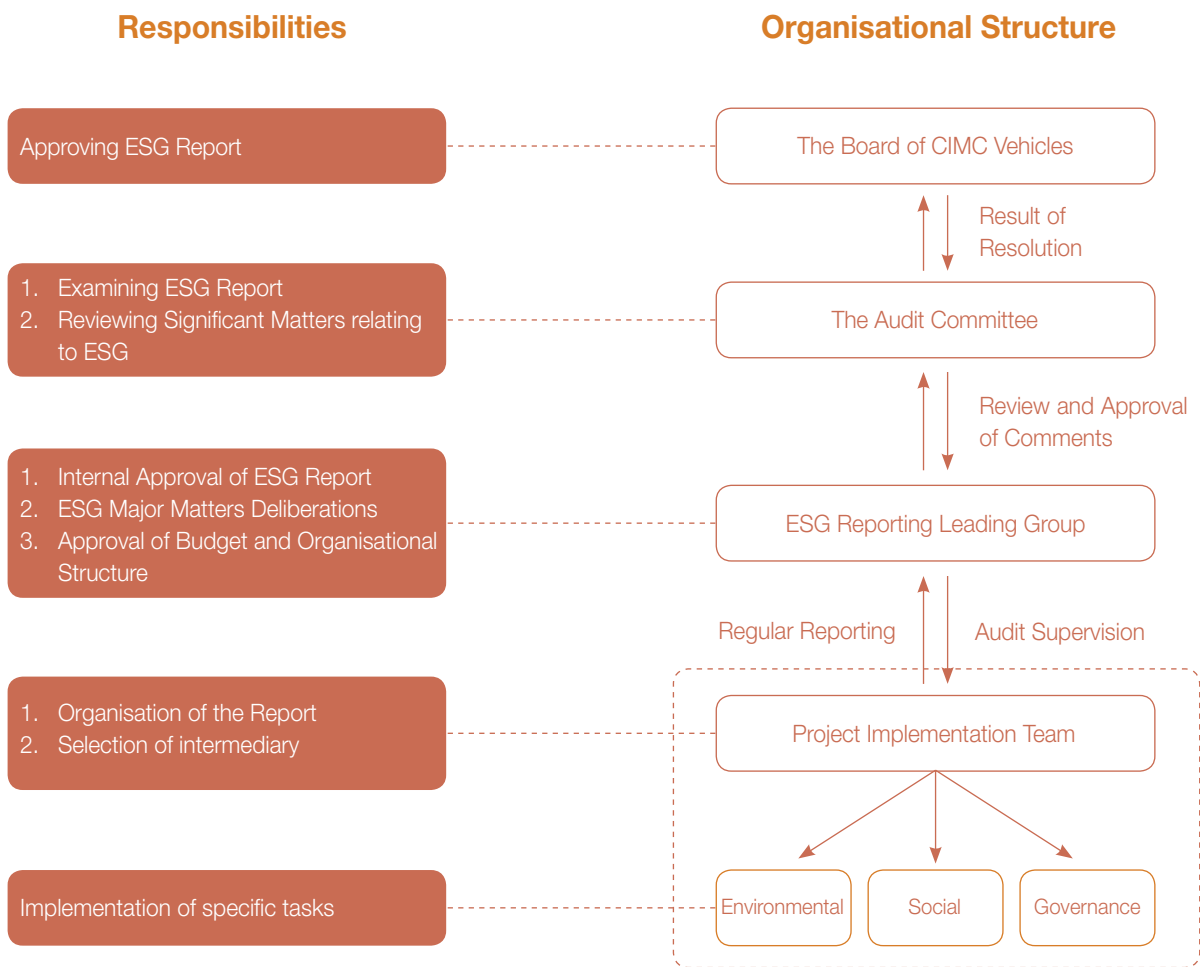


Responsibility Management and Integrity in Operations

Corporate Social Responsibility Management

Since its establishment, the Group has been committed to expanding its business in the global market under the management philosophy of “global operation, local wisdom”, creating sustainable synergies in design, supply chain, manufacturing and sales among the global subsidiaries of CIMC Vehicles. In the course of our business development and management, we are committed to putting sustainable development at the forefront and actively contributing to society and environmental protection.

The Group has established an ESG Organisational Structure in which the Board leads the Audit Committee, the ESG Reporting Leading Group and the Project Implementation Team to formulate the Group-wide ESG strategy and oversee the implementation of ESG initiatives by each subsidiary in accordance with the strategic direction set by the Board. The ESG Organisational Structure Group meets regularly to report on the progress of ESG work, bring appropriate matters to the Board for decision-making, and communicate on ESG matters.

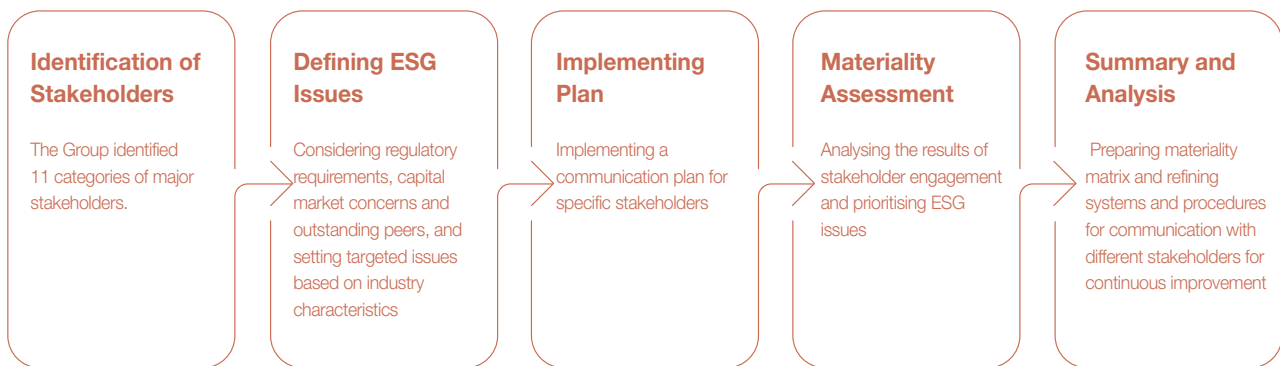


ESG Organisational Structure



Stakeholder Engagement

The Group attaches great importance to the valuable opinions of its stakeholders, and actively engages in two-way interaction through various communication channels and platforms to understand their expectations of the Group, which provides a strong basis for formulating and adjusting our sustainable development strategies and objectives. In addition to regular communications, the Group also conducts stakeholder engagement research projects in the preparation of the Report. We engage third-party professional advisors to communicate with internal and external stakeholders to understand their assessments and opinions of the Group's sustainability performance and their expectations for the Group's future work. Their feedbacks help us to assess the importance of different sustainability issues to our stakeholders so that we can make more relevant disclosures in the Report.



Stakeholder Engagement Process

Identification of Stakeholders

We have identified 11 categories of major stakeholders of the Group, namely management team, employees, government and regulatory agencies, investment institutions/shareholders, suppliers/contractors/service contractors, customers, research institutions, media, industry associations, communities and public service organizations. Based on the actual situation of the Group, we consider regulatory requirements, capital market concerns and outstanding peers, and define relevant ESG issues based on the characteristics of the industry.



Responsibility Management and Integrity in Operations

Defining a Set of ESG Issues

In the process, we analysed and determined the communication issues targeted at specific stakeholders, finally identified four major categories of issues, namely market, environment, society and corporate governance, and refined them to 41 major ESG issues, and added industry representative issues, including “lightweight body technology” and “participation/promotion of road safety management” to compile a more complete set of issues.

In prioritising issues, we invite internal stakeholders to consider the impact of issues on business success, and external stakeholders to consider the extent to which issues are important for sustainable development. We use a uniform questionnaire to ensure systematic and consistent assessment of key issues. In addition to this, we engage third-party external consultants to conduct one-on-one interviews and panel discussions with key stakeholders so that they can effectively voice their opinions in the process.

Case



《CIMC Today • Vehicles Special Issue》

We also regularly publish the “CIMC Today • Vehicle Special Issue” in the CIMC Group’s promotional publications, hoping to serve as a communication platform for the Group. In addition to delivering our latest developments to customers, partners, employees, and other stakeholders of CIMC Vehicles, we also demonstrate our efforts and achievements in the field of sustainable development; thereby strengthening communication with internal and external stakeholders and enhancing the Group’s corporate image.

Case

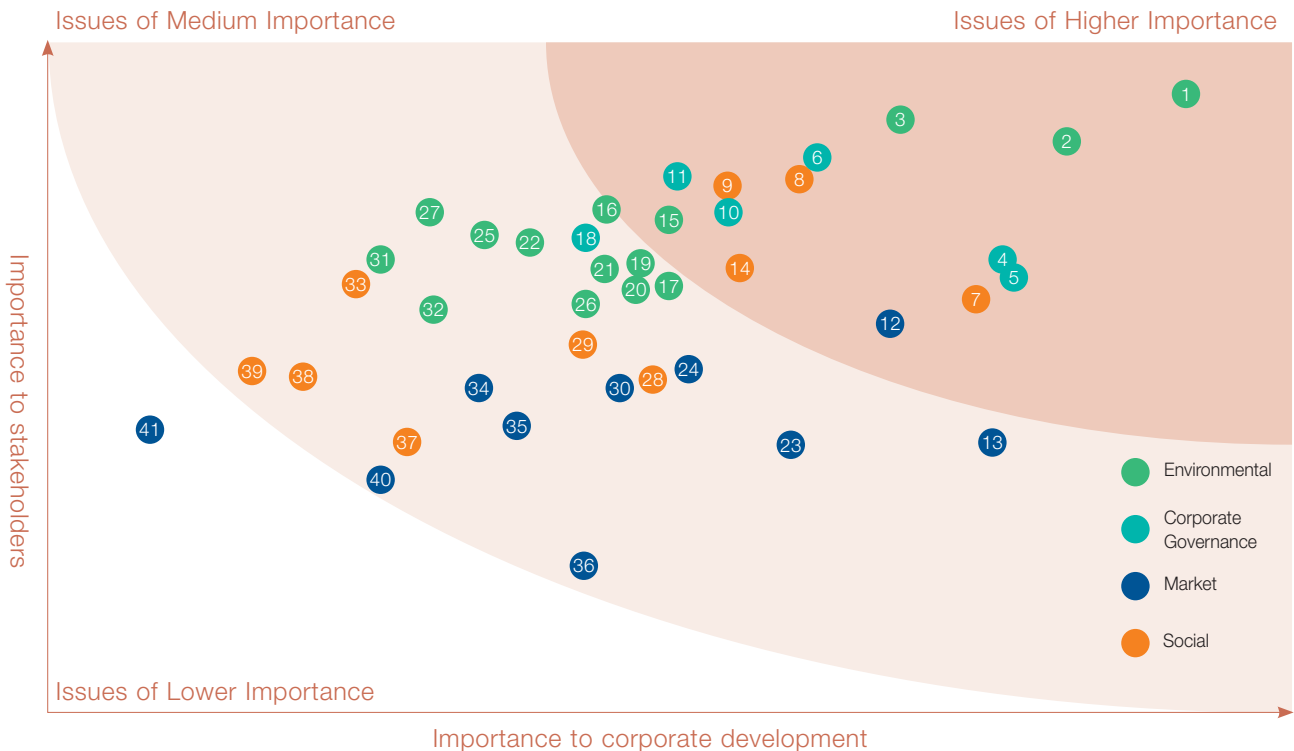
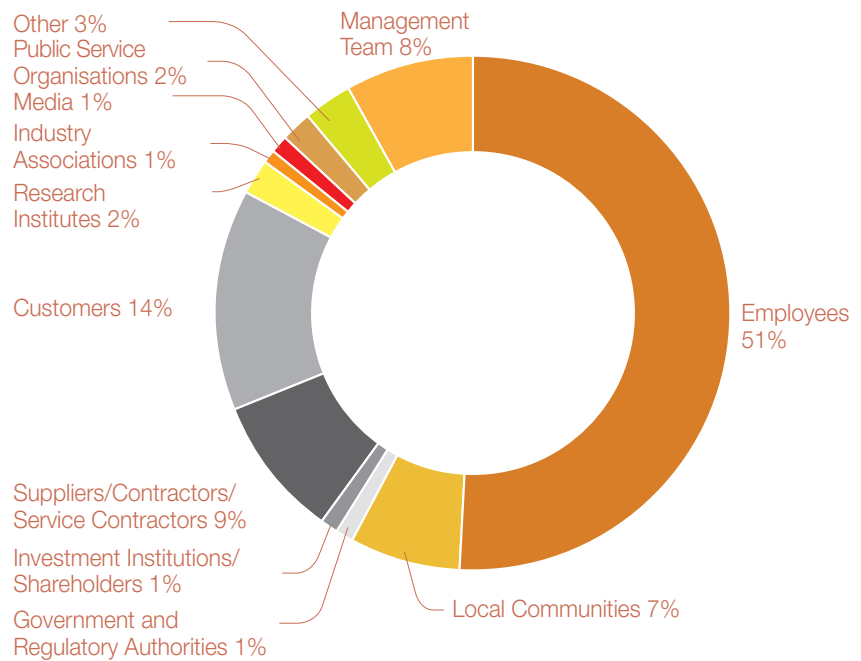
Engagement with External Stakeholders through ESG Theme Seminar

On December 25, 2019, we participated in the theme seminar “Starting Point for Responsible Investment: ESG Disclosure” organised by CIMC Group and hosted by Southern Weekly. In the seminar, we discussed ESG development with over 20 experts from regulators, capital market representatives, consulting firms, investment institutions, higher education institutions and representatives of the Group’s subsidiaries to share and exchange new trends in ESG investment and disclosure.

Materiality Assessment and Matrix

With reference to ISO26000, GRI Standards and ESG Guide, the Group conducts a comprehensive assessment of the importance of the identified sustainable development issues through stakeholder survey, analysis and prioritisation of issues, and identifies the importance of ESG issues in two dimensions, namely “importance to corporate development” and “importance to stakeholders”. During the Reporting Period, the Group received a total of 620 valid questionnaires from 11 groups and other persons. Based on the findings of the survey and a comprehensive consideration of the situation of peer companies, this year’s materiality assessment matrix was formed, which serves as the basis for the disclosure of the contents of the Report and the guiding direction for the future development of sustainable development management.

Distribution of Participants in the Survey



The Group 2019 ESG Issues Materiality Matrix

Responsibility Management and Integrity in Operations

Ranking	Issue	Importance	Ranking	Issue	Importance
1	Air pollutant emission management	Higher importance	22	Product lifecycle management	Medium importance
2	Waste management	Higher importance	23	Customer privacy protection	Medium importance
3	Green plants	Higher importance	24	Participation/promotion in road safety management	Medium importance
4	Compliance operation and risk control	Higher importance	25	R&D of clean and environmentally-friendly production technology	Medium importance
5	Sustainable development strategies	Higher importance	26	Ecological environment and biodiversity protection	Medium importance
6	Sewage treatment	Higher importance	27	Water consumption and conservation	Medium importance
7	Honesty and integrity in operations	Higher importance	28	Staff training and team building	Medium importance
8	Employee safety and health	Higher importance	29	Addressing labor shortage through automated production	Medium importance
9	Employee rights and interests protection	Higher importance	30	Customer service and satisfaction	Medium importance
10	Employee compensation and benefits	Higher importance	31	Climate change and greenhouse gas emissions	Medium importance
11	Sustainable development objectives management	Higher importance	32	Green office and environmental protection promotion	Medium importance
12	Industrial development promotion	Higher importance	33	Employee communication and complaint mechanism	Medium importance
13	Product quality and safety	Medium importance	34	Supply chain management	Medium importance
14	Localised operation	Higher importance	35	Green supply chain and green procurement	Medium importance
15	Technology innovation and intellectual property protection	Higher importance	36	Economic benefits arising from the local operations of the Group	Medium importance
16	Energy conservation and consumption reduction	Medium importance	37	Staff diversity and equal opportunities	Medium importance
17	Noise management	Medium importance	38	Local community communication	Medium importance
18	Enhancing the Group's environmental image	Medium importance	39	Public welfare activities and reducing the impact of operations on the community	Medium importance
19	Corporate social responsibility management	Medium importance	40	Smart overload alert	Lower importance
20	Reducing vehicle energy consumption	Medium importance	41	Trade and shipping	Lower importance
21	Lightweight body technology	Medium importance			

After reviewing the assessment results, the Group's management identified five key issues of most concern to stakeholders. The first three are environmental issues, namely, air pollutant emission management, waste management and green plants, followed by compliance operation and risk management, and sustainable development strategies.

Environmental Protection and Green Manufacturing

A glass globe is placed on a bed of green grass. The globe is transparent and reflects the surrounding greenery and light, creating a shimmering effect. The grass blades are in sharp focus in the foreground, while the background is softly blurred.

The Group has always been committed to creating a resource-saving and environmentally-friendly enterprise. We pay attention to green management in the production of vehicles. The concept of green manufacturing, as an integral and essential part of our operations, is embedded in the enterprise development strategy to continuously create value for stakeholders, thus achieving value sharing and a win-win situation.

Environmental Protection and Green Manufacturing

Green Management and Manufacturing



Green Manufacture – “Light Tower” Plants

In response to the national need for environmental protection, the Group has been constructing “Light Tower” plants since 2015, and continues to promote the upgrading of production lines, including the following environmentally-friendly features:

- Lower noise: high precision feeding devices
- Lower dust: automated and robot welding, with dust removal facilities
- Lower VOCs: electrophoresis and powder spraying coating process with extremely low VOCs content to reduce VOCs emission from the source
- Lower hazardous waste: eliminating the large amount of hazardous waste generated by conventional paint spraying from the root
- Lower consumption: part of the waste water from electrophoresis and powder coating is reused after treatment, which can save water resources effectively.

At the end of 2019, our “Light Tower” plants construction and transformation process:

Domestic: 9 semi-trailer “Light Tower” plants, 5 specialty vehicle body “Light Tower” plants have been built, and the technology of refrigerated vehicle semi-trailer “Light Tower” plants is being actively used to transform 2 refrigerated van body production plants;
Overseas: 1 semi-trailer “Light Tower” plant was built in North America, and the other two semi-trailer plants in North America and Europe are being actively improved in the form of “Light Tower” plant.

Semi-trailer “Light Tower” Plants

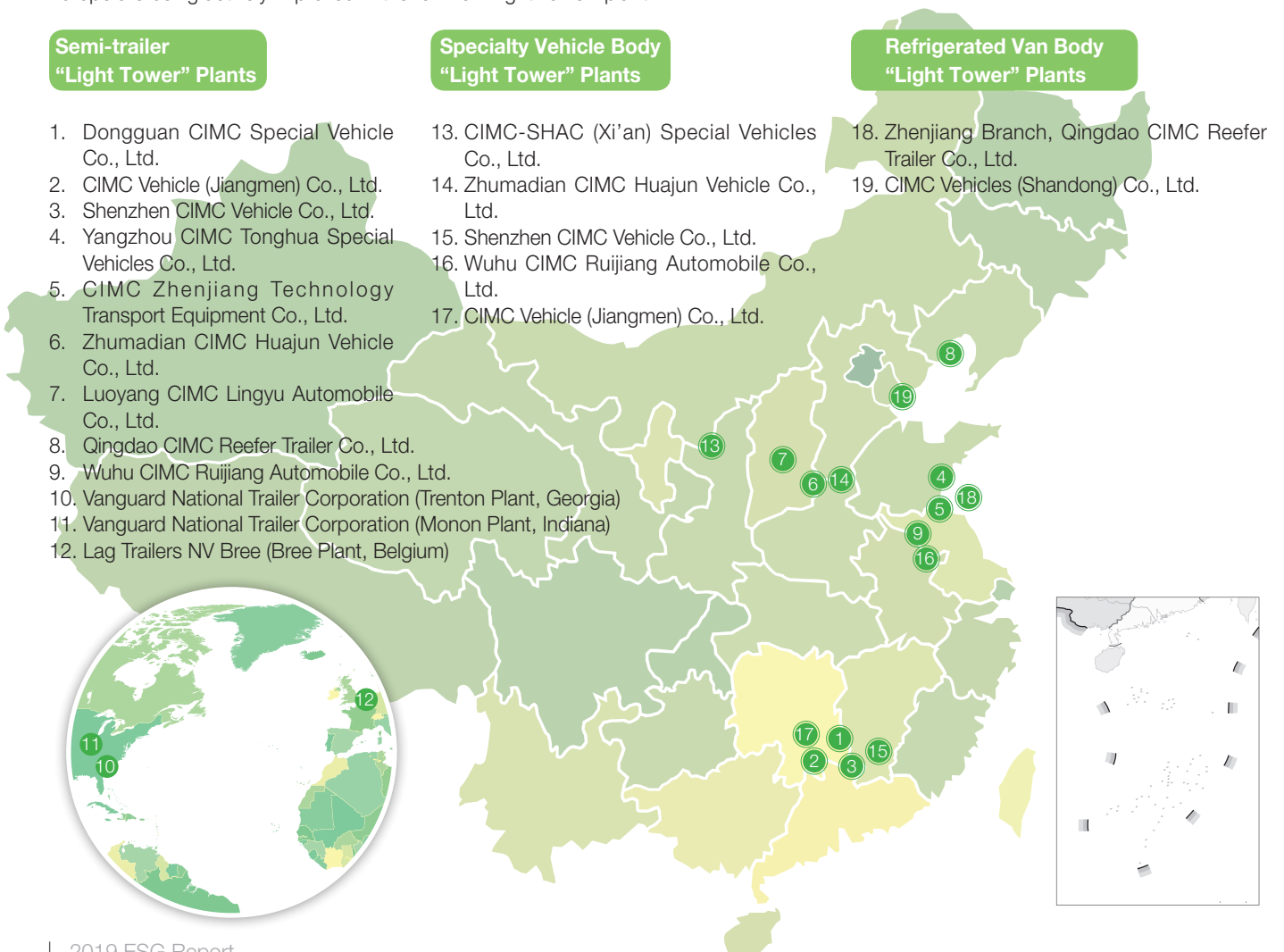
1. Dongguan CIMC Special Vehicle Co., Ltd.
2. CIMC Vehicle (Jiangmen) Co., Ltd.
3. Shenzhen CIMC Vehicle Co., Ltd.
4. Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.
5. CIMC Zhenjiang Technology Transport Equipment Co., Ltd.
6. Zhumadian CIMC Huajun Vehicle Co., Ltd.
7. Luoyang CIMC Lingyu Automobile Co., Ltd.
8. Qingdao CIMC Reefer Trailer Co., Ltd.
9. Wuhu CIMC Ruijiang Automobile Co., Ltd.
10. Vanguard National Trailer Corporation (Trenton Plant, Georgia)
11. Vanguard National Trailer Corporation (Monon Plant, Indiana)
12. Lag Trailers NV Bree (Bree Plant, Belgium)

Specialty Vehicle Body “Light Tower” Plants

13. CIMC-SHAC (Xi’an) Special Vehicles Co., Ltd.
14. Zhumadian CIMC Huajun Vehicle Co., Ltd.
15. Shenzhen CIMC Vehicle Co., Ltd.
16. Wuhu CIMC Ruijiang Automobile Co., Ltd.
17. CIMC Vehicle (Jiangmen) Co., Ltd.

Refrigerated Van Body “Light Tower” Plants

18. Zhenjiang Branch, Qingdao CIMC Reefer Trailer Co., Ltd.
19. CIMC Vehicles (Shandong) Co., Ltd.





Performance Indicators



9 enterprises

9 enterprises obtained ISO14001 environmental management system certification



100%

100% holding rate of new discharge permit for domestic subordinate manufacturing enterprises



1 enterprise

At the end of 2019, we had 1 national green supply chain demonstration enterprise



RMB65.45 million

Environmental Protection Investment in 2019



5 enterprises

5 enterprises passed cleaner production audit



3 enterprises

As at the end of 2019, we had two national green plants and one provincial green plant

Green Management

The road transport vehicle manufacturing industry occupies a very important position in the international arena. The Group strive to reduce the impact on the ecological environment despite its rapid development. With the continuous promotion of environmental protection and overload management by the Chinese government, we have always insisted on green manufacturing and vigorously operated green products, such as environmentally-friendly urban dump trucks and lightweight and durable cement mixers, to continuously improve the strategic position of environmental management in the Group and maintain the ecological balance.

The Group strictly complies with the laws and regulations relating to environmental protection in its domestic and global operations, including but not limited to the Environmental Protection Law of the PRC, the Environmental Impact Assessment Law of the PRC, the Law of the PRC on the Prevention and Control of Air Pollution, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the PRC on Energy Conservation and the Law of the PRC on the Prevention and Control of Water Pollution, among others. In addition, the Group has established an environmental management system based on the ISO14001 environmental management system as a standard, and formulated a medium- and long-term environmental policy.



Environmental Protection and Green Manufacturing

Green Products

Case

Greenbody Project

CIMC Vehicles jointly developed a new refrigerated vehicle together with its subsidiaries Shandong CIMC and Qingdao Reefer, introducing industry-leading foaming equipment and using 245Fa and cyclopentane foaming agent to produce foaming boards, which generates no harmful gas compared with the traditional process.

Case

Smart and Environmentally-friendly Features Urban Dump Truck

Since the launch of the environmentally-friendly urban dump truck, CIMC Vehicles has carried out four iterations of upgrades on the dump truck's body module, fender module, cover module and skirt module. The 2019 model year has fully adopted the U-shaped compartment made of ultra-high strength wear-resistant steel, aluminium alloy skirts and reliable fenders and cover plates. The main advantage is that through the modular design, the use of high-strength materials and the upgrading of manufacturing equipment, the product has been lightened to the greatest extent possible, which fully meets the requirements of regulations on vehicle weighing. At the same time, with the strengthening of national environmental protection efforts ("Defending Blue Sky"), all regions have strengthened the management of "throwing, spilling, and leaking" during the operation of dump trucks. Since then, the new type of urban dump trucks with fully enclosed U-shaped boxes developed by CIMC Vehicles have begun to quickly eliminate the original rectangular shaped containers, thereby creating new value for customers in the process of operations in terms of: energy saving, emission reduction, and reducing road pollution with a fully sealed structure.

Green Product Cases

Type	Name	Environmentally-friendly Features
Lightweight Products	Lightweight liquid tank trailers, lightweight dry bulk tank trailers, lightweight cement mixers, lightweight refrigerated trailers, lightweight chassis trailers, lightweight dump trucks, lightweight urban dump trucks, etc	Based on different product types, the weight of a single product can be reduced from 100 to 2000 kg, the use of steel is reduced simultaneously with the consumption of energy.
	Smart and environmentally-friendly urban dump truck	The sealed top cover is equipped with intelligent monitoring equipment, which can effectively curb the "throwing, spreading, leakage" during the transportation of dump trucks. Some of the products are pure electric dump trucks, which can reduce carbon dioxide emissions by 90% compared with traditional diesel dump trucks, and rarely produce hydrocarbons and nitrogen oxides after fuel combustion, no particulate emissions are generated, thus realising zero PM2.5 emissions.
Environment-friendly Products	Environmentally-friendly refrigerated trailers	Environmental protection foaming agent is used, no harmful gas is generated in the foaming process, and 0.2kg passivation solution is reduced for a single unit.
	Smart environmentally-friendly urban dump trucks, semi-trailer gravel trucks	
Modular Products	Lightweight and durable cement mixer truck bodies	Container chassis trailers, liquid tank trailers, centre-axle carriers reduce pollutant emission and energy consumption caused by production.
	JNKOGE series and GREENBODY series refrigerated van trucks	
	Modular production of all parts can improve production efficiency	



Air Pollution Control

Climate change is having an unprecedented impact on our planet as the changing weather pattern threatens global production. Accordingly, the Group is developing strategies to address climate change and reduce emissions. Pollutants such as welding fumes, volatile organic compounds (VOCs) and greenhouse gases are produced during those production processes like coating, welding, cutting, heating and drying in our plants as well as from the exhausts of our vehicles. As for air pollutants, the Group has always complied with the applicable laws, regulations and standards, including but not limited to the Law of the People's Republic of China on Prevention and Control of Air Pollution, the Comprehensive Emission Standards for Air Pollutants and the Emission Control Standards for Volatile Organic Compounds.

Improvements on waste gas treatment achieved during the year:

Upgrade of the coating line:

The silanization pretreatment process and powder coating line of CIMC Ruijiang and Shenzhen CIMC Vehicle have passed the environmental acceptance testing and been officially put into production; in early 2020, Zhenjiang CIMC Smart Specialty Vehicle Co., Ltd. (ZJSV), whose plant employs KTL pretreatment and powder coating process, passed the environmental acceptance testing. The upgrade of our coating lines enabled reduction of VOCs at the source.

Post-treatment facilities for coating exhaust gas:

In 2019, Zhumadian CIMC Huajun and Qingdao CIMC Specialty Vehicle upgraded their waste gas treatment facilities in their traditional paint-coating lines by introducing the dry paint fume filtration + activated carbon adsorption & concentration + hot air desorption & catalyzed combustion and zeolite rotor + catalyzed oxidation treatment process to ensure the emissions of waste gas are up to the standards.

Case

Upgrade of the coating line

Through the upgrade of our production lines by replacing traditional paint coating process with the "Electrophoretic Pretreatment and Powder Coating" process which is intended to eliminate pollution at the source, we have significantly reduced our emissions of VOCs.

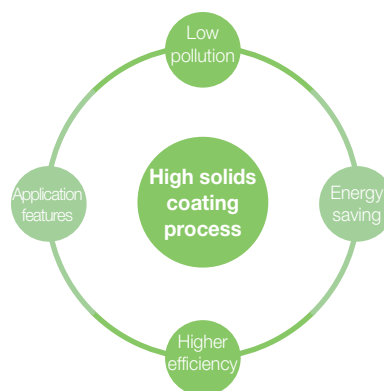


Environmental Protection and Green Manufacturing

Case

High-solid coating process with green raw materials

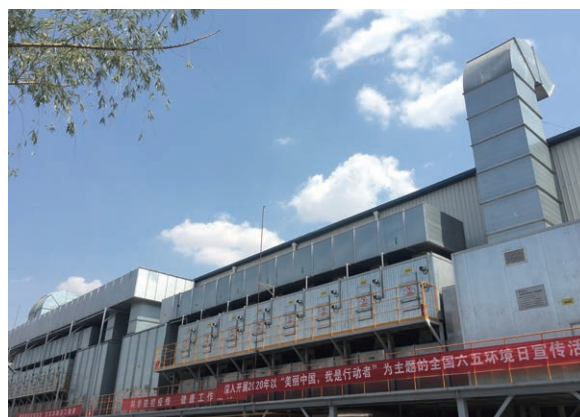
The Power & Free conveyor system of Yangzhou CIMC Tonghua's existing automated electrophoretic coating line can only handle a maximum weight of 5 tons while high-end semi-trailers for export and military purposes, such as low-slab semi-trailers, urban dump trucks, tankers are non-standard products with a net weight of about 10 tons, and many of them are too long to be painted in its automated electrophoretic coating line. After careful analysis of the technological and environmental requirements, Yangzhou Tonghua came up with the solution of replacing the traditional paint with the two-component epoxy primer (with high solids) and two-component acrylic polyurethane topcoat, which has passed the evaluation of the local government as it can reduce VOCs emissions without impeding product performance.



Case

Upgrade of coating gas treatment facility in the manual coating process

Zhumadian CIMC Huajun, a subsidiary of the Group, invested more than RMB10 million in the upgrade of its original coating gas treatment facilities for manual coating process into a treatment process featuring “dry paint fume filtration, activated carbon adsorption & concentration, catalyzed combustion desorption”. This treatment process converts organic components into non-toxic and harmless carbon dioxide and water while releasing a large amount of heat to maintain the required combustion temperature for catalyzed combustion, so that no additional electricity is required for the waste gas combustion process, hence significantly reducing energy consumption. After the upgrade, the emissions of VOCs decreased by 76% according to a third-party environmental evaluation report.



The Group and its subsidiaries have invested heavily in the upgrade of their coating lines and exhaust gas treatment facilities, resulting in obvious reduction in emissions of VOCs. In 2019, the Group's total VOCs emissions amounted to 86.98 tons with an intensity of 0.39 tons/RMB100 million of revenue. In the future, we will continue to improve our performance in reducing unorganised emissions of volatile organic pollutants in the air, and constantly promote the upgrading of our production lines to achieve reduction in coating gas emissions at the source.

Total VOCs emissions amounted to

86.98 tons

With an emission intensity of

0.39 tons/RMB100 million of revenue



Waste Management

The Group generates hazardous waste paint buckets, waste paint slag, waste activated carbon, waste mineral oil and phosphated residue during the production process, as well as non-hazardous waste such as waste wood, waste metal and domestic waste. The Group strictly complies with the applicable laws and regulations such as the Law of the PRC on Prevention and Control of Solid Waste Pollution and the National List of Hazardous Wastes. The Group has set up specialized warehouses to store hazardous waste and commissioned qualified third parties to dispose of properly. For general waste, the Group has entered into contracts with sanitation companies, which were engaged to regularly clear our domestic waste and recycle such solid waste as scrap paper, scrap metal and scrap wood for us. In addition, we add new or improve our existing waste collection and storage facilities in response to the changes in external regulatory requirements and production operations.

With the continuous promotion of production line upgrading, the amount of hazardous waste generated during this year also has been reduced significantly. In 2019, the Group generated 2,885.45 tons of hazardous waste with an emission intensity of 13.05 tons/RMB100 million of revenue.

Water Resources Management

Water usage

Water usage during the Group's operations mainly includes water used for production such as coating, daily office operation and catering for our employees, as well as for plants watering and fire control. The Group has always complied with the national and local laws and regulations on water resource management and has established an internal management system to regulate the use of water and has not had any problems in water utilisation.

In 2019, the Group consumed a total of 1,159,710 m³ of water with an intensity of 5,250 m³/RMB100 million of revenue.

Wastewater treatment

The wastewater generated by the Group mainly comes from the phosphate treatment, manual coating and electrophoretic treatment as well as the paint coating processes. We carefully comply with environmental laws, regulations and standards such as the Law of the PRC on Prevention and Control of Water Pollution and the Comprehensive Standards for Sewage Discharge.

Case

Reduction in amount of hazardous waste through upgrade of production line

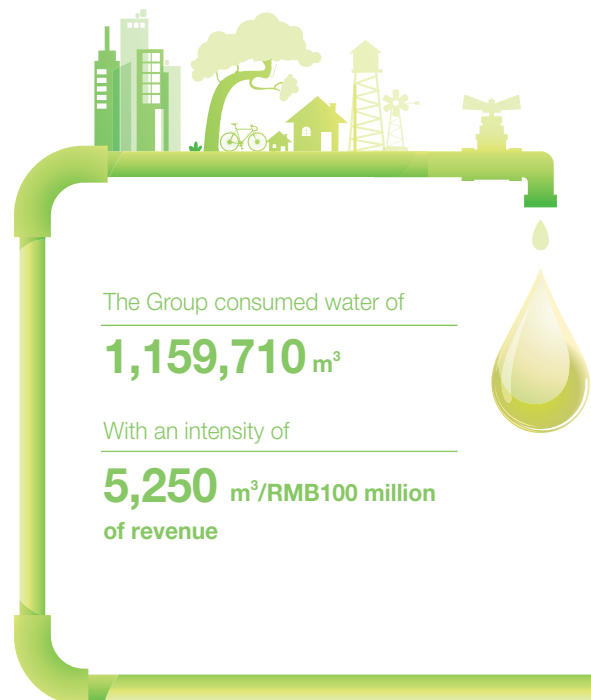
We have eliminated the waste paint slag which produced during the coating process by upgrading the coating lines, only left a small amount of sludge generated from wastewater treatment. Take Shenzhen CIMC Vehicle as an example, after the upgrade of its coating line in 2019 from the traditional paint coating process to a process of silanization + powder coating, the amount of hazardous waste generated decreased by nearly 98% year-on-year, representing a significant reduction in waste emission.

In 2019, the Group generated hazardous waste of

2,885.45 tons

With an emission intensity of

13.05 tons/RMB100 million of revenue



Environmental Protection and Green Manufacturing

We have taken a number of sewage treatment measures to ensure that the concentration and total amount of wastewater discharged meet the standards imposed by the environmental protection authorities. Wastewater is categorised into production wastewater and domestic wastewater, whereby production wastewater is mainly the water used for paint fume absorption in the paint coating room, KTL phosphorization washing, storage tank water pressure test as well as floor cleaning, while domestic wastewater is generated mainly from the canteens, bathrooms, and office buildings. In 2019, the Group's total wastewater discharge amounted to 603,720 tons, with a discharge intensity of 2,730 tons/RMB100 million of revenue.

Our company has formulated the "environmental protection system" internally, including the establishment of regular waste water self-monitoring system, sewage treatment facilities point-inspection system, maintenance system to ensure the stable operation of treatment facilities and make the waste water discharge up to the standard. Rainwater and waste water were separated strictly according to the regulations, the sewage will go to waste water treatment plant directly through the sewerage network. All wastewater from our affiliated plants is discharged after proper treatment and without any excessive discharge. We actively introduced new wastewater treatment equipment and optimised our existing wastewater treatment process, and recycled wastewater after proper treatment to further reduce wastewater discharge and water consumption.

Energy Conservation and Consumption Reduction

The Group complies with the "Energy laws and regulations of China" & "Law of the PRC on Conserving Energy" strictly. Energy required for daily operation includes electricity consumed for equipment operation, natural gas to support the drying room and diesel for the forklifts, etc. We have always attached great importance to energy conservation, used energy in a responsible way, worked hard to raise energy efficiency and build a resourcesaving enterprise. During the year, the Group's total energy consumption amounted to 44,963.92 tons of standard coal, with a comprehensive energy consumption intensity of 203.41 tons of standard coal/RMB100 million of revenue; of which, electricity consumption amounted to 28,047.63 tons of standard coal, natural gas amounted to 9,454,060 m³, and oil consumption amounted to 4,339,080 L.

Case

Improving wastewater recycling

The wastewater containing heavy metal generated from the coating line of Dongguan CIMC Specialty Vehicle is reused after deep treatment with multi-level membranes to achieve zero emissions; other wastewater without heavy metal is treated by physicochemical + biochemical +reverse osmosis technology, with 63.7% of which reused in production and the remaining 36.3% discharged after meeting the Class IV water quality standard in the " environmental quality standards for surface water (GB3838-2002)", the treated water can be reused as water to breed ornamental fish.

The Group's total wastewater discharge amounted to

603,720 tons

During the Year, the Group's total energy consumption amounted to

44,963.92 tons of standard coal

With a comprehensive energy consumption intensity of

**203.41 tons of standard coal/
RMB100 million of revenue**

Case

Rooftop distributed photovoltaic project

As solar energy is a sustainable clean energy source, the Chinese government has been vigorously promoting the photovoltaic power generation. Dongguan CIMC Specialty Vehicle is located at the seashore of southern China, where there is abundant solar energy, and it is free from acid rain and industrial pollution, and suitable for the installation of photovoltaic power generation system. The plant of Dongguan Specialty Vehicle has a total roof area of more than 60,000 square meters, on which a 2.99MW photovoltaic power plant has been built based on the evaluation and design by a professional company. The power plant can generate 3.46 million kWh of electricity annually, with which we will be able to save RMB400,000 and reduce the consumption of standard coal by 425.23 tons per year, while keeping the temperature of the plant down by 3-5°C in summer.



Noise Management

The Group complies with the applicable laws and regulations like the “Law of the PRC on the Prevention and Control of Ambient Noise Pollution” and environmental standards such as the “Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008)”. During the course of our production, noises are generated from such processes as welding, air cutting, grinding, sanding, dust blowing, electrical circuit assembly, axle and tire assembly, and we have taken measures to reduce noise and vibration from the air compressors.

We have tried to avoid noise-sensitive areas such as the residential areas and schools when selecting sites for our plants. When designing the general layout of our plants, workshops with high noise intensity have been arranged separately from the non-noise workshops and the low noise workshops. In precondition of satisfying process requirements,

we placed highly noisy equipment together and tried to reduce the noise with measures such as vibration reduction at the equipment base. When purchasing equipment, we preferred the equipments which generates relatively less noise, and for certain equipment generating loud noise, we demanded the manufacturers to provide supporting noise reduction facilities such as sound insulation hoods or mufflers. Our subsidiaries entrusted third-party professional institutions to carry out noise evaluation every year so as to ensure that the noise in their plants complied with the requirements of the “Environmental Noise Emission Standards for the Plants of Industrial Enterprises”. In the future, we will try to speed up the upgrading of our production lines and further reduce noise emissions by improving the degree of automation and intelligence of material transportation and mechanical processing, as well as increasing the number of new energy-powered facilities such as the forklifts.

Case

Eliminating noise by building soundproofing plants

Conventional sanding jobs are done in a harsh environment with a lot of dust and noise. Therefore, the Group's “Light Tower” plant introduced automated sanding lines, which replaced the traditional manual sanding process with automated sanding process, and used 75mm fire-proof colour steel plated rockwool board to build the shot peening room and isolation room in the automated sanding line, with which the operators can stay in the control room which is isolated from noise and dust and thus, eliminated noise hazards to the greatest extent.

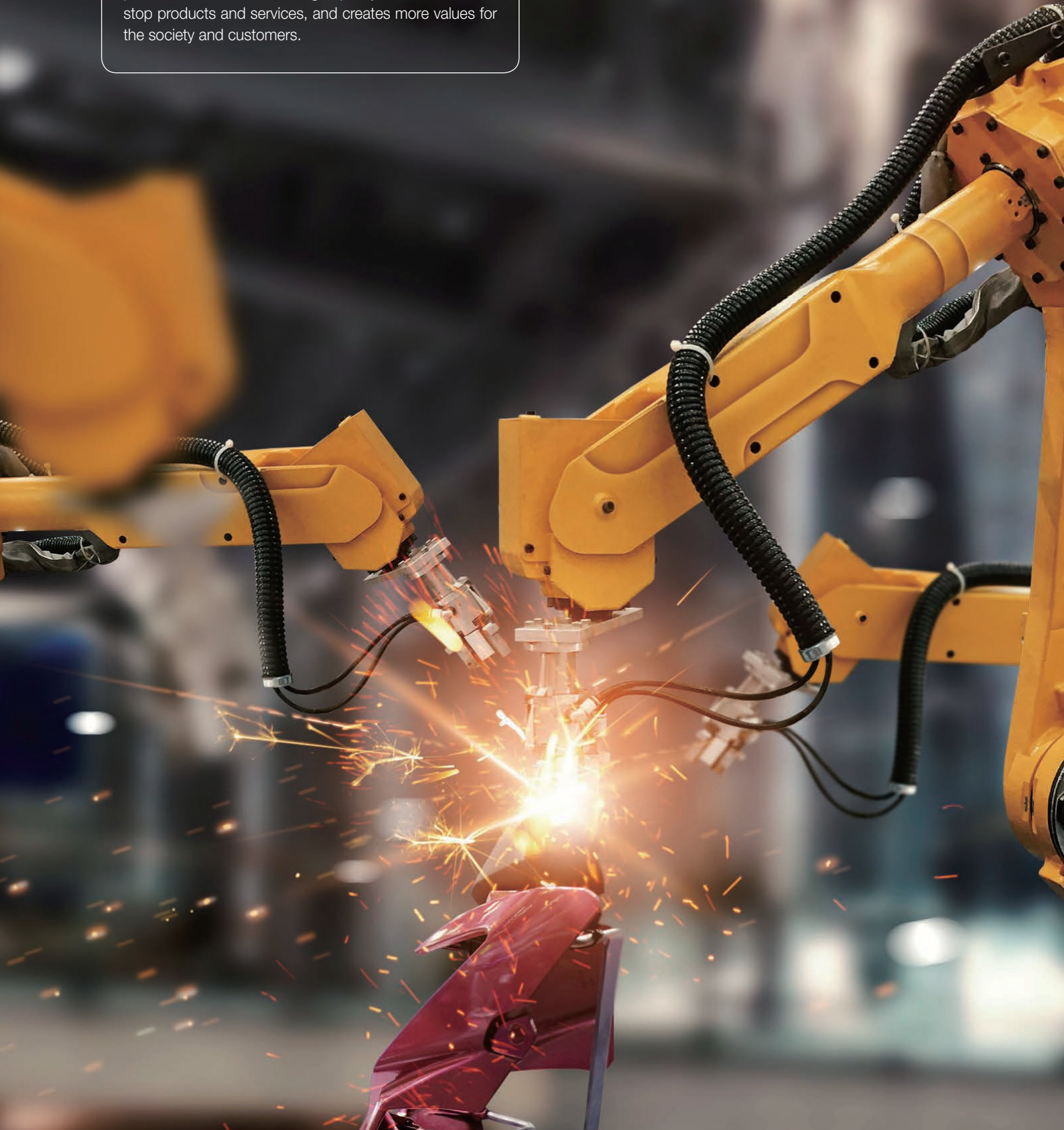


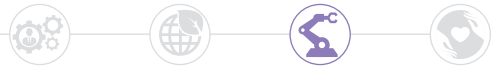
Green office and environmental awareness

We are well aware of the importance in improving the environmental awareness of our employees. Therefore, a great effort has been contributed to raise environmental awareness, for example, we posted water and electricity saving slogans near the water and electricity switches. In addition, we have been taking an active part in the activities of the World Earth Day on April 22 and World Environment Day on June 5, aiming to promote environment protection and resource-saving awareness.

Leading the Industry with Smart Products

The Group constantly achieves innovative breakthroughs, provides customers with high-quality, diversified, one-stop products and services, and creates more values for the society and customers.





Leading the Industry
with Smart Products

Product Quality and Safety Assurance

The quality culture of the Group has been deeply rooted in the hearts of the people. The Group has always attached great importance to product quality and ensured its quality throughout the product life cycle.

Quality Assurance Throughout the Full Product Life Cycle

During the product design stage, we have established a three-dimensional model. Through FEA finite element analysis, theoretical verification is carried out at the early stage of product design to improve the design and ensure product safety through theoretical verification. From the procurement of raw materials to the entire life cycle of the manufacturing process and product after-sales services, the Group is committed to improving quality assurance and services throughout the product life cycle.

Leading the Industry with Technological Innovations

The Group has made great achievements in product technology innovation and manufacturing technology innovation, and is committed to continuously promoting innovative technology research and development. Improving existing products and further improving product performance through technology can help increase the enterprise's core competitiveness, establish its position as an industry model, and lead the intelligentisation and networking of the specialty vehicle sector.

On December 11, 2019, the CIMC Tonghua Digital and Analog Specialty Vehicle Flexible Intelligent Manufacturing Demonstration Factory Project was selected into the list of "2019 Intelligent Factories of Jiangsu Province".

"One Office and Three Centres" undertake R&D Projects

The Group has established "one office and three centres" led by the headquarters, including the technical director's office, the digital and analog design centre, the automated manufacturing technology centre and the digital process centre, and undertaken the specific product research and development, manufacturing technology upgrade and digitalisation and informatisation research and development projects of the Group and its subsidiaries.

During the product manufacturing process, quality inspections are carried out in accordance with the Company's quality standards and each technological process, like carrying out on-site employee self-inspections, supervisor off-line inspection, manufacturing process inspection, combining quality control inspections and quality control checkpoints as well as 100% inspection on key quality characteristics that affect the safety and performance of entire vehicles ensure that the quality of the entire manufacturing process of the product meets the Company's quality management system and quality standards.

For new product development, we always regard health and safety as the core of product responsibility, and carry out component and part tests and whole vehicle static load tests in accordance with the "New Product Development Process", as well as road tests for the reliability of sample vehicles and various strength inspection tests prescribed by national standards.

After the product is delivered to the customer, in addition to providing the product's operation manual and maintenance manual, we also provide product after-sales services through regular return visits and 24-hour service calls to timely solve the difficulties and problems encountered by the customer. The Group's aim is to provide full life cycle services of products to enhance customer trust and recognition.



Take charge of formulating
1 international, national or industry technical standard this year

Take charge of formulating a total of
8 international, national or industry technical standards

Participate in formulating a total of
12 international, national or industry technical standards

Leading the Industry with Smart Products

Case

Development of Safe, Energy-saving and Environmentally Friendly Intelligent Tank Trucks

Innovative Content and Innovative Technology:

- Camera stitching algorithm, application of virtual and reality technology, radar alarm displayed in vehicle screen in real time;
- In the intelligent anti-theft system, an electronic liquid level meter and a dry-wet sensor are used to feed back the status of liquid in the tank in real time and display it on the terminal;
- A driving anti-collision warning system reminds the driver behind to prevent rear-end collision;
- A fuzzy recognition algorithm is used to collect the driver's facial state to remind the driver of fatigue driving;
- EBS electronic braking force distribution, anti-rollover;
- Through the development of a control program, when the vehicle reaches 5Km/h, the emergency shut-off valve will be automatically closed to avoid the driver

- forgetting to close and driving the vehicle out;
- An intelligent networked system is developed to grasp vehicle status, media status, driver driving behavior in real time, and the information is uploaded to the system to notify vehicle management personnel, and through big data analysis and calculation, an analysis report is generated to facilitate fleet management.

In addition to bringing economic benefits, the scientific research project also has a positive impact on the society and the environment, because safer vehicles carrying hazardous chemicals can reduce traffic accidents by 30% and tire wear by 20%, improving the safety of people's lives and property. In terms of the environment, intelligent tank trucks reduce the chance of hazardous chemical leakage, and fuel consumption can also be reduced by 10%, therefore reducing the negative impact on the environment.



The overall appearance of an intelligent vehicle

Case

Driving the Compliant and High-quality Development of the Trailer Industry

In May 2018, the "2018 CIMC Vehicles Global Semi-Trailer Seminar" hosted by CIMC IE was held in California, the United States. Partners in the semi-trailer industry from 15 countries around the world and more than 200 Chinese and foreign industry representatives were invited to attend the conference. This meeting aimed to discuss the impact of new technologies and how interconnection was applied to the increasingly cross-relationship between manufacturers, suppliers and customers to create higher-quality products to meet the changing market demand.



Case

Leasing Model and IOT Intelligent Technology

The Group actively deploys innovative businesses, and has established the “Vanguard Trailer” trailer leasing enterprise to provide customers with semi-trailer leasing services that create intelligent, time-sharing and full life cycle services. Planning and implementation can be carried out in the aspects of product creation, operation pricing, intelligent operation and value-added services. Under the new business format of logistics such as express delivery, multimodal transportation and cold chain fresh food transportation, shared leasing service based on standardised semi-trailers still has great market development potential. “Vanguard Trailer” will further improve products and services, implement the construction of core service stations and service networks, establish differentiated competitive advantages, and maintain rapid growth.

In addition, the Group has actively integrated the semi-trailer IOT and intelligent management technologies to strengthen its innovative R&D capabilities. We equip intelligent trailers with sensors for remote vehicle position monitoring, safety status, real-time operation and warehouse monitoring to help customers achieve trailer and cargo monitoring and management with minimum operating costs and optimal operating efficiency, while making the operating process safer, so as to ultimately achieve the goal of increasing overall economic benefits and promoting the development of intelligent transportation.

Case

On 31 July 2019, the Company, in conjunction with the specialty vehicle branch association of the China Association of Automobile Manufacturers, gathered 20 outstanding trailer enterprises in the industry to establish the China Trailer High Quality Development Joint Conference, which was committed to creating an ecological circle of the healthy development of China’s trailer industry through legal operation, resource sharing, strengthening self-discipline and cooperative development.



Case

The Company, in conjunction with China Federation of Logistics & Purchasing, has prepared the “Illegal Use of Fake License Plates by 17.5-meter Lowbed Semi-trailers and Illegal Lowbed Transportation of Ordinary Goods in the Road Freight Transportation Industry and Rectification Plan”, which was submitted to the Ministry of Transport, the Ministry of Public Security and the Ministry of Industry and Information Technology of the People’s Republic of China. On December 8, 2019, the Company, in conjunction with China Federation of Logistics & Purchasing, organised and convened the Symposium on the Rectification of Overloading and Oversize for the Freight Industry (Conference on the Rectification of Lowbed Semi-trailers of Overloading and Oversize). Representatives from the Ministry of Transport and the Ministry of Public Security of the People’s Republic of China, logistics enterprises, specialty vehicle and trailer manufacturing enterprises attended the conference.

Leading the Industry with Smart Products

Intellectual Property and Patent Maintenance

The Group upholds the philosophy of “building high-quality patent groups and making full use of the value of intellectual property rights” and safeguards trade secrets, patents and other intellectual property rights in our products, technologies, designs and proprietary technologies. We strictly abide by the relevant laws such as 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, and has established the Measures for the Management of Patents of the CIMC Vehicles Group. From the development of new products to the research and development of technologies and the introduction of foreign technologies, we protect our own power according to law and respect the legitimate rights and interests of others and organisations.

During the year, the Group obtained a total of 1,836 licensed patents, including 176 licensed invention patents, 1,639 utility model patents and 21 design patents; and applied for 166 patents, including 77 invention patents, 87 utility model patents and 2 design patents with inventions accounting for 46%, and the quality of patents has improved significantly compared to previous years.



During the year, the Group obtained a total of **1,836** licensed patents

176 licensed invention patents

1,639 utility model patents

21 design patents

Case

A New Type of Longitudinal beams for Semi-trailers and Semi-trailers

The invention provides a new type of aluminium longitudinal beams for semi-trailers and semi-trailers, which effectively reduces the weight of the vehicle body while ensuring its strength. This effectively solves the limitation that the existing integrated I-shaped extruded aluminium beam cannot achieve variable cross-section, as well as serious deformation, strength loss, and excessively high inspection costs, not easy to repair and other defects caused by the traditional “I”-shaped split welded aluminium beam. Since 2016, this patent scheme has successfully developed 48-foot and 53-foot all-aluminium flatbed trailers and entered the US market with good application results.





Dedicated Service and Customer Satisfaction

The Group has always focused on “Producing Products Trusted by Customers” as the core of its operations, and upheld the philosophy of making customers as the core. We have established a sound customer service support system and information feedback system through direct sales and our dealer network, and formulated the “Customer Satisfaction Control Procedure” to provide customers with a full range of after-sales service.

The Company has an experienced professional engineering and technical team, which fully understands the needs of customers at the early stage, and establishes direct technical connection with customers. Meanwhile, we listen to customers’ requirements during the mass production process to ensure that customers are satisfied with our products. The Company’s sales staff will also visit customers regularly, listen to customers’ opinions, understand customers’ satisfaction with sales and after-sales services, and provide customers with better service experiences.

On the other hand, we also attach great importance to customer complaints and constantly optimise the internal handling procedure. The Company has a quality control department and a marketing service department to handle customer complaints. Regardless of major or general quality problems or service complaints, the quality control department will give a reply to the customer with an initial solution as soon as possible. After information investigation and verification, the marketing department prepares the “customer complaint handling report”, and determines the members of the team handling the complaint, understands the problem and its impact and the cause of the complaint. The handling report will be submitted to the supervisor in charge for review, and the final opinion will be conveyed to the customer by the marketing department. After handling the customer’s complaint, the marketing service department will gain an understanding of the customer’s satisfaction with the handling of the complaint through phone calls, emails and visits.

Case

Customer Satisfaction Is Our Unremitting Pursuit

SONSARY Rental & Leasing Inc. is a large reefer customer of CIMC North America Reefer Company in the west of the United States. Its main business is reefer leasing and sales. More than 450 reefers have been purchased successively from the Company in recent years.

In May 2017 and September 2019, the executive vice president of the customer paid two special visits to CIMC North America Reefer Company and extended his gratitude to all of our employees and managers. Through years of comparison of usage, he believed that our product quality was the best in the market. At the same time, he also spoke highly of our fast delivery process and service.



Case

Service Re-upgrading and Setting a New Benchmark in the Industry

In 2019, CIMC Ruijiang implemented various tasks of “service re-upgrade” in an orderly manner, with comprehensive improvement ranging from service network layout, core service station construction and service station management upgrade to service team skill level improvement. The company-level service return visit carried out on a temporary basis is a traditional task of CIMC Ruijiang, which has become a model action for after-sales service in the specialty vehicle industry and has won wide acclaim from customers. According to the person in charge of the after-sales service department, this round of company-level summer return visits in 2019 would be led by the company’s leaders, and would be joined by R&D, quality, production, service, marketing and other staff to form more than 10 groups to go to the front line of the national and international markets. While implementing the service philosophy of “Customer-centred Services, One-step Ahead”, the company also expects customers to provide valuable opinions on of CIMC Ruijiang and its products.

Leading the Industry with Smart Products

Information Security and Privacy Protection

The Group attaches great importance to the protection of customer privacy and strictly abides by the laws and regulations on privacy protection in countries and regions where it operates, such as the “Computer Information Network and Internet Security, Protection and Management Regulations”, and ensures that customer information is protected through the establishment of rules and regulations, equipment and file encryption management, and the enhancement of employees’ awareness of confidentiality and other measures.

The Group also strictly regulates the management of various data usage processes. A “confidentiality agreement” must be signed if key information involved to ensure the safety of customer information. Regarding the inquiry of customer information and the use of the CRM system, we set use permission for employees of different levels and different business scopes to effectively avoid leakage of customer information and comprehensively maintain the safety of customer information.

Global Supply Chain Management

The Group is convinced that the success of global operations is attributed to cross-border design, trans-ocean manufacturing and global supply chain capabilities. With the rapid expansion of the business of the Group worldwide, parts suppliers from the United States, China and other countries have closely followed the pace of the development of the Group, gradually improved their international supply capabilities, and finally formed a well-established global supply chain system for parts of semi-trailers. This year, CIMC Ruijiang, a subsidiary of the vehicle segment, was recognised as a national-level green supply chain management demonstration enterprise and became the first enterprise in Wuhu City to receive such recognition.

Pursuant to the Tendering and Bidding Law of the People’s Republic of China and the Implementation Regulations for Tendering and Bidding Law of the People’s Republic of China, the Group has formulated the Regulations of the CIMC Vehicles Group for the Management of Suppliers for the Centralised Procurement Materials, the Supplier Survey Form and the Supplier Quarterly Evaluation Form to ensure the standard of suppliers. Our suppliers mainly include steel and aluminium companies, auto and trailer parts manufacturers, and logistics transporters. We have established long-term cooperative

relations with many well-known automobile and trailer parts manufacturers and steel suppliers in the world to ensure that our products are of high quality.

Supplier Assessment

The assessment of suppliers includes qualification review and on-site evaluation and review, and the qualification review mainly reviews the qualifications and basic conditions of suppliers. The on-site evaluation and review conduct assessments of inspection tool calibration and equipment maintenance, final inspection and packaging and delivery. For the specific content of the assessment and the scoring standards, please refer to the “Supplier Management Regulations”. Before entering the qualified list, all suppliers will undergo a rigorous evaluation by the Company. The evaluation criteria include enterprise qualification, production legitimacy, production capacity, quality control system, technology improvement capability, and product cost, etc. In addition, the Company will continue to monitor and evaluate whether existing and potential suppliers are capable of meeting the Company’s requirements.

Supplier Management

Pursuant to the Regulations of the CIMC Vehicles Group for the Management of Centralised Procurement Business, all procurement staff must abide by the Code of Conduct for CIMC Group Procurement Staff and sign a statement on compliance with the Group’s integrity policy every year. Before tendering is carried out, all procurement staff of the Global Supply Chain Management Department participating in tendering must sign a letter of confidentiality commitment for the negotiation of the bid, specifying the confidential content and confidentiality obligations. When inviting bids, the Group requires bid suppliers to submit the form of tender along with the bids. All hired suppliers also need to sign the “Agreement on the Professional Integrity of Suppliers” to promote clean operations in accordance with the law, thereby creating a fair, just and sustainable supply chain jointly with suppliers.

Supplier Supervision and Appraisal

The Group conducts performance assessments and scoring on the quality, cost, delivery and service of suppliers for the centralised procurement of materials. Suppliers with a performance score of below 70 or suppliers with the lowest rankings are required to submit relevant improvement reports and conduct improvement tracking. This year, all suppliers achieved a score of above 80 (full score is 100).

People-Oriented and Inclusive Management



The Group has always upheld the core human resource philosophy of "Putting People First, Common Cause", providing employees with a global career platform, so that they can promote, develop and achieve their careers. While developing, we also hope that employees, like the Group, will contribute to the world, the country, and the communities in which they live, and pay back to the society.

People-Oriented and Inclusive Management

Safeguarding Equal Employment Rights

The Group believes that employees are a key factor for business success. Therefore, we are committed to providing a harmonious, inclusive, equal opportunity and non-discriminatory working environment for all employees to unleash the maximum potential. The Group also strictly complies with the relevant laws and regulations such as the Labour Law of the PRC, the Labour Contract Law of the PRC, the Law on the Protection of Minors of the PRC and the Provisions on the Prohibition of Using of Child Labour.

Local Wisdom and Multiculture

We believe that “local wisdom” is another pillar of our core competitiveness. To promote our long-term growth and more effectively grasp local market opportunities, we make use of the knowledge and experience of localised management teams to gain a deeper understanding of local customers’ preferences and regulatory requirements, which in turn allows us to overcome the difficulties brought by cultural and geographic differences. As of December 31, 2019, we had 13,587 full-time employees, among them domestic employees accounted for approximately 83.5% and overseas employees accounted for approximately 16.5%. To better coordinate with our global operations, we have taken the following measures:

- Make use of local management teams for daily operations;
- Adopt a profit sharing incentive scheme;
- Grant the appropriate authority to local chief executives;
- Establish effective corporate governance.

Remuneration Package and Welfare Benefits

The Group adheres to the “external competition principle” and the “internal fairness principle” in its remuneration management system, formulates the Remuneration Management Rules and the Remuneration Management Measures, and attract and retain talents needed for the development of the Company through the scientificity and normativity of remuneration management.

Remuneration Package

We have always believed that every employee is the most valuable “asset” of the Group. The remuneration structure of the Group’s employees is basic monthly salary plus quarterly or annual performance incentives. Pursuant to the Social Insurance Law of the PRC and the Regulations on the Management of Housing Provident Fund, the Group makes payments in respect of pension insurance, work injury insurance, medical insurance, unemployment insurance, maternity insurance and housing provident fund for employees in accordance with the law of the PRC.

We provide personalised remuneration plans for employees, such as departmental fixed festival and holiday allowances, employee accident group insurance, annual travel benefits and hardship assistance funds, etc.

Recruitment Management System

The Group has established the “Human Resources Management Procedure” and the “Labour and Personnel Management Regulation”, which constantly replenish outstanding talents through internal deployment and external recruitment. During the recruitment screening process, the Human Resources Department will strictly review the qualifications and actual ages of candidates to prevent the employment of child labour. During the appraisal process, the Human Resources Department conducts a unified screening process, adheres to the principles of “open recruitment, comprehensive investigation, and merit-based employment”, considers the applicants’ educational background, work experience, training experience, and skills, etc., and undertakes that all enjoy equal job opportunities irrespective of their gender, age, nationality and race.

In terms of employee resignation, generally after the employee submits a resignation application, we will first start the internal communication process and communicate with the employee who intends to resign through his/her direct superior and Human Resource Department to understand the reason for leaving office. If the employee wishes to resign because of company reasons, the Company will optimise and adjust the influencing factors so far as possible, retain the talents essential to Company’s success, and let Human Resource Department handle the employee’s resignation after the approval procedure is completed.

During the year, the Group did not commit any major violations related to employee employment, remuneration package, working hours, equal opportunities, anti-discrimination and employment of any child labour and forced labour.

Working Hours

In accordance with the Labour Law of the PRC, the Group specifies the working hours and leave arrangements of employees through the “CVGC-HR-001 CIMC Group Companies Employees Attendance and Holiday Management Regulations (A01)” and the “Employee Handbook”. We have also established a “working hours adjustment” and “flexible working time” system to facilitate employees in arranging their working hours according to individual circumstances under the regulations.

Holiday Benefits

In addition to annual leave and statutory holidays prescribed by the state, which are enjoyed by in-service employees in accordance with the Labor Law of the People’s Republic of China, we specially offer CIMC annual leave, incentive leave, special leave and other holidays.



Personnel Training, Promotion and Development

The Group is committed to providing employees with a good growth environment to create a ladder for employee development, and has formulated the “Training Management Procedure” and the “Training Management Rules”. In order to improve the quality of employees, enhance the quality and performance of work, we carry out diverse training programs. We provide a variety of training courses, such as lean management, quality management, skill improvement, internal control and taxation, to help employees acquire professional knowledge and skills, and enhance leadership and other aspects. The Group’s training methods are divided into internal training and external training, including corporate management, leadership art, basic theory, quality awareness, professional knowledge and skills, laws and regulations, quality technology and other aspects. Internal

training refers to training conducted within the Group. The Administration and Personnel Department organises primary internal training according to the “annual company training plan”, and each department organises the implementation of secondary internal training. Employees need to complete the “Training Record Form” after each training session, including time, venue, teacher, content and appraisal result. After training, the relevant department will send the training attendance sheet, record sheet and the corresponding test paper (appraisal record) or rating to the Administration and Personnel Department for unified archiving. In addition, we have formulated the “Performance Management Rules”, the “Job Rotation Rules” and the “Rank and Grade Management Rules”. Employees can get promotion through year-end assessment and daily work assessment.

Case

Deepening School-Enterprise Cooperation and Integrating “Production, Education and Research” to Ensure the Supply of High-calibre Talents

Innovation-driven and talent-oriented. As a global multinational group, driven by the global wave of digitalisation, we base ourselves on the present and focus on the future, and innovate the talent cultivation mechanism, hoping to attract more talents from around the world to join the organisation and grow together. We join hands with famous colleges and universities, which is a solid step forward in the cultivation of talents and smart applications.

CIMC Vehicles cooperate with prestigious schools. CIMC Vehicles, Antai College of Economics and Management, Shanghai Jiao Tong University, and the Massachusetts Institute of Technology have signed a cooperation agreement to recruit suitable talents. CIMC Vehicles has also officially become an MBA partner of the “China Leaders for Global Operations” project. It shows that CIMC Vehicles pays extra attention to the cultivation of global interdisciplinary talents with the professional background of integrating business management and science and engineering. By successively initiating the “2025” and “Global Operations” talent cultivation programs, we have recruited talents to the enterprise, rapidly improved technical capabilities in practical projects, and rapidly enhanced the leadership of talents in communication and operation management training, so as to strive to train core technical backbone and global operation strategy leaders leading the development of Industry 4.0 for CIMC Vehicles.

Promote Development of Organisation

Since 2012, the Group began to implement “simplification of administrative procedures, delegation of power” for enterprises of truck bodies for specialty vehicles, trained general managers of the enterprises into entrepreneurs, and encouraged the enterprises to form a close partnership with their OEMs. In addition, within the Group, we organised and coordinated product module upgrades and “Light Tower” plant construction, and arranged job transfers for staff.

In order to effectively promote the upgrading of product modules and the improvement of “Light Tower” plants, the Group has reorganised the companies owning “Light Tower” Plants in the past few years, and has established two integrated companies that can produce all seven categories of semi-trailers, namely “Shenzhen Specialised Consortium (深專聯合體)” and “Tonghua Digital Semi-trailer Joint Enterprise (通華數字化半掛車聯合企業)”.

In order to meet the “Kick-off of Sales and Marketing Transformation”, the Group disbanded the marketing organisation based on traditional channel management in 2019, i.e. the Southeast Centre Company and Midwest Centre Company, and established a new sales organisation to test new marketing and new retail.

The Group’s headquarters will fully empower the Global Business Development Department (全球業務拓展部) and the Technical Director’s Office (技術總監辦公室), bringing together global mid- and young-generation technology elites and marketing elites to train them into “Global Operation Strongmen” that can promote product upgrades, improve “Light Tower” plants, drive marketing reform, and dare to against the wind.

People-Oriented and Inclusive Management

Occupational Safety and Staff Health

The Group has always implemented the policy of “safety first, precaution crucial, treatment comprehensive” and complies with the requirements of “Work Safety Law of the PRC”, “Fire Prevention Law of the PRC”, “Law of the PRC on Prevention and Control of Occupational Diseases” and other laws and regulations, constantly arouse the production safety and occupational health management system, implemented the production safety responsibility system, carried out cultural construction, strengthened production safety training, and constantly improved employees’ safety awareness and safety skills. Meanwhile, we are committed to upgrading production lines, and has introduced KTL+ powder coating, robot welding, laser cutting machines, AGV carts and other automation equipment, which has essentially reduced safety and occupational health risks and created a safer and more comfortable working environment for employees. During the year, the Group did not commit any violations of laws and regulations related to occupational safety and health.

Safety performance:

Cumulative headcount of new employees trained in 2019
8,900

5
enterprises were accredited OHSAS18001 certification

17
enterprises passed safety standardisation certification, including 3 enterprises passing the second level and 14 enterprises passing the third level

Case

Strengthening Safety and Occupational Health Training and Promoting Cultural Construction

The safety culture department has been established with the aim of conducting safety culture training for employees and external stakeholders. Since its completion, it has conducted exchanges for more than 10 times and received more than 1,800 visitors of various types, effectively regulating the safety training process for visitors and enhancing the safety management atmosphere.





Case

The Group organised HSE full-time management staff of its subsidiaries to undergo skill improvement training: In June and July 2019, two ESH related trainings which sponsored by CIMC vehicles, undertook by Qingdao CIMC Special Vehicle and Yangzhou CIMC Tonghua were conducted. Each session of training lasted for 3 days and more than 60 people participated in the training.



Case

Improving the Level of Production Safety Management by Means of Informatisation

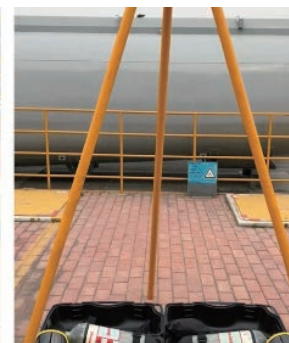
CIMC Lingyu builds the HSE intelligent management platform: such situations like the poor timeliness of information transmission about safety risks and the incomplete statistical analysis of historical data have been improved through the platform. By adding an unsafe behaviour recognition system (such as vehicle intelligent speed measurement system), management staff can detect and identify unsafe behaviours and pass them to relevant departments in a timely manner to halt violations timely.



Case

Strengthening Emergency Drills to Improve the Level of Employee Emergency Response Operations

On June 20, 2019, the “18th Production Safety Month Emergency Drill Activity” organised by Luolong District Emergency Management Bureau of Luoyang and hosted by CIMC Lingyu was held at CIMC Lingyu. A total of more than 70 people, comprising leaders of Luoyang Emergency Management Bureau at all levels and those from CIMC Lingyu and more than 50 enterprises in the surrounding area, were invited to watch the drill. The theme of the drill was emergency rescue for operation in confined space.



People-Oriented and Inclusive Management

Case

Upgrading production lines to improve intrinsic safety and reduce occupational health risks

Through the introduction of KTL + powder spraying, silanization + powder spraying and other automated spraying processes, occupational hazard factors like benzene series have been eliminated from the source. After the powder spraying line is put into production, the number of coating employees is dropped from 60 to 20, directly reducing exposure to occupational hazards to the extent of 40 people;

Welding fume treatment: Working stations with centralized welding operations and large amount of welding fumes have been equipped with gas-collecting hoods, which can effectively reduce the concentration of dust by filtering and removing through the ventilation system.



"Light Tower" plants introduced AGV trolley to transfer the frame instead of crane to eliminate the safety risk during operation in essence; At the same time, RGV rail cars with automatic control are used to link up various processes, and protective barriers equipped with a photoelectric switch are used to restrict access to ensure safety.





Building Happy Lives with Communication and Care

The Group recognises the importance of a strong and united team spirit. Therefore, the Group arranged a number of group activities to build up spirit of cooperation and let its staff to learn about more effective team communication. In order to let employees have better work-life balance, the Group organised various themed activities relating to home and work life. The Company's union also draw employees together to participate in other social activities, such as outdoor trips, staff birthday parties, speech contests, outward bound training programs, badminton, basketball and table tennis competitions, fishing, photo taking, themed speeches and other contests.

Case

Caring about staff health and inviting famous doctors to give health talks

In June 2019, the CIMC Vehicles Trade Union and the Southern CIMC Logistics Service Trade Union jointly hosted the "Employee Quality Education Talk" for the benefit of Shenzhen Federation of Trade Unions. Mr. Peng Jiatao, the deputy director of the Futian District Rheumatology Special Hospital of Shenzhen, was invited to share knowledge with the employees about emergency rescue at the site of cardiopulmonary resuscitation, the prevention and improvement of common occupational and chronic diseases, health benefits of Chinese medicine and basic health tips. The workers hope that such activities can be held regularly, which serve as an effective way to improve their health literacy.



Case

Lakeside brisk walking in Xianhu where flowers abound

The 3rd "Family Day" was held in November 2019 jointly by CIMC Vehicles Labor Union and CIMC Vehicles Human Resources and Corporate Communications Department. The activity was a brisk walking activity at Shenzhen Xianhu Botanical Garden, attracting more than 30 employees and their family members to participate. Through this activity, employees and their families are expected to get better integrated into the Company's culture and strengthen cohesion to work towards a better future.



People-Oriented and Inclusive Management

Serving Public and Giving Back to Society

The Group acknowledges its duty of care and upholds the spirit of responsibility. It strives to fulfill social responsibilities and give back to society while pursuing corporate development. During the year, we continued to promote local economic development with stable tax payments and employment opportunities. Besides, we actively participated in public welfare programs and strongly supported public causes such as education, culture and health so as to make an impact on community development. In addition, we kept to our targeted poverty alleviation policy to help the needy and distressed people with CIMC's strong resources.

Tax revenue created by the Group during the year

RMB 320 million

Scholarship provided by CIMC Vehicles to Jiangsu University in 2019

RMB 200 thousand

Driving the economy and employment

Our continuous advancement in business performance allows us to improve people's livelihood and drive local economic development. As to job creation, the Company and its subsidiaries continue to practice open recruitment and encourage the introduction of local employees. While providing a large number of local jobs, the Group strictly abides by local policies to provide employees with various training and welfares.

Case

Giving briefings to students in campus

In November 2019, Mr. Li Guiping, CEO and President of CIMC Vehicles, and an adjunct professor at Jiangsu University, gave a special briefing session on "How to make yourself a compound talent needed by the commercial vehicle industry?" at the campus. At the briefing session, President Li Guiping introduced the experience of CIMC Vehicles in future development and upgrading, exploration and innovation, and discussed with students about the past, current state and future development trends of the Chinese commercial vehicle industry, and reminded students how to prepare in advance to become compound talents that China's commercial vehicle industry and all industries craving in the future. President Mr. Li Guiping said college students would be welcomed to come to CIMC Vehicles for learning and development, and he answered questions from the teachers and students.

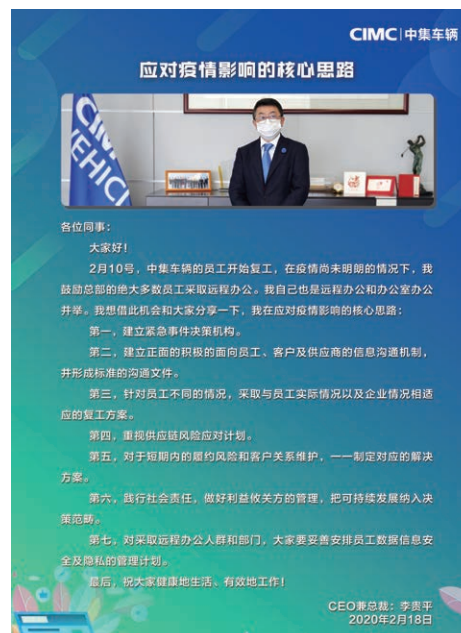




Fighting the Pandemic and Overcoming Difficulties Together

With the spread of COVID-19 worldwide, the impact on economic activities in China and the world is self-evident. Responding to this unexpected situation, CIMC Vehicles established a senior management team at the headquarters and task forces at the subordinate level for anti-epidemic work. From February 3, 2020 onwards, business resumption is arranged for the headquarters and subordinate companies. The Company's "remote office" + "office work" mixed working mode enabled by remote office software such as CIMC IWORK and Dingding do not impair work progress and is able to ensure the highest possible safety of the staff. On the other hand, digital information on resumption of work at each business unit is collected on a daily basis, helping related enterprises to make arrangements for resumption of work. As of April 2020, average job resumption rate for domestic enterprises is over 98%, and average combined production capacity recovery rate is 95%.

We fight against COVID-19 through donation and other means. In addition to donating money and materials, the Group's various business segments and subordinate enterprises took initiatives to provide support to the epidemic areas in their respective professional fields.



Taking on tasks to help build hospitals

Case

On January 23, 2020, the Wuhan Municipal Government decided to build the Huoshenshan Hospital. CIMC Ruijiang, a subsidiary of CIMC Vehicles, swiftly deployed 10 concrete mixer trucks and joined with local dealers to form a team providing construction aid. It took on the task of racing against time to transport concrete to build hospital. This is the first mixing truck ever formed specially for fighting the epidemic. On January 25, 2020, the Wuhan Municipal Government decided to build the Leishenshan Hospital. Zhumadian CIMC Huajun, a subsidiary of CIMC Vehicles, promptly allocated 30 intelligent muck trucks and joined with local dealers to form a team providing construction. It therefore took on the urgent task of transporting earthwork and provided related after-sales service for the hospital.

Mitigating the shortage of epidemic prevention materials

Case

The party members of CIMC Vehicles actively responded to the call of the Party Central Committee. Through the use of online and offline channels, each party branch deployed party members to donate money and materials for epidemic control, which was an act of care and love. From February 28, 2020 onwards, party members of CIMC Vehicles' subordinate enterprises led by example and took the lead in making donations. As of March 9, 2020, 462 party members of 11 companies under CIMC Vehicles donated a total of RMB100,000.

Contributing to the protection of life

Case

On February 11, 2020, the party branch of CIMC Lingyu purchased RMB20,000 of everyday foods, and sent a special car for the foods which were given to the frontline medical workers of the New District Hospital, being the First Affiliated Hospital of Henan University of Science and Technology, a hospital designated in Luoyang City for the treatment of Novel Coronavirus Pneumonia. When the epidemic showed signs of slowdown, the party branch of CIMC Lingyu also gave financial help to people hard hit by the epidemic, and offer condolences to the families of party members who died during the prevention and control of the epidemic.

Appendix I: Industry Associations

No.	Name of Association	Participating Company	Capacity
1	China Association of Automobile Manufacturers (“CAAM”) (中國汽車工業協會)	The Group	Vice Chairman
2	CAAM Special Vehicle Branch (中國汽車工業協會專用車分會)	The Group	President
3	National Technical Committee of Auto Standardization) Special Vehicle Sub-technical Committee (全國汽車技術標準委員會專用車分技術委員會)	The Group	Deputy Secretary
4	NTCAS Trailer Sub-technical Committee (全國汽車技術標準委員會掛車分技術委員會)	The Group	Deputy Secretary
5	Guangdong Enterprises Culture Association (廣東省企業文化協會)	The Group	Member
6	Society of Automotive Engineers of Jiang Su (江蘇省汽車工程學會)	Yangzhou CIMC Tonghua	Council Member
7	Hazardous Chemicals Logistics Branch of China Federation of Logistics & Purchasing (“CFLP”) (中國物流和採購聯合會危化品物流分會)	Yangzhou CIMC Tonghua	Standing Council Unit
8	Hazardous Chemicals Logistics Branch of CFLP (中國物流和採購聯合會危化品物流分會)	CIMC Jiangmen	Vice Chairman Unit
9	Hazardous Chemicals Logistics Branch of CFLP (中國物流和採購聯合會危化品物流分會)	CIMC Ruijiang	Vice Chairman Unit
10	China Concrete & Cement-based Products Association (中國混凝土與水泥製品協會預拌混凝土分會)	CIMC Ruijiang	Vice President Unit
11	China Foundry Association (中國鑄造協會)	Huajun Foundry	Member
12	Henan Casting & Forging Industrial Association (河南省鑄鍛協會)	Huajun Foundry	Vice President

Appendix II: ESG Guide Content Index



Content Index

Relevant Chapter

A. Environmental

A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Air Pollution Control; Waste Management; Water Resources Management
	A1.1	The types of emissions and respective emissions data.	Air Pollution Control
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	Air Pollution Control
	A1.3	Total hazardous waste produced and, where appropriate, intensity.	Waste Management
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Waste Management
	A1.5	Description of measures to mitigate emissions and results achieved.	Air Pollution Control
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Water Resources Management
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Energy Conservation and Consumption Reduction
	A2.2	Water consumption in total and intensity.	Water Resources Management
	A2.3	Description of energy use efficiency initiatives and results achieved.	Energy Conservation and Consumption Reduction
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water Resources Management
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Not applicable
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Protection and Green Manufacturing
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection and Green Manufacturing

Appendix II: ESG Guide Content Index

Content Index			Relevant Chapter
B. Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-Oriented and Inclusive Management
	B1.1	Total workforce by gender, employment type, age group and geographical region.	To be disclosed in future
	B1.2	Employee turnover rate by gender, age group and geographical region.	To be disclosed in future
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Safety and Staff Health
	B2.1	Number and rate of work-related fatalities.	To be disclosed in future
	B2.2	Lost days due to work injury.	To be disclosed in future
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Safety and Staff Health
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Building, Promotion, and Development
	B3.1	The percentage of employees trained by gender and employee category.	To be disclosed in future
	B3.2	The average training hours completed per employee by gender and employee category.	To be disclosed in future
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Safeguarding Equal Employment Rights
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Safeguarding Equal Employment Rights
	B4.2	Description of steps taken to eliminate such practices when discovered.	Safeguarding Equal Employment Rights



Content Index

Relevant Chapter

B. Social

B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Global Supply Chain Management
	B5.1	Number of suppliers by geographical region.	To be disclosed in future
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Global Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Quality and Safety Assurance
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	To be disclosed in future
	B6.2	Number of products and service related complaints received and how they are dealt with.	Dedicated Service and Customer Satisfaction
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property and Patent Maintenance
	B6.4	Description of quality assurance process and recall procedures.	Product Quality and Safety Assurance
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Information Security and Privacy Protection
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Honesty and Integrity in Operations
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Honesty and Integrity in Operations
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Honesty and Integrity in Operations
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Serving Public and Giving Back to Society; Fighting the Pandemic and Overcoming Difficulties Together
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Serving Public and Giving Back to Society; Fighting the Pandemic and Overcoming Difficulties Together
	B8.2	Resources contributed to the focus area.	Serving People and Giving Back to Society; Fighting the Pandemic and Overcoming Difficulties Together

Appendix III: Environmental KPIs

Environmental KPIs Table

KPI	Unit	2019 total	Data intensity (Per RMB100 million revenue) ⁽¹⁾
Waste water discharge volume	1,000 tons	603.72	2.73
Total exhaust gas: VOCs	Tons	86.98	0.39
Total greenhouse gas emissions	Tons of CO ₂ equivalent	165,486.42	748.64
Direct greenhouse gas emissions	Tons of CO ₂ equivalent	31,200.12	141.15
Indirect greenhouse gas emissions	Tons of CO ₂ equivalent	134,286.30	607.49
Total amount of hazardous waste generated	Tons	2,885.45	13.05
Total amount of non-hazardous waste generated	Tons	64,030.09	289.66
Total energy consumption	Tons of standard coal	44,963.92	203.41
Electricity consumption	Tons of standard coal	28,047.63	126.88
Gas consumption	1,000 m ³	9,454.06	42.77
Oil consumption	1000 L	4,339.08	19.63
Total water consumption	1,000 m ³	1,159.71	5.25

Remark:

- (1) The revenue here includes only the collection of environmental KPIs covering 21 manufacturing companies affiliated to the Group, including three overseas companies.

Appendix IV: Definitions



Terms	Definitions
“Company” or “CIMC Vehicles”	CIMC Vehicles (Group) Co., Ltd.
“Group” or “We” or “us”	the Company and its subsidiaries
“The Report”	2019 Environmental, Social and Governance Report of CIMC Vehicles Group
“this Year” or “during the Reporting Period”	January 1, 2019 to December 31, 2019
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ESG Guide”	Environmental, Social and Governance Reporting Guide
“Shandong CIMC”	CIMC Vehicles (Shandong) Co., Ltd. (中集車輛(山東)有限公司)
“Qingdao Reefer”	Qingdao CIMC Reefer Trailer Co., Ltd. (青島中集冷藏運輸設備有限公司)
“CIMC Ruijiang”	Wuhu CIMC Ruijiang Automobile Co., Ltd. (蕪湖中集瑞江汽車有限公司)
“Shenzhen CIMC Vehicle”	Shenzhen CIMC Vehicle Co., Ltd. (深圳中集專用車有限公司)
“CIMC Zhenjiang Technology Transport”	CIMC Zhenjiang Technology Transport Equipment Co., Ltd. (鎮江中集車輛智能物流裝備有限公司)
“Zhumadian CIMC Huajun”	Zhumadian CIMC Huajun Vehicle Co., Ltd. (駐馬店中集華駿車輛有限公司)
“Qingdao CIMC Special Vehicle”	Qingdao CIMC Special Vehicle Co., Ltd. (青島中集專用車有限公司)
“Dongguan CIMC Special Vehicle”	Dongguan CIMC Special Vehicle Co., Ltd. (東莞中集專用車有限公司)
“Yangzhou CIMC Tonghua”	Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. (揚州中集通華專用車有限公司)
“Vanguard Trailer”	China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司)
“CIMC Lingyu”	Luoyang CIMC Lingyu Automobile Co., Ltd. (洛陽中集凌宇汽車有限公司)
“CIMC Jiangmen”	CIMC Vehicle (Jiangmen) Co., Ltd. (中集車輛(江門)有限公司)
“Huajun Casting”	Zhumadian CIMC Huajun Casting Co. Ltd. (駐馬店中集華駿鑄造有限公司)
“Liangshan CIMC Dongyue”	Liangshan CIMC Dongyue Vehicle Co., Ltd. (梁山中集東岳車輛有限公司)
“RMB”	Renminbi
“VOCs”	Volatile organic compounds
“PRC”	the People's Republic of China

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Office of the Secretary to the Board	Zhou Caijin



Readers' Feedback

Dear Readers,

Thank you for reading the Report. In order to continuously enhance and improve the sustainable development management of the Group, we sincerely hope to hear opinions or suggestions from you on the Report. Please help to complete the following form and return to us by email or by post.

Email address: ir_vehicles@cimc.com

Mailing address: No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC

1. What is your opinion of the Report?

- Good Not bad Normal

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

- Yes Not quite Rarely

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

- Yes Not exactly No

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

- Great Moderate Poor

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

Please leave your contact information if convenient:

Name: Occupation: Company:

Post Code: E-mail: Tel:

Contact address:

We will take thorough consideration of your opinions and suggestions and make sure your personal information is handled properly.

CIMC | VEHICLES

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